Annual Report 2022

The cooperative Rabobank

About this Report

Our Reporting Approach in 2022

This report was prepared using the Integrated <IR> Reporting framework. This report and the financial statements have been prepared in accordance with reporting standards and guidelines in order to ensure the integrity of their content, please refer to Appendix 1 for more information.

The statements and report refer to the reporting period January 1, 2022 to December 31, 2022 and were first published on our corporate website in March 9, 2023. The Annual Report takes an integrated approach that highlights our contribution to society, stakeholders, and our clients specifically, by providing both financial and non-financial information. Throughout the report, we provide detailed performance data. The Financial Report includes the Financial Statements. We describe our reporting approach in Appendix 1.

On March 9, 2023 we published our Impact Report, a report that explains who we are, how we facilitate transitions, and how we strive to have a positive impact on society. The Impact Report accompanies the publication of our annual results. As a cooperative bank we aim to be transparent not only about our financial but also our societal and ecological impact. Our Impact Report focuses on transitions, whereas our management report follows the structure of our strategic pillars and the <IR> framework. Our external auditor has not performed an audit on the Impact Report.

Materiality

The materiality matrix illustrates which topics required the most attention in our materiality analysis due to their significant impact on Rabobank (organizational materiality) and on society, specifically in the transitions we help to facilitate (environmental and social materiality). We explain the process by which we determine materiality and the boundaries of the topics in Appendix 1.

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Disclaimer

The annual report presented on our website is derived from the official version of Rabobank's Annual Report 2022. The European Single Electronic Filing format (the ESEF reporting package) is the official version. The ESEF reporting package is available on our website. In case of any discrepancies between the website, the PDF version, and the ESEF reporting package, the latter prevails. The auditor’s report and assurance report of the independent auditor included in the PDF version on our website relate only to the ESEF reporting package.

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Foreword

Rabobank Posts Solid Net Result of EUR 2,786 Million in 2022

The economy encountered major disturbances in 2022. High energy prices, inflation impacting the cost of everyday life and low consumer confidence affected the economy. All these disturbance were in some way or another related to Russia's unlawful war in Ukraine. And all of them impacted Rabobank's performance. Yet due to the overall sound business performance and the upside provided by the quick turn in the interest rate environment, Rabobank's net result for 2022 amounted to EUR 2,786 million.

Several governments offered support for private individuals and SMEs to ease the drop in purchasing power and the high energy bills. Although this helped, it could not prevent low and sometimes even negative growth rates occurring in most economies. Besides the pressure of high inflation, clients also faced a tight labor market, scarcity of resources and the need to play a part in meeting the Climate agreement goals.

Financial Performance

Rabobank's business performance continued to be strong in 2022 despite the unstable economic conditions. Combined with the higher interest rate environment, this culminated in solid financial results, with a net profit of EUR 2,786 million (compared to EUR 3,692 million in 2021). Rabobank's decision to completely withdraw from Russia along with the worsened macroeconomic outlook resulted in an increase in loan impairment charges. However, this was partly offset by a release of unused Covid-19 provisions. As a consequence, the loan impairment charges remained relatively low and amounted to EUR 344 million (8 basis points of the average loan portfolio) in 2022 (compared to a release of EUR 474 million in 2021).

Net interest income increased by 10%, also driven by higher volumes. The bank saw improved margins on deposits, whereas some margin pressure was felt on new mortgage and business lending. Net fee and commission income continued to increase, largely as a result of higher fees on payment accounts. Due to the volatile environment, negative revaluations of our equity participations impacted our financial results in 2022, whereas they formed a positive contribution to Rabobank's revenues in 2021.

Expenses were stable compared to 2021, when Rabobank's expenses included provisions to enhance its Financial Economic Crime (FEC) program and to compensate clients with specific consumer credit products. Corrected for these provisions, expenses for 2022 are higher, which was mainly driven by an increase in staff costs related to FEC activities, investments in IT infrastructure and collective labor agreement increases. Despite continued efficiency measures, pressure on the overall cost level is expected to persist in the coming years as additional investments are deemed necessary and inflationary pressure lingers on.

Rabobank's loan portfolio increased by EUR 14.4 billion to EUR 432.1 billion. The worldwide Food & Agri portfolio increased by 10% to EUR 113.3 billion. The position in the Dutch residential mortgage market remained solid with a 17% market share of new production. The mortgage loan portfolio slightly increased to EUR 193.0 billion. Deposits from retail and wholesale clients strongly increased by EUR 24.1 billion.

The cost/income ratio was stable at 63.9% (2021: 63.8%) and Return on Equity amounted to 6.2% (2021: 8.8%). Risk-weighted assets increased by EUR 28.5 billion to EUR 240.4 billion, mainly driven by the implementation of the macroprudential add-on for mortgages and model changes reflecting the EBA guidelines in the first half of 2022. Partially mitigated by Rabobank's healthy financial results, the increase in risk-weighted assets led to a CET1 ratio of 16.0% (2021: 17.4%). At this level, the bank continues to comfortably meet its capital requirements and its ambition level of a CET1 ratio of >14%.

Investigations

Late 2022, Rabobank communicated in respect of two investigations involving the bank; one by the Dutch Public Prosecutor and the other by the European Commission. The Dutch Public Prosecutor is investigating the bank's compliance with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financieren van terrorisme – Wwft*). The Commission is investigating the bank's compliance with EU competition law. Rabobank is cooperating with the authorities in both investigations. A remediation program is operational to ensure that the bank adequately meets the requirements of the Wwft. To execute the plan, the group's worldwide FEC workforce expanded to over 7,000 FTEs in 2022 compared to approximately 4,650 FTEs in 2021. Rabobank is committed to take all necessary measures to prevent financial crime.

Road to Paris

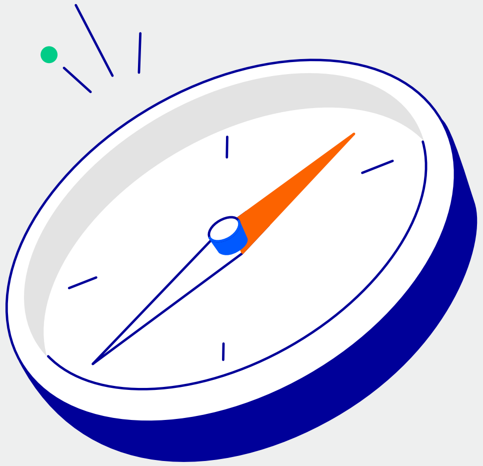
"Amidst the economic uncertainty, we have kept track on our mission Growing a better world together," according to chair of the managing board Stefaan Decraene. "As a global food and agriculture bank we see transitioning to climate-smart agricultural practices as a critical component of building a resilient food system. It goes without saying this counts for the

Dutch agricultural sector as well, where we want to play our part in overcoming the challenges the sector faces. Rabobank is fully committed to renewable energies, and we intend to invest up to EUR 30 billion in the Climate and Energy Transition in the coming years. In 2022, as one of the first diversified banks worldwide we transparently showed the footprint of our portfolio. We also published the report "Our Road to Paris," in which we described how we want to help the 12 highest CO2 emitting sectors in our portfolio meet Paris Agreement climate objectives and what challenges remain on their decarbonization pathways. We are well aware these steps are modest in light of the work that remains to be done. However, they are vital and needed to enable progress on our mission as a cooperative.

A lot has happened in the past year and the challenges facing the future are not getting any easier. That is why I would like to thank our clients and members for their trust in Rabobank, and express my gratitude to our employees for their work and commitment to our goals."

Stefaan Decraene, Chair of Rabobank's Managing Board

Management Report



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Rabobank at a Glance

Mission: *Growing a better world together*

The Netherlands

78 Local Rabobanks

Domestic Retail Banking

144 offices

2.2 million members

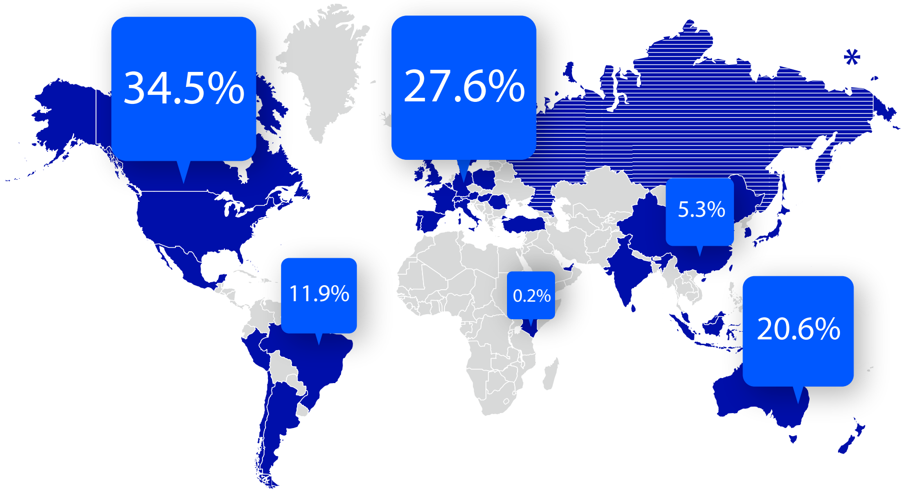
8.3 million private customers

0.8 million corporate customers

International

36 Countries

Geographical split of our international private sector loan portfolio



What We Offer in the Netherlands

(amounts in EUR billions)

193.0	Dutch Private Mortgages
40.4	Lending to Food & Agri
75.4	Lending to Trade, Industry and Services
2.0	Billion point-of-sale terminal transactions
152.9	Savings
50.5	Assets Under Management
1.3	Leasing
6,081	BPD transactions

What We Offer Internationally

(amounts in EUR billions)

73.0	Private sector lending to Food & Agri
39.0	Private sector lending to Trade, Industry, and Services
36.4	Leasing

* On February 25, 2022, new activities in Russia had already been discontinued by DLL. In November, 2022, DLL has completed its withdrawal from Russia.

Key Figures

Financial Key Figures					
Amounts in millions of euros	*12-31-2022*	*12-31-2021*	*12-31-2020*	*12-31-2019*	*12-31-2018*
Common Equity Tier 1 Ratio	16.0%	17.4%	16.8%	16.3%	16.0%
Total Capital Ratio	21.1%	22.6%	24.2%	25.2%	26.6%
Leverage Ratio	6.6%	7.3%	7.0%	6.3%	6.4%
Risk-weighted Assets	240,376	211,855	205,773	205,797	200,531
Wholesale Funding (Issued Debt)	124,448	121,663	131,390	151,781	153,223
Cost/Income Ratio Including Regulatory Levies	63.9%	63.8%	65.8%	63.3%	65.9%
Underlying Cost/Income Ratio Including Regulatory Levies	61.4%	60.4%	64.5%	63.0%	63.9%
Return on Equity	6.2%	8.8%	2.7%	5.3%	7.3%
Income	12,084	12,169	10,782	11,756	12,020
Operating Expenses	7,049	7,044	6,542	6,956	7,446
Impairment Charges on Financial Assets	344	(474)	1,913	975	190
Net Profit	2,786	3,692	1,096	2,203	3,004
Total Assets	628,513	639,231	632,258	590,598	590,437
Private Sector Loan Portfolio	432,122	417,685	409,380	417,914	416,025
Deposits from Customers	396,472	372,381	361,028	338,536	337,410
Liquidity Coverage Ratio	156%	184%	193%	132%	135%
Loan-to-deposit Ratio (12-month average)[1]	1.10	1.08	1.13	1.22	1.21
Non-performing Loans	8,636	9,231	13,882	15,705	18,436

1 Comparative figures have been adjusted for the refined calculation methodology. Longer-term trends in LtD ratio are better reflected by considering 12-month moving averages rather than point in time numbers

Non-Financial Key Figures[1]					
Amounts in millions of euros	*12-31-2022*	*12-31-2021*	*12-31-2020*	*12-31-2019*	*12-31-2018*
Online Active Private Customers in the Netherlands	68.1%	67.0%	65.6%	64.0%	61.8%
Online Active Corporate Customers in the Netherlands	82.9%	82.4%	82.2%	81.5%	80.8%
Availability of Internet Banking	99.8%	99.8%	99.8%	99.7%	99.9%
Availability of Mobile Banking	99.8%	99.8%	99.8%	99.6%	99.9%
Availability of iDEAL	99.9%	99.8%	99.9%	99.7%	99.8%
Total Sustainable Financing[2]	31,418	30,392	21,097	44,583	46,607
RepTrak Pulse Score	69.2	70.4	72.6	71.5	70.8
Member Engagement Score	42%	44%	52%	49%	45%
Community Funds and Donations	30.4	27.6	42.5	45.4	48.8
Employee Engagement Score	86	83	-	-	-
Diversity: Women Employed in the Netherlands	50%	49%	49%	51%	52%
Absenteeism in the Netherlands	4.4%	3.9%	3.4%	4.3%	4.3%
Ratings					
Standard & Poor’s	A+	A+	A+	A+	A+
Moody’s	Aa2	Aa2	Aa3	Aa3	Aa3
Fitch	A+	A+	A+	AA-	AA-
DBRS	AA low	AA low	AA	AA	AA
Sustainalytics ESG Risk Rating Category Diversified Banks	5	2	1	1	1

1 For more details about the methodology please refer to Appendix 2: Methodology and Definitions of Non-Financial Key Figures

2 We have developed a new framework for sustainable finance in 2022. This exercise has resulted in a stricter definition for the key figure "sustainable finance"' and we have taken steps to bring our sustainable finance closer to the EU Taxonomy. While the excluded positions can still be considered as contributing to the transition to a sustainable economy, we no longer report them as sustainable finance within the Key Figures and the Infographics. We also adapted our previous year figures (2021 and 2020) to be transparent about movements in "sustainable finance" during the last years in relation to the new definition. For more information please see the methodology and definitions report.

About Us

Our History

Rabobank grew out of small credit unions founded by farmers and horticulturists dating back to the end of the 19th century. These farmers wanted to modernize in order to meet increasing demands, but had limited or no access to credit. They solved this problem by founding credit cooperatives. The farmers were not stockholders but members working together on structural solutions to the challenges they faced, while also sharing their gains with others. The success of this cooperative model attracted other citizens who brought their savings to the local "banks."

As these cooperatives worked locally, they needed a central bank to support them in various areas. This is why they founded what is now the cooperative Rabobank. Today we work with almost 47,000 employees (FTE) in 37 countries. Our international focus is on the Food and Agri sector. In the Netherlands, we also offer private customers and commercial clients a wide variety of financial products and services. Rabobank Group also includes BPD, Obvion, and DLL, which provide, respectively, real estate, mortgage, and leasing solutions.

> *Rabobank plays an active role in society*

Given the cooperative's strong local presence, Rabobank plays an active role in society. Local Rabobanks continue to help build strong, livable communities in municipalities and regions. And internationally, Rabobank helps rural and wholesale clients continue to innovate and become more sustainable. This is how we turn our mission into reality: Growing a better world together.

Our Cooperative Governance

We are a cooperative with members instead of shareholders. Customers can demonstrate their involvement in the bank by becoming members. More than two million customers are currently members of Rabobank.

Since the founding of the first credit cooperative in 1895, Rabobank's governance has been regularly adapted to reflect social developments, changes in the banking sector, and strategic considerations. On January 1, 2016, all Dutch local cooperative Rabobanks and the cooperative central organization were merged into one cooperative with one financial statement and one banking license: Coöperatieve Rabobank U.A. (Rabobank)[1].

This fundamental governance change was intended to strengthen both the cooperative and the bank, as well as the unity between the two. Members opinions influence the governance locals, regionally, and centrally. This important, disciplining role is anchored in the governance at all levels. The tasks and responsibilities of the governance bodies are formalized in the Articles of Association and regulations. These are discussed in general terms in the chapter Corporate Governance.

Our Cooperative Mindset

We believe that we can make each other better and create more opportunities through collaboration. This is what the cooperative mindset is all about. We can only tackle the urgent societal, economic and ecological challenges in food, climate and energy, and inclusivity if we work together.

1 The abbreviation "U.A" stands for the "uitgesloten aansprakelijkheid" ("excluded liability") of the members.

Our Fundamentals

Our mission, vision, values, and behaviors, strategy and our distinctive and cooperative way of stakeholder engagement are the fundamentals of the way we operate and create value.

Mission

Growing a better world together

This is what we stand for and what we aim to achieve by being client-driven, action-oriented, purposeful, courageous, professional, and considerate, as well as by trying to bring out the best in each other while continuously learning.

Vision

We are committed to making a difference as a cooperative, client-driven, all-finance bank. We want to make a substantial contribution to feeding the world sustainably and to fostering well-being and prosperity in the communities in which we are active. We aim to be a responsible bank, championing issues that have a major impact on society, the environment, and on our clients. This is why we actively engage in facilitating transitions which matter to us and stakeholders now and in the future.

Food, Climate and Energy, and a More Inclusive Society

Our Values and Behaviors

Defining our cooperative mindset and creating a context in which people can trust us as an organization means defining our shared values and behaviors in a way that others can rely on, like a compass. Our Rabobank Compass defines our values and behaviors which we describe below.

- Client-driven and action-oriented: 'I go the extra mile for my clients.'
- Purposeful and courageous: 'I dare to make a difference in the world.'
- Professional and considerate: 'I am doing the right thing exceptionally well.'
- Bring out the best in each other and keep learning: 'I make you better.'

We have an Ethics Committee that deals with ethical dilemmas and issues recommendations on how to manage them.

Strategy

Through our Banking4Food and Banking for the Netherlands strategies we are able to contribute to the major global transition on which we foccus as a bank: the food system transition, the climate and energy transition and the transition to a more inclusive society. Our strategy derives from our century-long experience in food, agriculture and cooperative banking. We use our resources to achieve our mission and our commercial objectives. We aim to advance the urgent transitions (Food, Climate and Energy, and a more Inclusive Society). We create value through our strategy and through the products, services and innovations we service clients in Retail Banking, Private Banking, Wholesale Banking, Rural Banking, Vendor Finance, Leasing, and Property Development.

Our strategic pillars: Excellent Customer Focus, Meaningful Cooperative, Rock-Solid Bank, and Empowered Employees help us to create focus, prioritize, and measure our success on output in order to create value. Please refer to Our Strategy for more information.

Policies and Risk Management Framework

Our strategy entails taking and tolerating specific risks and much of the change in exposure to those risks is driven by external developments. Our policies are fundamental for the design and effectiveness of our risk management framework and sound decision making by the Managing Board. Policies further detail our commitments and the expectations we have for ourselves, our clients and other stakeholders. In this way we guard our value creation and license to operate.

Sound risk management and the monitoring of trends and uncertainties enable us to serve our clients and satisfy our stakeholders. Without taking risks, profitable banking activities leading to value creation are impossible, which is why we must accept a certain degree of risk as defined in our Risk Appetite Statement. Our risk management activities are designed to help sound decision making by our Managing Board with regard to our ambitions, our clients and other stakeholders. More information on key trends, uncertainties, and risk management can be found in the Key Trends and Uncertainties and Risk Management chapters.

Our Strategy

We focus on delivering all-finance services in the Netherlands (Banking for the Netherlands) and on serving our Food and Agriculture (Banking4Food) clients worldwide. We create value through our strategy and through the products, services, and innovations we offer clients in Retail Banking, Private Banking, Wholesale Banking, Rural Banking, Vendor Finance, Leasing, and Property Development.

Our Business Activities

We offer our customers a varied package of products and services, which include payment services, savings, loans and insurance, as well as our expertise and strategic advisory services, such as treasury and mergers and acquisitions. Our income is, to a large extent, made up of net interest, in other words, the difference between the interest we receive from our clients and the interest we pay on our deposits and on funding. In addition we earn a compensation for the banking services we provide. This overall income covers our costs, for instance, the salaries of our employees, taxes and risk costs, investments in innovation and digitalization, and distributions to our investors.

As a cooperative bank we do not merely provide products and services in a functioning economy. We strive to make a substantial contribution to 'sustainable well-being' and prosperity of the Netherlands and to solving the global food challenge. Overall, we focus our cooperative banking activities on the following transitions:

Food System Transition: Enough affordable, nutritious food for all, within planetary boundaries

Moving towards a more sustainable way to feed the growing world population (also known as the Food System Transition) is a crucial transition, one that also encompasses many of the UN Sustainable Development Goals (SDGs). As a cooperative bank, that works with clients and partners all over the world and throughout the entire food system, Rabobank is in the right place. Leveraging our financial expertise, sector knowledge and global F&A networks, we work together on sustainable food solutions. This includes offering new financial tools, like sustainability-linked loans and blended finance solutions.

The Netherlands is a leading, worldwide player in the F&A sector. Drawing on our agricultural roots, Rabobank has helped to secure this position for the Netherlands and we are committed to making a relevant and sustainable contribution in global Food & Agriculture in the future. Through Banking for Food, we connect producers, consumers, farmers, and the public. These interactions help us to play a prominent role in the societal debate concerning the wider food issue and its climate- and energy-related implications. The F&A sector is inextricably linked to our society, economy and environment. If society needs to feed almost ten billion people by 2050, we need a vision and solutions that do not stop at national borders, the farm gate or the supermarket door. Entrepreneurs must constantly respond to changes in the market and legislation, technological developments and evolving social views.

Our global team of RaboResearch food and agribusiness analysts provides sector-specific insights to help clients improve their businesses. We work with trusted partners — from business, government, civil society, and throughout the value chain — to jointly transition to a food system that provides enough affordable, nutritious food for all, within planetary boundaries.

Energy Transition: Climate Change and the Transition Toward More Sustainable Energy Supply and Consumption

Climate change is one of the greatest threats to our planet and to our way of life. To tackle this shared challenge, society at large needs to change how it produces and consumes energy. Therefore, the central objective of Rabobank's climate policy and activities must be to ensure that our activities, whether they be our own operations or those of our clients around the world, should be aligned with the Paris Agreement and Dutch Climate Treaty. With our clients, members, and partners, we are speeding up this indispensable transition in diverse ways: from being a leading bank in renewable energy project finance to helping companies switch to renewable energy sources; from stimulating circular entrepreneurship to advising customers on energy reduction in their homes and businesses. With our industry knowledge and financial tools, we support (cooperative) climate and energy solutions that are good for people, businesses, and the planet.

In order to achieve the goals of the Paris Agreement and the Dutch Climate Treaty, seven million homes in the Netherlands must be fitted with an energy supply from sustainable sources. As the biggest mortgage lender in the Netherlands and a significant housing developer, Rabobank supports the shift towards more sustainable homes, and also wants to improve access to the housing market with more affordable rental homes. As a cooperative bank, we believe that ecological, economic, and social interests should go hand in hand in this effort to increase sustainability.

We are working with clients and partners, to speed up these essential transitions: from facilitating sustainable entrepreneurship with green loans, impact loans, and innovation loans, to advising companies that want to switch to renewable energy sources; from accelerating carbon farming to advising customers on energy reduction in their homes and businesses. With our industry knowledge and financial tools, we support cooperative solutions that are good for people, for businesses and for the planet.

Transition to a More Inclusive Society

Everyone deserves a fair and equal chance to pursue their ambitions – whether that means finding a comfortable home, performing meaningful work, or investing in a business. As a cooperative bank that finances farmers around the world and retail customers in the Netherlands, we promote financial well-being and security for our customers and their communities. That includes removing barriers to financial products and services, and increasing access to employment and affordable, sustainable housing. With our networks, knowledge, and innovative financing solutions, we strive for a more inclusive society with equal opportunities for all.

Society is demanding more and more financial flexibility and independence. At the same time, we are seeing increasing levels of financial vulnerability. According to Nibud, 42% of Dutch people had one or more payment issues last year. Rabobank encourages everybody to live a more financially healthy life, and is convinced that everybody is capable of accomplishing this. As a cooperative bank, we support the shift toward a more inclusive society, in which people are more financially responsible and in which there are equal opportunities for all.

Through these efforts, we aim for more diversity and inclusion in society at large, because we believe that is key in our mission.

Please refer to Excellent Customer Focus to see our performance on these transitions in relation to our clients, and Meaningful Cooperative, where we describe our impact on society with these transitions.

It's all connected!

All these transitions and themes are intertwined. For example, climate change can also drive more people into poverty and reduces inclusion. In the Netherlands, in 2022, 600,000 households faced energy poverty (2021: 510,000), meaning that their energy bills are relatively high and they either have no money to invest in sustainable solutions that would reduce monthly costs, or they are not allowed to because of a rental agreement. Without government support, this would have been 900,000 households. This creates inequality and therefore negatively impacts the transition toward a more inclusive society.

Furthermore, the climate and energy transition will create challenges in the F&A current business models but will lead reduced emissions and more sustainable farming practices.

We believe we can have a positive impact if we focus on all three transitions. By defining these transitions in this way we are not seeking to oversimplify the complexity of our societal, economic and ecological context. Rather we are looking for ways to facilitate sustainable business models and to focus on adding value in a systemic way.

Strategic Pillars

We use our strategic pillars, **Excellent Customer Focus**, **Meaningful Cooperative**, **Rock-Solid Bank,** and **Empowered Employees**, to create focus, prioritize, and measure our success on output in order to create value. Long term value creation can be directly linked to the UN Sutainable Development Goals (SDGs). They serve as a guiding framework to align our activities. We want to make a meaningful contribution to achieving the SDGs.

Excellent Customer Focus

Being client-driven is embedded in our culture. Current and future client requirements can best be satisfied by giving good advice and by delivering convenient and innovative products and digital services. Our wide range of products and services generates economic activity, helps keep the economy moving and makes our clients future proof. We see our efforts within this pillar connected to SDG 2 (zero hunger), and SDG 8 (decent work and economic growth).

Meaningful Cooperative

We translate societal developments into specific contributions for the long-term. Cooperative banking means that we actively involve members, employees, clients, and other partners, and that we connect them with each other. We take a stance on societal issues that matter to our clients and stakeholders, such as climate change and biodiversity. We are committed to connecting with our members and to strengthening the connection between our members, by encouraging a more meaningful experience of cooperative membership. We also offer our current customers the possibility to easily become a member online. We see our efforts within this pillar connected to SDG 2 (zero hunger), (SDG 13, climate action), and (SDG 17, partnerships for the goals).

Rock-Solid Bank

Our ambition is to do the right things well, or even exceptionally well, with all of our employees taking ownership, remaining conscious of risks, and operating as professionals. We understand the importance of our role as gatekeeper in preventing our products and services from being used for money laundering and terrorist financing. We aim to ensure our continuity with our financial performance and strong ratings. To that end, we are, for example, working hard to improve our cost/income ratio. We see our efforts within this pillar connected to SDG 8 (decent work and economic growth).

Empowered Employees

We aim to provide an inclusive working environment for our employees. Our employees are proud and driven. They demonstrate craftsmanship, vitality and adaptability. They feel empowered to represent our organization, are inspired by our mission and want to grow a better world together. We want the most talented people to want to work, develop, and stay at Rabobank. We see our efforts within this pillar connected to SDG 8 (decent work and economic growth).

In Performance on Our Strategy we report on the impact we had based on our strategic pillars.

Update Strategic Framework

Rabobank is currently reviewing its existing strategic framework that has been in place since 2015. Over the past years Rabobank was largely successful in delivering on this strategy, with a simplified governance and streamlined operating model creating room for growth in the core of our franchise, both domestically as well as internationally. We also realized cost reduction and improved our capital position. Our brand recognition was strengthened and the engagement of our customers, members and employees has increased. From this solid position we are now looking to enhance our strategic framework to be better able to deal with the challenges the financial industry is facing. We expect to provide more information on this updated strategic framework in the course of 2023, but it is clear that we will continue to build on the 2015 strategy and:

- hold on to our mission of “Growing a better world together”
- focus on sustainable and profitable growth while building operational excellence and striving for efficiency
- aim to further integrate sustainability in the way we operate as a cooperative bank

Creating Value

At Rabobank, we define our purpose by the value we create and by the people and causes for whom we create it. We consider the interaction and transactions with stakeholders a way to generate and regenerate value. This means that stakeholders can become partners in the transitions we face. In practice, we interact both directly and indirectly with stakeholders. The direct interaction with our stakeholders is both input and output for our business model.

The banking system serves society, by ensuring that payment transactions between people are possible, by lending money to enable housing and entrepreneurship, and by optimizing capital allocation. Through these activities, a bank enables money to circulate through the system and helps to sustain the economy.

> *Society and its respective stakeholders are required to "meet the needs and aspirations of the present without compromising the ability of future generations to meet their own needs and aspirations."[1]*

Meeting the needs and aspirations of the present without compromising those of the future generation requires not only purpose and courage, but also the allocation of capital in an effective and efficient way. Rabobank can play a role in this allocation and distribution of capital through the instruments of banking, knowledge, and networks.

A bank's infrastructure and the banking model are an essential component of the economy and enable it to function. As a bank, our value chain covers the financial flows required for households and businesses to generate income and/or profit. Our role consists of lending, investing, being a custodian of savings, and domestic real estate development. We offer private and commercial clients a wide variety of financial products, such as loans, payments, asset management and leasing solutions. Through these value chains, we aim to help realize our clients' ambitions and to add value.

Stakeholder dialogues

We are committed to maintaining strategic, constructive, and proactive dialogues with all our stakeholders. As a bank of systemic importance, we engage with many stakeholders, all of which are important to us.

The process of engaging in dialogues is aligned with the method of appreciative inquiry and is an instrument to highlight and investigate economic, ecological, and societal issues from different angles. We use these dialogues for multiple purposes: to achieve a common local, regional, or national agenda; to collect themes that are important to our members and customers; and to translate them into our strategy, further exploring insights per theme, promoting connections in the regions and engaging in conversation with employees.

Most of our interaction takes place with clients, members, employees, investors, credit and sustainability rating agencies, supervisory bodies, regulators, other banks, fintech companies, and start-ups. In addition, we engage with non-governmental organizations (NGOs), government agencies, the media, and with politicians. We consider our clients, members, investors, and employees to be our direct stakeholders; other stakeholders in society (e.g., NGOs, public service bodies, communities, and governing and supervisory bodies) we regard as an indirect stakeholder. We engage with stakeholders through member councils, customer feedback platforms, customer and employee surveys, and through participation in initiatives that are being launched in the sectors in which we are involved. Our Managing Board Members meet with clients, members, employees, politicians and other stakeholders to discuss our strategic progress, receive their feedback on our contribution to society and debate developments in the financial sector, both generally and in specific relation to Rabobank. For more information on our engagements, please see our ESG Facts & Figures report.

Stakeholder dialogue plays an important role in our selection of material themes for reporting, and stakeholder input is used to design our Sustainability Policy Framework. We also engage with environmental and/or social welfare organizations on a number of topics. In ESG Facts & Figures, we provide a (non-exhaustive) list of these conversations' topics and outcomes.

Materiality Assessment

We aim to report on how we create, preserve, or erode value for ourselves and for stakeholders that are affected by our activities over the short, medium, and long term. To keep our activities aligned with social, economic, and ecological challenges, as well as with the expectations of our stakeholders, we look at how these challenges affect our performance, our position, and our development (“outside-in”). Moreover, we consider how we impact people and the environment (“inside-out”).

1 Brundtland, G.H., 1987. Our common future—Call for action. Environmental Conservation, 14(4), p.291-294.

We performed research on almost 50 stakeholders (by e.g. stakeholder dialogues) related to the context of Rabobank to specify which themes are indicated to be of "material" importance to them. Then, in order to assess the relative importance of these material themes in relation to value creation, we used the Indicator for "sustainable well-being" (Brede Welvaartsindicator, BWI) and the United Nations Finance Initiative (UNEP-FI) Portfolio Impact Analysis Tool for Banks (UNEP-FI Portfolio Tool).

The BWI framework considers 11 dimensions that influence the overall well-being of people, namely safety, health, income, personal development, environment, job security, housing, civic engagement, social contacts, subjective well-being, and work-life balance. The UNEP-FI Portfolio Tool combines sector- and country-specific research with the sector and country portfolio exposures of Rabobank in order to identify impact areas (e.g. climate) on which the portfolio may have a negative impact if unmanaged, or a positive impact if managed properly.

Value Creation and License to Operate

Based on our research on material themes, we make a distinction between value-creating themes and license to operate themes based on an assessment of where Rabobank can add value and of which themes are a prerequisite to be able to create added value. When themes both have a high "outside-in" and "inside-out" importance they are defined as "material themes for value creation". Other themes indicated by stakeholders are perceived as license to operate themes.

Our *Value Creation* themes are: Biodiversity and ecosystems; Climate change; Customer satisfaction; digitalization and innovation; Diversity, equality and inclusion; Energy transition; Financial resilience; Food security; Human rights, Pollution; Resource use and circular economy; Responsible supply chain; SME financing; Sustainable housing; Water management.

Our *License to Operate* themes are: Training and skills development; Affected communities; Decent pay, conditions and job security for gig workers; Member engagement; Corruption and bribery; Business conduct culture; Geopolitical developments.

More information about how we determined these themes and materiality can be found in About This Report.

Value Creation Model

Why

Our mission

Growing a better world together

Our vision

Banking for the Netherlands

Banking for Food

Strategy

Strategic Pillars

Excellent Customer Focus
creating value for Clients

Banking solutions for food, housing, entrepreneurship, living and financial well being.

Meaningful Cooperative
creating value for Members and Society

Solutions for environment and society related to food, climate & energy and a more inclusive society.

Rock-Solid Bank
creating value for Investors

Strong performance for investors and upholding our license to operate for society.

Empowered Employees
creating value for Employees

A diverse and inclusive workplace facilitating engagement, well-being and development for employees.

SDGs

- Excellent Customer Focus: 2 Zero Hunger; 8 Decent Work and Economic Growth
- Meaningful Cooperative: 2 Zero Hunger; 13 Climate Action; 17 Partnerships for the Goals
- Rock-Solid Bank: 8 Decent Work and Economic Growth
- Empowered Employees: 8 Decent Work and Economic Growth

Business Activities

We focus on delivering all-finance services in the Netherlands and on serving our Food & Agri customers internationally.

We offer solutions in Retail Banking, Wholesale Banking, Rural Banking, Private Banking, Vendor Finance, Leasing, and Property Development.

We actively engage in facilitating transitions which matter to us and stakeholders now and in the future.

Food System Transition

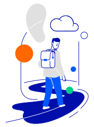
Climate & Energy Transition

A More Inclusive Society

Resources

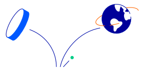
Employees

- Diversity & Inclusion
- Learning & development
- 46,959 employees



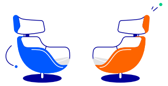
Knowledge

- Research publications & sector visions
- Dialogue sessions



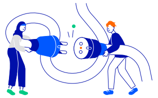
Capital & Funding

- Wholesale funding
- Capital instruments
- Total equity: EUR 46 billion



Partnerships & Networks

Multilateral, (inter)national and local partnerships and networks related to: Food, Agriculture, Energy, Climate and Inclusion.



(IT) Infrastructure

- System availability
- Online services
- Local banks: 78
- Offices in the Netherlands: 144
- International Countries: 36

Products and Services

Netherlands

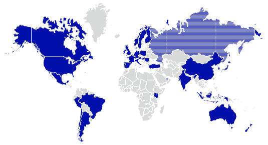
(amounts in EUR billions)

- Dutch Private Mortgages: 193
- Lending to Trade, Industry and Services: 75.4
- Lending to F&A: 40.4
- Point-of-Sale transactions: 2
- Savings: 152.9
- Assets under Management: 50.5
- Leasing: 1.3
- BPD transactions: 6,081

International

(amounts in EUR billions)

- Private sector lending to F&A: 73.0
- Private sector lending to Trade, Industry and Services: 39.0
- Leasing: 34.6



1 W&R the Netherlands & domestic DLL portfolio included

Material themes impacting Value Creation

Excellent Customer Focus
- Customer Satisfaction
- Digitalization and Innovation Services
- Energy Transition
- Financial Resilience
- Resource use and Circular Economy
- SME Financing
- Sustainable Housing

Meaningful Cooperative
- Biodiversity and Ecosystems
- Climate Change
- Food Security
- Human Rights
- Pollution
- Responsible Supply Chain
- Water Management

Rock-Solid Bank
- Financial Resilience

Empowered Employees
- Diversity, Equity and Inclusion

Output

Excellent Customer Focus

Quantitative Indicator	Result
• App score Android/iOS	3.9/4.5
• RepTrak recommendation	32 %
● % online active private clients	68.1 %
● % online active business clients	82.9 %
● Availability of Internet Bankieren	99.8 %
● Sustainable Finance	31,418
● Sustainable Funding	7,465
● Sustainable Assets under Management	30,674
● Sustainable Transactions Supervised by	20,513
● % A Clients (client photo)	22 %
• % A-label Mortgages	29 %
• % EBV	36 %
• CE Desk	141.3 million
• # + EUR renewable energy projects	36/1.3 billion

Meaningful Cooperative

Quantitative Indicator	Result
● Member Engagement Score	42 %
● Community Funds and Donations	30.4 million
● RepTrak Positive Influence on Society	67.2 %
● Reduce CO2 emission of Rabobank (scope 1 and 2)	-0.06 tonnes
Progres to Paris:	
• number of Business Units with Paris Alignment plan (including portfolio steering)	4/100% (2)

Rock-Solid Bank

Quantitative Indicator	Result
• Net profit	EUR 2,786 million
• CET 1 ratio	16.0 %
• RoE	6.2 %
• Cost/Income ratio	63.9 %
● # Employees	46,959
● Sustainalytics	5th

Empowered Employees

Quantitative Indicator	Result
● % M/V (GD, RvC)	50 %/29 %
● Employee Engagement Score	86 %
● Gender adjusted pay gap	1.3 %
• # asylum seekers with a job	57
• Discrimination incidents	12
● Absenteeism	4.4 %

● *Element in scope for the limited assurance assignment of the external auditor*

Please see Annex 1 for more information

Outcome

	Excellent Customer Focus	Meaningful Cooperative
Positive	Facilitate the aspirations of our clients through (digital) products and services, knowledge, networks.	Member involvement, dialogues and feedback, drive economic growth, and investing in sustainable well-being and local communities.
Negative	Compensation for products and services, and negative interest rates.	Impact on the environment and society in terms of e.g. financed emissions and biodiversity, fraud, money laundering, low pay, and labor rights.

	Rock-Solid Bank	Empowered Employees
Positive	Investors receive distributions and interest. We provide opportunities to invest in sustainable bonds.	Decent work and income, training, and development possibilities. Increasing diversity and inclusion. Satisfaction through contribution to our mission.
Negative	The discretionary decision of Rabobank not to distribute cash payments on certificates can lead to unfavorable outcomes for investors.	Job insecurity and reallocation, stress, and unfavorable outcomes of working digital first.

Our Value Creation Model

Resources for Value Creation

We aspire to add value for our clients and other stakeholders. Our Value Creation Model shows how our resources support this. Our resources are: Employees (human capital), Capital and Funding (financial capital), Partnerships and Networks (social capital), Knowledge, and (IT) Infrastructure (intellectual capital). Human capital is vital since our employees and members are essential for the bank. Social capital helps us to realize our contribution to society. Through our intellectual and financial capital we are able to serve our customers.

Employees

We can only make a truly meaningful contribution to the world if our employees enjoy working at Rabobank in a working environment that provides room for diverse perspectives and personal development. This makes our employees proud, driven and motivated to represent Rabobank. They are also inspired by our mission to contribute to a better world. We strive to ensure that talented individuals who choose to work at Rabobank can continue to develop.

Capital and Funding

We offer a broad array of investment options to our institutional investors through funding and capital instruments. In turn, this enables us to perform our banking activities. Our high credit ratings, capital levels, and liquidity buffers are what make us a rock-solid bank today and in the long term. Please refer to our Rock-Solid Bank and Capital Developments chapters for more information.

Partnerships and Networks

We are serious about our role as a socially responsible bank. We help our customers and our network to connect to each other in order to strengthen local communities. We take part in various local, sector, and chain initiatives and support our business and private clients in achieving their sustainability goals. Please refer to our chapter Meaningful Cooperative for more information on specific partnerships.

Knowledge

With a history going back more than 125 years, we have extensive knowledge about Food and Agriculture, and about multiple other sectors in which we are active. Our RaboResearch department is our expertise center of knowledge, providing insights in-, and outside the bank. We will continue to invest in knowledge- and dialogue-sessions with stakeholders, to support them and to learn from each other, and to build new cooperative solutions for the long term. The innovations we discover in this way help us to allocate information and insights, and develop new products and services. We believe this is key in moving forward, in encouraging transitions, and in rising to societal challenges.

(IT) Infrastructure

In the field of digitalization and innovation, we strive to ensure high system availability and products that fit customer expectations in order to provide digital convenience to our customers. Additionally, we need to make sure that we are in control of our data systems and of the quality of data. We are also working on new or improved products and services together with stakeholders. Moreover, we examine the best way to set up our business infrastructure and to use local banks and branches.

Creating Value for Stakeholders

Creating Value for...

We consider our clients, members, investors, and employees our direct stakeholders; society (NGOs, public service bodies, communities, and governing and supervisory bodies) we consider as indirect stakeholder. Inherent to the use of resources for our activities as a bank we have direct and indirect impact with possible favorable and/or unfavorable outcomes for one or more of our stakeholders. This impact is described below.

...Clients

We want to create positive value and satisfaction through services such as financing and everyday banking, by virtue of which we facilitate the aspirations of our clients and by sharing our knowledge through our research publications, our networks, our innovations and (digital) products. In turn, our clients provide employment opportunities, which may lead to impact decent work and income, health, and well-being.

Our clients and other parties in the F&A value chain have a positive impact on the availability of food. However, F&A activities can also have an unfavorable outcome on the climate (by way of nitrogen and carbon emissions), on soil quality, water availability and quality, and on biodiversity and ecosystems. We encourage our clients to reduce this negative impact as much as possible and create a regenerative ecosystem. To make this possible we help them become more sustainable through several initiatives such as access to funding, setting up a carbon credit system, providing sustainability-linked and green loans. Moreover, our own operation also has an impact. We monitor this with our customer satisfaction metrics to indicate positive /negative outcomes.

We describe our activities in greater detail in the Excellent Customer Focus chapter.

...Members

Member involvement is crucial for us in order to remain a meaningful cooperative. By providing feedback, our members motivate us to execute our strategy and support us in the challenges we encounter along the way. Their contribution is highly valuable. By offering an attractive and valuable membership we enhance our distinctiveness and the success of our cooperative bank. We offer our members dialogues through which they can advise us on multiple themes, as well as vote on the destination of our Cooperative Dividend. Moreover, we continuously look for ways of offering knowledge and special discounts for our members. Our members can also influence our strategy through our General Members' Council. We monitor value creation for our members through the member engagement score to indicate positive/negative outcomes. Please refer to Corporate Governance for more information.

We further describe our activities in the Meaningful Cooperative chapter.

...Institutional Investors

Our financial performance is key to the trust of our investors. Investors receive distributions and interest on their investments. We provide investors the opportunity to invest in, amongst others, sustainable bonds. With an innovative framework, we enable investors to invest in sustainable bonds, in a way that is transparent and aligned with common frameworks defining sustainable activities (e.g. SDGs).

We further describe our activities in the Rock Solid Bank chapter.

...Employees

We want to provide our employees with a good working environment and give them the chance to excel. With this in mind, our employees receive myriad training and development opportunities. This can create higher job satisfaction and employee engagement in the long term. The reason we attach so much importance to employee engagement is that we are convinced that happy people make happy customers, and that purpose makes perfect. Increasing diversity and inclusion in our workforce helps improve our decision-making and ethical perspective. Furthermore, we believe it improves our services to customers.

Recently we entered a new era of working together anywhere in the world through Rabo@Anywhere. We believe that this "digital first" approach helps to create a better working environment and foster a better work-life balance, combining the benefits of flexible work spaces and -hours with possibilities to work together effectively.

Ensuring that Rabobank remains a future-fit and agile organization also means that we need to keep attracting and retaining talent. This is a key priority for our organization and specifically for HR. At the same time, we will not be able to position all our current employees in the future. This is an inevitable side of business, one we try to minimize as much as possible, for example, reposition employees through internal secondments, re-skilling, and upskilling. It is important to us that employees who leave Rabobank quickly succeed in finding employment elsewhere or are able to start a business. This is something we specifically facilitate through our Collective Labor Agreements.

We further describe our activities in the Empowered Employees chapter.

...Society

Our institutional role as a bank means that, on the one hand, we impact economic and financial stability, and, on the other, we are subject to geopolitical developments and systemic risks. This, in turn, affects society. We drive economic growth in the long term through our banking activities in the transitions and themes that are important to us. These investments can have a positive effect on well-being in the long term. Moreover, local banks also focus their activities in the regions where they operate based a business agenda that looks at all dimensions of "sustainable well-being."

Through our role in society and our activities in local communities, e.g. through our cooperative dividend, we have an impact on (social) safety, engagement, social contacts, financial resilience, and inclusion of citizens.

We are aware that, as a consequence of the use of natural resources and respective CO2 emissions for our own activities we also create an unfavorable outcome on the environment. Other possible negative effects of our business are cases of fraud, low pay, and labor rights issues within our value chain. We have created monitoring instruments (e.g. Client photo) in the interaction with our clients and business partners. If these instruments show us negative results we engage (e.g. through dialogues and engagement strategies) and monitor changes in behavior. If negative behavior, which is not in accordance with our mission, persists we can decide to end the relationship.

In short: the way we define Growing a better world together implies how we look at favorable and unfavorable outcomes of our business activities. That's why we need to have a continuing dialogue with our stakeholders to calibrate our cooperative compass. We describe our activities in the Meaningful Cooperative chapter.

Key Trends and Uncertainties

We continuously analyze and monitor trends and uncertainties in the external environment. Political, economic, social, technological, environmental and legal developments may open exciting opportunities as well as challenges.

New strategic initiatives and our role in facilitating transitions are always balanced against the related risks and impact. We closely monitor how external developments might impact the realization of our strategic goals. The most relevant external developments are summarized in this chapter.

Economic

The war in Ukraine, a fragmented world order with intensifying tensions in Asia, the consequences of the global pandemic and yield curve control by central banks are prolonging economic instability and inflation which could lead to a solvency- or Eurozone-crisis. The underlying problems of an interconnected world and fragile supply chains are becoming even clearer. Fundamental changes in supply chains will change our risk models, pricing, propositions and services. As global debt accumulation continues, liquidity is floating around the world in search of yield. It is likely that bubbles are building, for example in stock and residential real estate. The role of banks in the financial system is shrinking and we are facing issues of scale with regard to IT costs, payments and financial markets, among other things. Competition will increasingly come from a global playing field. In general, economic opportunities can be found in banking consolidation in Europe and in mergers and acquisitions. Rabobank is well positioned to contribute to a better, worldwide system for financing the F&A sector and could increase its wholesale volume or grow other targeted portfolios like leasing.

Technological

Disruptive innovation is altering client expectations and the market is shifting towards diverse ecosystems with fast-changing and hyper-personalized contact, products and services. Financing and lending are changing rapidly with private individuals and organizations offering both funding and venture capital to third parties. Big Tech companies are adding other financial services to their payment services such as credits and business lending. This might lead to declining volumes and margins. Decentralized finance, such as crypto-currencies, has grown fast in recent years and partly deflated in 2022. This and Central Bank Digital Currencies (CBDCs) will directly impact banks' balance sheets. Digitalization is also intensifying cybercrime, increasing chain vulnerabilities and systemic vendor risk. Data quality and availability remains a vital challenge for operational excellence, product/service development and adherence to regulatory requirements including privacy regulations. Models and Artificial Intelligence (AI) require sophisticated rigor and commensurate checks and balances but in the current labor market the availability of expertise in IT, data, modeling and AI is limited. Technology also supports Rabobank in achieving operational excellence with further automation and viable end-to-end processes and establishing being 'in control'. It improves our services and increases client satisfaction while further digitalization and big data are opening up new possibilities.

Climate-related and Environmental

Climate change is directly affecting our banking business via physical risks to our portfolio and transition risks. Transition risk increases as consequence of heavy pressure on our clients to move toward more sustainable business models, partly induced by government decisions and actions. Our F&A portfolio faces challenges relating to carbon, nitrogen and other forms of pollution, while protein, dairy and livestock is increasingly being scrutinized. The F&A sector is already feeling the impacts of extreme weather conditions leading to flooding, drought and wildfires. Stranded assets will eventually appear in fossil based and other sectors, while also the asset value of real estate in lower-lying regions may be adversely impacted. In addition biodiversity loss is becoming almost irreversible and could result in water and food crises and some regions of the world becoming uninhabitable. On top of these direct consequences, financial institutions are also struggling to deal with complex requirements for assessing, quantifying and disclosing climate-related and ESG risks in their portfolio.

Societal and Regulatory Context

Taken together these risks and uncertainties aggravate pressure on governments, and contribute to diminished social cohesion and increased polarization within societies. The fact that the middle class all over the world is feeling the impacts of the cost-of-living crisis is further fueling this. At the same time there is a continuing battle for talent for much-needed skills in IT, data, modeling, AI, ESG and regulations. Higher staff turnover and long-standing vacancies signal a changing workforce with different preferences that require employers including Rabobank to adapt. Regulation is increasingly shaping banking services. Expectations regarding duty of care, privacy and AML are continually expanding. A lack of consistency between overlapping regulations in independent jurisdictions is increasing regulatory uncertainty.

Performance on Our Strategy

Excellent Customer Focus

It goes without saying that we want to be Customer-focused. But we take it a step further. We provide tailored advice to clients with innovative and digital services and, we offer a wide range of products. In this way, we not only help our clients now: we also help them get ready for the future in a rapidly changing world. This is our cooperative mentality in practice.

Excellent Customer Focus

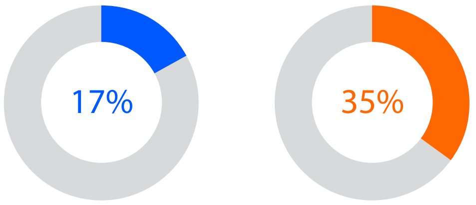
Our Contribution to:

Rabo Carbon Bank
First carbon credits from regenerative agriculture sold.

Sustainable Living
Average label in the mortgage portfolio: Label C.

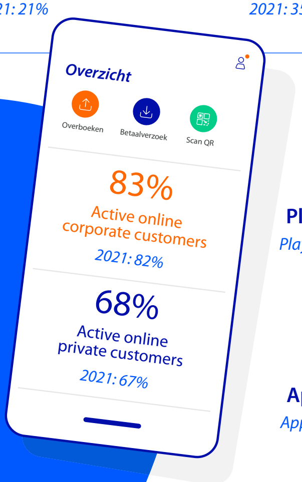
Climate and Energy, and Sustainable Entrepreneurship
Energy transition: EUR 1.3 billion financed in 36 new renewable energy projects in 2022.
Sustainable Entrepreneurship: Rabo Impact Loans EUR 268 million exposure.

Domestic market shares



Mortgages
2021: 21%

Savings
2021: 35%



3.9
★★★★
Play Store score
Play store dec 2021: 4.6

4.5
★★★★★
App Store score
App store dec 2021: 4.2

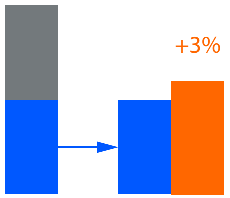
We aim to be a leading bank in which current and future requirements can be fully satisfied through good products and advice, digital convenience, and innovative services.

≈500,000
Downloads Food & Agri podcast

Sustainable Funding
7,465
EUR million

2021: 7,699 EUR million

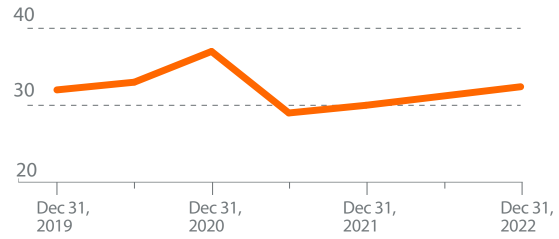
Sustainable Finance
31,418
EUR million



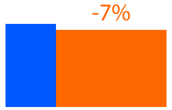
2021: 63,117 EUR million
2021 adjusted: 30,392 EUR million

RepTrak Recommendation Score

as of December 31, 2022

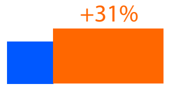


Sustainable Assets under Management
30,674
EUR million



2021: 33,088 EUR million

Sustainable Transactions Supervised
20,513
EUR million



2021: 15,656 EUR million

Sustainability Performance of Clients

(Client Photo)

We measure the sustainability performance of our clients with an exposure over EUR 1 million in a client photo.

22% Frontrunner Clients Rabobank's Dutch Retail Banks (A-level)
2021: 16%

Want to know more about these figures? Please refer to Methodology & Definitions of Non-Financial Key Figures on our website.

Excellent Customer Focus

In 2022, the economy was dominated by the effects of Russia's war in Ukraine, global supply chain issues, and the long-term effects of Covid-19. Overall uncertainty caused rising food and energy prices worldwide, a steep increase in inflation, and the first central bank interest rate hikes in years. These factors also affect our customers and we are doing everything we can to optimally facilitate and support them in these uncertain times.

The activities we perform for our clients can largely be linked to the transitions we want to facilitate as a bank. We therefore describe our performance on these transitions in relation to our customers.

Food System Transition

Banking for Food

Through Banking for Food we want to play a prominent role in the societal debate concerning the wider food issue and, in this way, connect producers, consumers, farmers, and the public sector with each other. As the market leader in the agricultural sector in the Netherlands, we see Banking for the Netherlands and Banking for Food as closely interconnected.

The Netherlands

Staying true to our roots, we continue to be a leading bank in the Dutch F&A sector. The agriculture sector in the Netherlands is an important contributor to the economy and to society; it is renowned worldwide for its efficient and innovative practices. At the same time, the sector faces important challenges.

We believe that if farmers can work toward long-term goals with innovative and nature-inclusive solutions, they can contribute toward a future-proof, sustainable, and dynamic sector. This means that we need to be able to measure our performance on critical sustainability success factors. We have developed multiple tools to make this a reality, such as the Open Soil Index (developed by a coalition of ASR, Vitens, and Rabobank), and the Biodiversity Monitor for Dairy Farming by DZK/Friesland Campina, WWF, and Rabobank.

The dairy sector is one of the largest agricultural sectors in the Netherlands. It creates significant added value for the economy compared with other agricultural sectors. In 2022, our domestic dairy portfolio amounted to EUR 8.7 billion, representing 22% of our total domestic F&A portfolio. From the perspective of added value related to negative environmental impact, there is still progress to be made when it comes to accelerating the dairy sector's positive impacts on the environment (like restoring biodiversity, carbon sequestration, and water storage) and including them in current business models.

We consider our financial products and services to be tools with which we can help our clients shift to more sustainable practices and business models. We offer financial products with more favorable conditions, such as reduced interest rates, extended repayment terms, lower instalments, and so on. To be more specific, in 2022 we decided to expand the scope of eligible clients with an A label, as defined and measured by our *Duurzaamheidsmatrix* (Sustainability Matrix), across the whole Dutch Corporate F&A portfolio that we can offer an interest rebate. We are looking to expand the scope even further by also incorporating financing under EUR 1 million. To do this in a financially viable way, we simultaneously decided to adjust our overall price level in a differentiated approach across the Dutch F&A sector. These new price levels, including sustainability linked rebates, are scheduled to be implemented in 2023. We already ran a successful pilot of this approach, where 500 dairy farmers received an interest rebate of 0.2 percent in 2022.

Our farmers feed our societies. And the nitrogen crisis (for more background on this topic please refer to our Meaningful Cooperative chapter) is creating tremendous uncertainty for them . Dutch farmers need and deserve clarity and perspective. At the same time, since the ruling in May 2019 by the highest administrative court in the Netherlands, construction projects have come to a standstill and highways may no longer be expanded. As a cooperative bank, we stand for a transition to a more sustainable agriculture sector with prospects for agricultural entrepreneurs and nature. Doors remain open for farmers. We are, however, cautious to finance an increase in animals and stable expansion. Due to a lack of clarity about what exactly the government plans mean for individual agricultural entrepreneurs, we do not yet have all the answers our customers seek. We continue to assess each financing application individually, to ensure that the loans we provide must contribute to an entrepreneur's prospects and earnings model and to making their company more sustainable.

In cooperation with FrieslandCampina, Agrifirm, Imagro and the Alliantie Ewuu, we created the Dutch Dairy Challenge in 2022. The challenge is intended for dairy farmers with an innovative idea either for making Dutch dairy farming more sustainable or to improve their own prospects. Dairy farmers who are selected will work with a multidisciplinary team of students and a professional entrepreneurial coach.

Internationally

Our total F&A loan portfolio (both domestic and foreign) on December 31, 2022 was EUR 113.3 (2021: 102.9) billion. To help clients embed sustainability in their businesses, we grant sustainability linked loans which include amongst others a set of sustainability KPIs. If clients meet these KPIs and conditions, they receive a discount on their interest rate. We also act as sustainability coordinator for clients by giving them access to our knowledge and our network.

In 2020, we started to develop carbon credit generating projects through our Rabo Carbon Bank. Rabo Carbon Bank develops propositions that help farmers by shifting to regenerative agricultural practices that lead to business opportunities for carbon sequestration. We connect them to net-zero committed businesses and organizations that are looking for a reliable way to compensate their own unavoidable emissions. These projects are aimed at regenerating ecosystems, creating additional revenues for farmers, and driving reduction and compensation schemes for businesses. A group of farmers in three U.S. states have completed the initial bench-marking phase of Rabo Carbon Bank's first carbon sequestration and soil health pilot program in North America. Participating farmers will receive compensation for implementing regenerative agricultural practices that enrich their fields' soils while also capturing carbon from the air.

In 2022, Rabo Carbon Bank sold the first carbon credits to Dutch companies: the energy companies Vattenfall and GreenChoice, dairy companies Interfood and Hoogwegt, Rabobank and insurer Interpolis. These companies want to become climate neutral and are actively working to reduce their emissions. The so-called carbon credits were earned by 15 Dutch and American farmers, who compensate a large amount of CO2 emissions by making their dairy and arable farms more sustainable. Most of the proceeds from the credits sold are returned to these farmers, who have made a pledge to the bank to sequester 10,000 metric tonnes of carbon from the atmosphere on their land every year for the next three years.

In addition, smallholder farmers can generate credits through our Acorn project (Agroforestry Carbon Removal Units for the Organic Restoration of Nature) by planting trees on their land and using traditional farming methods (such as no-till farming) that result in CO2 capture. Rabobank sets up programs to implement this model together with partners like Microsoft and Solidaridad. One such collaboration involves Colombian coffee farmers. Acorn auctioned the first so-called Carbon Removal Units (CRUs) in 2022. CRUs are one concrete way that customers can help tackle climate change. Since the launch of Acorn two years ago, a large amount of CO2 has already been absorbed. This is included in the CRUs that are now being auctioned to companies that want to offset their CO2 emissions.

Knowledge

Next to our financial products and services, we distinguish ourselves through our knowledge and research in the F&A domain. Our research department RaboResearch has over 80 F&A researchers who collect and analyze information that helps us to recognize opportunities by leveraging our local knowledge and global reach across all F&A sectors. Our Food and Agriculture Research (FAR) podcasts were downloaded almost 500,000 times in 2022. Through Rabo Food Forward, we form coalitions to develop sustainable food solutions, such as how to create shorter food value chains.

Climate Exposure

As mentioned above, we are investing in decreasing emissions in a variety of ways. More about achieving climate targets can be read in “Our Impact 2022” and our 2022 "Our Road to Paris” report.

Climate and Energy Transition

Sustainable Entrepreneurship

Engaging with sustainability goals has become a license to operate for most businesses. Legislation and regulations are becoming increasingly stricter, and developments in the field of sustainability and innovation are taking off. It is therefore essential that companies work on a future-proof business model. We have the ambition to support our customers in their sustainability efforts. Our engagement strategy is to offer customers our knowledge, networks, and financial solutions in order to jointly realize sustainable and circular ambitions.

Since the energy sector plays such a vital role in the transition to a net-zero society, we have an ambitious agenda for our energy sector portfolio. Also through our involvement in 36 projects and exposure of EUR 1,349 million in 2022, we are one of the top 10 global lenders in renewable energy. By investing in renewables and decreasing the share of fossil energy, we are aiming to make the necessary shift towards a net-zero economy. We are highly commited to renewable energy generation and see solar as the most important technology. In 2022 we decided that until 2030, we want to make EUR 30 billion of funding available for the energy transition. EUR 10 billion of which should go to renewable power generation. Last year we offered our members the opportunity to participate in the collective purchase of solar panels. The more members who enrolled, the greater the discount. Almost 30,000 members started the Solar Panel Scan and 7,708 members made the downpayment.

We want to stimulate sustainable entrepreneurship even more. The Rabo Impact Loan was developed for the Netherlands seven years ago in collaboration with the European Investment Bank (EIB) and a large number of sustainable quality marks. Since then, we have provided more than EUR 1.4 billion in Impact Loans. The amount available is limited, but is supplemented by EUR 268 million in 2022 to support sustainable entrepreneurship. We also allocated EUR 60 million of the Social Impact Loan in 2022 and financed sustainability through the Rabo Innovation Loan with an exposure of EUR 92 (2021: 68) million. As of 2022, the amount included in our sustainable financing is EUR 31 (2021: 30) billion.

We firmly believe that together we can achieve more. We also realize that the climate change objectives in the Dutch Climate Agreement—and the transition needed to achieve them—represent an enormous task. This is all the more reason to constantly stay aware of how we can make sustainability affordable and accessible to everyone. Next to our own responsibility, the only way to reach these ambitious climate targets is through true collaboration between central government, municipalities, banks, and other market actors. Our cooperative mentality gives us a tremendous drive to realize these plans with and for our clients.

In 2022, 61% of the assets under management (EUR: 31 billion) on a total of EUR 50.5 billion assets under management were categorized as sustainable, of which EUR 29 billion were invested in mandate funds with the specific objective of achieving at least 30% lower CO_2 intensity than the benchmark.

Sustainable Investments and Leasing
Leasing has the potential to make a substantial contribution to the climate transition since some companies do not have the resources to invest in low-carbon technologies, or because financial leasing is a more attractive proposition to them. We support our clients and partners in the transition to a new and sustainable fleet. With Rabo Electric we help entrepreneurs with financial and practical insight into the electrification of their vehicles. In addition, we offer a financial lease for all these vehicles so that customers can choose the dealer and be the full owner of their electric car or van. We are also working on business models with Rabo Lease and our subsidiary DLL to see how Electric Light Commercial Vehicles (e-LCV) can be financed or leased. We work with business partners to make it possible to offer charging infrastructure, solar panels, maintenance, roadside assistance, and insurance. DLL also offers financial solutions which cover the total product life cycle alongside clean tech products to realize innovative developments in sustainability.

Groen Bank
Private customers can invest savings in sustainable businesses through Rabo Groen Bank, which is the largest green bank in the Netherlands and has a volume of EUR 2.6 billion in sustainable and climate transition loans. Because private investors with a green savings account can qualify for tax relief, Rabo Groen Bank benefits from lower financing costs. In 2022, the total inflow of private green savings was EUR 350 million. This benefit is transferred in the form of an interest rate discount on green loans to companies with sustainable investments. More than EUR 400 million in new loans were granted in 2022, with the most growth in solar energy investments. Growth in volume was also visible in the areas of sustainable agriculture, efficient use of energy (e.g. heat pumps), and sustainable real estate.

Sustainability Performance of our Clients - Client Photo
Our Client Photo is a tool that enables us to gather data on the environmental, social, and governance performance of business clients in Rabobank's portfolio. The purpose of our Client Photo is to improve client engagement and business development and is used as a management tool.

The Client Photo assists during the onboarding credit process. We assign categories through a qualitative process in which client metrics are taken into account and benchmarked with industry/sector specific indicators. Finally, professional judgment is applied to assign a score. The unique Rabobank Client Photo assesses our clients' sustainability performance. We acknowledge that there are several limitations to the Client Photo because of the continuous development of these tools, limited availability of sustainability-related data and methodologies and the need to use professional judgment. However, it still facilitates our assessment of the sustainability of our clients.

Due to the rapidly evolving dynamics in the sustainability playing field, sustainability client tooling is continuously in development. Sustainability client tooling is currently used as a management tool by the various business lines. For reporting purposes, we are further developing and integrating the various tools. Hence, targets and performance metrics are only reported to a limited extent. Especially for Wholesale, where the international context is especially dynamic, the tool currently needs re-development. Therefore, we do not report outcomes on the Client Photo Wholesale over 2022.

Carbon Insights
As of 2022, private customers with a Rabobank payment account can see the impact their purchases have on the climate. With "Carbon Insights" (developed by Rabo Carbon Bank and the company Ecolytiq) customers can use the Rabo App to track the CO_2 emissions of every euro they spend. Rabobank is the first Dutch bank that provides its customers insight into the CO_2 emissions linked to their spending. This is one way the bank wants to increase climate awareness among consumers.

Sustainable Housing

As one of the biggest mortgage lenders in the Netherlands and a housing developer, we support the shift towards more sustainable homes and access to the housing market for home seekers. As a cooperative bank, we believe that ecological, economic, and social interests should go hand in hand in this effort to increase sustainability. We offer a Green Mortgage (with a lower interest rate) and the GreenDepot, which customers can use to borrow additional funding for a heat pump or solar panels, for example.

Additionally, we offer our clients the homeQgo homeScan. This online scan gives customers insight into sustainable and energy-saving measures for their own home. It offers personal sustainability advice, including the potential annual savings customers could have if they make certain changes. In 2022, more than 65,000 home scans had been performed, showing customers which options they have for making their homes more sustainable. In addition, by 2022, more than 36% of our new mortgage customers financed a future investment to make their homes more sustainable.

Rabo SmartBuilds
We would like to contribute to solving the housing shortage in the Netherlands, which is why we created SmartBuilds in 2021. SmartBuilds aims to build 12,000 sustainable, modular, and affordable homes in the coming years on temporarily available municipal land. Now one year after the introduction of SmartBuilds, almost all municipalities are positive about our plans. While procedures are taking a long time, concrete follow-up steps are being discussed with four municipalities with advanced interest. Nevertheless, rising construction costs and higher interest rates as a result of factors like the war in Ukraine and economic developments entail a major challenge.

BPD Woningfonds
In the housing market in the Netherlands, there are not enough affordable and sustainable rental homes available for middle-income households. We and our subsidiary Bouwfonds Property Development (BPD) want to contribute to finding a solution for this problem through the BPD Woningfonds (established at the end of 2019), by building and renting these sustainable homes to this target group. By the end of 2022, through BPD Woningfonds, we have over 1,000 mid-segment rental homes under lease and nearly 2,800 more in portfolio (under construction and in acquisition). Our goal is to have delivered 15,000 new affordable and sustainable rental homes by 2030.

Climate Exposure
We discuss our climate related financial disclosure on our mortgage portfolio in the Climate-related Financial Disclosure chapter and provide a deep dive on our mortgages portfolio in "Our Road to Paris."

Transition to a More Inclusive Society

Financial Wellbeing
We encourage everybody to take step toward financial wellbeing. We do this by providing inspiration and motivation, by encouraging people to talk more about money, and by providing clear information, practical tips, and tools. We also provide information on opportunities for further capital accumulation through saving and investing. As a cooperative bank, we support the shift toward a more inclusive society, more financial resilient people and equal opportunities for all.

Financial well-being is under pressure from drivers such as inflation, energy poverty, and income inequality. We believe we have an institutional role to play, especially in the Netherlands, as we are guardian of the current accounts of our 8.1 million customers' with EUR 152.9 billion in savings. Furhtermore, we believe in cooperation with public and private organizations to solve this problem together. According to Nibud, 42% of Dutch people had one or more payment issues last year. In 2022, we continued to refer private customers and entrepreneurs to Geldfit.nl through our own channels and staff. In total, we referred over 13,600 people to Geldfit.nl to take the anonymous financial test.

In November and December of 2022, we actively conducted a campaign called *Financieel Gezonder Leven* (Financially Healthier Living), which was broadcasted on tv, radio and social media. This campaign underlines the importance of talking about money, understanding your finances, and, especially, seeking help for severe financial worries. Because more insight into money matters helps people make better choices and is the first step in becoming financial healthy. Our customers can gain digital insight into their finances through the "Insight" function in the Rabo App (e.g. setting budgets and getting an overview of fixed costs). More than 100,000 unique users have now used the budget function in our app. In addition, customers can receive personal help with money worries through the *Hulp bij Geldzorgen* (Help with Money Worries) team. This team was set up for preventative management and, in addition to a listening ear, offers help through the *Nederlandse Schuldhulproute* (Debt Assistance Route) and/or a solution from Rabobank.

However, research by Rabobank Research shows that almost 40 percent of the Dutch rarely or never talk about money with close friends or family, even though a conversation about money matters can be a step on the way to help. We conducted a survey among 1,500 Dutch people between the ages of 20 and 75 to investigate, among other things, the extent to which and how they discuss their finances. The results showed that 63 percent of the people who had money problems in the past year had not sought help for their problems. By consistently spreading the message (in cooperation with partners like Nibud) that it is recommended to talk about money, we are trying to increase people's willingness to start such a conversation.

Dilemma: Purchasing power and financial vulnerability
In view of the general decline in purchasing power and the increase in financial vulnerability, what is the cooperative Rabobank's role from an ethical perspective, including the bank's ambitions in the area of financial health of our customers? Do we have a special responsibility towards our own personnel? The Ethics Committee advised a shift of emphasis in our new financial insight campaign, because many people don't even have enough money to spend anyway. Furthermore we might help customers financially in making their houses more sustainable and thus reducing their energy cost. Our own personnel should be encouraged to speak about their own financial problems in an accessible way. Besides, it is important that we make it clear to the inside and outside world that all of us will lose some of our wealth in the near future.

Ethics Committee, 2022-11-10

(Digital) Inclusion

It is our aim to ensure that everyone can participate. We work to advance this goal by giving people access to knowledge, networks, and financial services so that they can make conscious choices that are important to them, now and in the longer term. We want to offer our clients services that can support those who are struggling with financial matters. For instance, we teach young people how to handle money, help the elderly with secure digital banking, and help customers promptly identify financial problems to ensure debt relief can be offered at an earlier stage. We offer clients who are (temporarily) less mobile due to illness, accident, seniority, or a physical disability the "*Mobiele Bankservice*."

We want to be an accessible bank for everyone. This means that it is our ambition that all customers, abled or disabled, can use all our facilities, information, and services. An example of this is the “*Rabofoon*,” a phone line for customers who cannot use internet banking or who are not digitally active. At the moment, 86,000 people use the *Rabofoon*. Some of this group of customers, especially the elderly, do not want to switch to digital alternatives because they experience internet banking as too complex or because they still have little or no online experience. That is why the *Rabofoon*–which is used not only by seniors but also by blind and partially sighted people—has been completely updated.

Digitalization and Innovation

Digitalization

The fast pace of technological change and innovation can put pressure on the banking industry as well as help it function more smoothly. Rapid developments in technology impact how we can achieve our goals for the future. We believe that in order to remain competitive in a changing landscape, we must simplify our operating models and accelerate digitalization. We need to become a "digital first" organization. Our clients expect the type of services that they are used to from digital native companies: fully online and easy to use.

The use of our online channels increased in 2022; 68% of our private customers use our online services, as do 83% of our corporate clients.. Further sutomating our IT development pipelines continuously improves the speed of IT delivery. In 2022, we continued our work on renewing our IT landscape, by for example migrating applications to the cloud and by switching off legacy systems.. We aim to standardize the underlying technical platforms and common application components as much as possible in order to rapidly respond to changing customer expectations. In 2022 we further digitized, among others, the processes for opening, switching and discontinuing a payment account; renewed the technology stack for iDeal; released new bookkeeping APIs; launched Google Pay and OVPay; introduced online parking via the Rabo App and improved the overall Rabo App rating.

In December 2022, we won the Dutch Dialogue Marketing Association (DDMA) customer data award, an award for the company that most successfully manages customer data on an operational, tactical, and strategic level. According to the jury, the winning is representative of a successful approach to the challenge all banks face: how to ensure relevant, personal, and consistent communication across all channels.

Innovation

Together, we work on sustainable solutions to society’s challenges—big and small. We believe that without innovation, there can be no progress. We are constantly working to improve our services, including the Rabo app and our website. We also work with clients, members, employees, and partners on sustainable solutions for the many challenges facing society and for the required transitions in F&A, (e.g., Acorn, Rabo Electric, and Data Keeper).

We share our technological knowledge and experience with our stakeholders in our Tech Trend reports. These reports help stakeholders identify which technologies they should examine today to better understand the world of tomorrow. Tech Trend reports also explain how these technologies can be applied to major societal discussions and give us further insight in other opportunities or potential risks (*Tech Trend Report 2022*).

In 2022, multiple innovations that were developed within Rabobank managed to scale, spin-out, and expand their business. We have metrics in place to validate each initiative and how it contributes to a better world. An example of such an innovation is FoodBytes!Digital, which is a global platfom connecting F&A innovation players to improve the earth's health. In 2022 alone, FoodBytes! offered a platform to 45 commercially validated startups from 16 different countries, with a total of 48 corporate/investor members enrolled in the program. In 2022, FoodBytes! facilitated almost 800 connections and helped raise USD 3.4 billion.

Simplify@Scale

As a response to the increased rate at which technology is being adopted by our environment, we need to listen better to our customers and move faster. Therefore, we strive for each of our services to be of high standard, instant, and personal. That’s why we organize ourselves around these services and work according to the agile way of working, also known as Simplify@Scale. In 2022, we continued this agile transformation (mainly in our Finance and Risk domains) so more than two-thirds of the organization now works according to agile methodology.

Client Satisfaction

We believe it is important to listen to what customers and clients think of our service. We use their feedback to improve our products and services.

Our own and external surveys show an improvement in overall client satisfaction in 2022. To accomplish this, the availability of our (physical) services in 2022 has improved, which also shows in the stabilization of complaints related to the availability of the service desk. Excellent customer focus in these challenging times remains a key priority.

To increase satisfaction, we need to deliver on Rabobank's key differentiators, especially our knowledge, our network, and our continuous dialogues with our private customers and business clients. We arranged the regular meetings with the 78 member councils (formed by clients who are members of Rabobank) in the Netherlands.

Client Engagement

We engage with many clients to support them in their transition towards adopting more sustainable business practices. When we receive indications of potential non-compliance with our Sustainable Policy Framework or with our approach (for example, through NGO reports, dialogues with clients or other stakeholders, or through media exposure), we enter into an intense engagement process with these clients. Sometimes these engagements lead to an adjustment of the Client Photo rating, and the creation of a time-bound plan. Read more about client engagement in ESG Facts & Figures.

Transparency

Being more transparent further creates the opportunity to engage with clients and other stakeholders, and to talk about how we can move forward in transitions based on concrete facts and figures. This is also the reason we support and commit to specific reporting requirements. We also expect our clients to be more transparent and request detailed information both during onboarding and throughout the life cycle of our contracts. This way, we can indicate our sustainability performance on a portfolio level and determine financed CO2 emissions.

Meaningful Cooperative

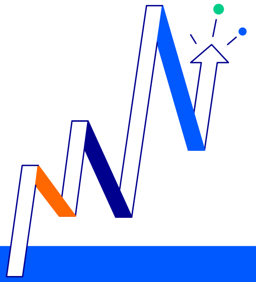
Guided by our cooperative origins, we bring employees, clients, and partners together. We do not shy away from important societal issues and developments such as climate change, the energy transition, and inclusivity. We want to contribute to a more sustainable world without hunger and with equal opportunities for all.

Meaningful Cooperative

Member Engagement Score

42%

December 31, 2021: 44%



Projects & Funds

- Open Soil Index
- Climate Fund
- SHIFT III
- AGRI 3 Fund
- Biodiversity monitor

Partnerships & Memberships

We believe we can achieve more if we work together with partners. That's why we invest in partnerships and memberships. Some examples are:

- WBCSD
- UNEP FI
- WWF
- PCAF
- NVB
- EACB
- FAO
- WEF
- IDH

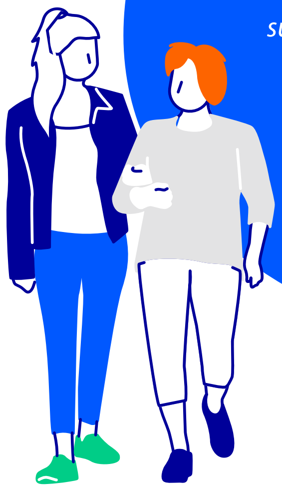
Rabo ClubSupport

31,394 clubs and associations participated

almost 500,000 members voted

€ 14 million donated to clubs and associations

Rabobank is committed to making a difference as a cooperative customer-driven bank, championing customer issues like sustainable food, sustainable growth and energy supply, sustainable living and financial well-being.



CO_2 footprint

own operations

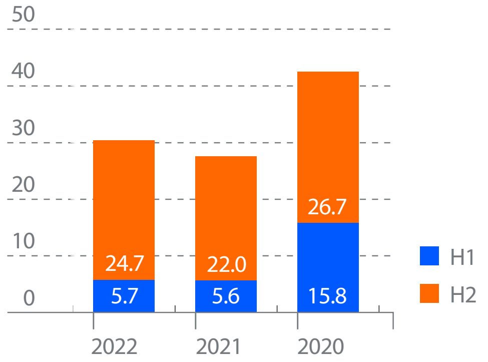
58,122 tonnes

1.3 tonnes per FTE

Community Funds and Donations

€ 30.4 million

Based on Rabobank's cooperative identity, investments are made in local community initiatives in the Netherlands.

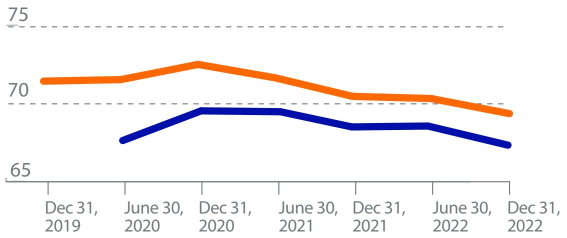


RepTrak Score

as of December 31, 2022

Reputation Management 69.2

Social Impact Score 67.2



Want to know more about these figures? Please refer to Methodology & Definitions of Non-Financial Key Figures on our website.

Meaningful Cooperative

For us, being a meaningful cooperative means that we are committed to making a difference as a cooperative bank, in the Netherlands and around the world, by taking a stand on societal issues within the food system transition, climate and energy transition, and the transition to a more inclusive society. This is also why we report on these topics in our Annual Report and our Impact Report.

The world around us is full of challenges. In 2022, the nitrogen debate and the war in Ukraine played an important role. We take the consequences, responsibilities, and challenges this entails for us as a bank very seriously. For that reason, we are committed to continuing to focus on the required transitions. Together with clients and members we want to contribute to a better world for future generations. We do this with our banking services and through social initiatives.We describe our activities specifically aimed at accelerating and facilitating the transitions below and the impact on society with these transitions.

Food System Transition

In many ways, the world's F&A system has performed remarkably well over the last several decades. But at the same time, it has put increasing and unsustainable pressure on the earth's planetary boundaries. The forest, land, and agriculture sector is responsible for approximately 31% of global greenhouse gas (GHG) emissions, draws heavily on fresh water resources, and is linked to deforestation and biodiversity loss. As a cooperative bank founded by farmers for farmers, we have supported F&A businesses all over the world for decades and gained a wealth of sector knowledge. We are convinced that the F&A sector can be a significant part of the solution for the challenge of providing enough affordable, nutritious food for a growing world population within planetary boundaries. But this is no easy task. The F&A system needs to undergo a multi-faceted transition. And the involvement, cooperation, entrepreneurship, and innovative power of all stakeholders in the system are needed to successfully complete it.

Nitrogen in the Netherlands

The nitrogen issue affects the whole of society. Since the May 2019 ruling by the highest administrative court in the Netherlands, thousands of construction projects have been halted and the expansion of highways is no longer permitted. The impact is also significant for farmers. Rabobank advocates for more sustainable agriculture and a fair earnings model for farmers. We as a bank cannot achieve this alone, and neither can farmers nor government. Real change will come through collaboration between parties like the government, farmers, provinces, environmental organizations, and financial institutions.

The urgency to protect nature and meet climate targets is high. We want the quality of Dutch nature and water to be protected and to meet climate targets. In the near future, many farmers will quit or relocate, and it is important that the government also provides a perspective for the majority of farmers going forward.

Among farmers that decide to either relocate or quit there are already examples where the former group is taking over the land of the latter group. Rabobank is also involved in these area processes. We will continue to offer our support and expertise to farmers and the government, because the only way that new area planning will work is for all parties to cooperate. We will cooperate with our partners in the entire F&A value chain throughout the country, all with the aim of helping farmers and protecting nature.

We are already investing in sustainability initiatives in which we prioritize social returns over financial returns. These include an interest rebate for farmers who promote biodiversity based on the biodiversity monitor developed by Rabobank, WWF, and Friesland Campina.

Biodiversity Internationally

We believe we should strive to innovate, invest, and transform our business model and the business models of our clients. This includes taking nature into account, recognizing the value of biodiversity. In addition to the intrinsic value, biodiversity also has fundamental value to our societies and economies It is estimated that 55% of global GDP depends on nature. On 18 December 2022, the Global Biodiversity Framework (GBF) was adopted at COP15 of the UN Convention on Biological Diversity (CBD) in Montreal. This framework includes 23 intermediate targets for 2030, within the context of 4 goals for 2050. Rabobank welcomes the ambitions of the GBF and the alignment with private sector initiatives, including TNFD.

Recognizing both science, intrinsic and economic value, and the associated urgency to stop biodiversity loss, in September 2020, Rabobank was part of the first 26 financial institutions that co-launched and signed onto the Finance for Biodiversity Pledge. Since 2020, we have actively participated in leading initiatives, such as the Partnership for Biodiversity Accounting Financials (PBAF), the Biodiversity Working Group at the Dutch Central Bank (DNB), Science Based Targets Network (SBTN) and we are co-developing the Taskforce on Nature-Related Financial Disclosures (TNFD).

In 2022, in line with our commitment to the Finance for Biodiversity Pledge, we carried out a first portfolio assessment of the sector-inherent impacts and dependencies on nature of our private sector loan portfolio.

In June 2020, the Dutch Central Bank (DNB) presented results of a study with PBL, examining more than EUR 1.400 billion of loans, bonds and shares of Dutch financial institutions. They found that EUR 510 billion (±36%) were either Highly or Very Highly dependent on nature (*source: Indebted to Nature, DNB, June 2020*). If one or more key ecosystem services would be degraded, production processes in the financed sectors could be disrupted, with financial consequences.

For Rabobank, we applied the same tool (ENCORE, developed for the financial sector to scan) to our private sector loan portfolio (2021). The results show that, based on the ENCORE database, 2/3 of the sectors in this loan portfolio have High or Very High dependencies on nature, amongst others due to our large F&A portfolio. The highest dependencies in our portfolio, according to this analysis, are related to water use (surface and ground water), climate regulation and soil quality, followed by other ecosystem services including pollination.

Potential impacts on biodiversity via our loan portfolio (how do our financing activities affect nature), are related to water use, deforestation and other land use, and pollution (for example GHG and nitrogen emissions, and the pollution of water and soil). Looking specifically at our F&A portfolio, sectors which score high on potential impacts and dependencies on nature include Beef, Dairy, Cotton, and Soy. In these sectors, Rabobank has large exposures in the Netherlands, Australia, the U.S., New Zealand, and Brazil. This first portfolio scan is based on the sector-averages and assumptions of the ENCORE tool (a publicly available, open access tool). Real impact of individual farms can be lower, as sustainable practices can reduce impact to well below sector averages. That's where our sustainability policies come in.

We have a Sustainability Policy Framework in place, including a biodiversity policy, with the aim to minimize sector-inherent risks and improve sustainable business practices. In addition, we are helping farmers to protect and restore biodiversity, and move towards adopting more circular agriculture models. For instance, our Biodiversity Monitor for the dairy and arable farming sector aims to help restore biodiversity in agriculture, in partnership with Friesland Campina and WWF. The Biodiversity Monitor is implemented in the Netherlands and now piloted in other countries. In Brazil we use the latest satellite techniques to support clients in monitoring their deforestation free production systems.

Vital soil is crucial for food production and for the fight against climate change. The Open Soil Index indicates the quality of soil and potential improvements of soil quality. This index helps us to contribute to healthy farms, to the preservation of the value of agricultural land, and to affordable groundwater extraction. This in turn reduces risks for the farmer, and measuring soil performance also creates business and financing opportunities such as Sustainability Linked Loans.

Yet we know more is needed. In 2023 we will continue our analysis to better understand and locate the biodiversity impacts and dependencies of our clients. This includes farmland mapping against geospatial tools. This will allow us to better understand and disclose both risks, impacts and opportunities in line with the requirements of the Finance for Biodiversity Pledge and the TNFD Framework. All aimed at taking nature into account, and supporting clients for whom investing in biodiversity is part of the way they do business.

Food Waste Challenge

In partnership with the Food Waste Foundation, we encouraged the hospitality sector to participate in the Food Waste Challenge as part of a joint approach to tackling food waste. Rabobank organized and finalized a total of three challenges in 2022.

Client Councils

Through the Future Farmers Council, we bring together a panel of 14 next generation farmers from all over the world to share knowledge and exchange thoughts and insights on a range of topics, including the Food System Transition. Based on our cooperative DNA, in our Australia and New Zealand region we operate, respectively, seven and four client councils, each comprising up to twelve participating farmers who focus and work on important trends and themes, including sustainability.

COP27

During the UN climate summit, COP27, in Egypt in November 2022 we made progress on several issues with which we are deeply engaged. We informed summit attendees about concrete projects like a large reforestation program in Brazil in which we participate (financed by the sale of carbon credits) and the Acorn Project, which offers solutions to smallholder farmers. The Acorn team secured some concrete commitments for projects in areas where work with smallholder farmers can already begin. For example, we signed a letter of intent with the government of El Salvador stating that we' will support roughly 20,000 small coffee farmers in the country in making the switch to regenerative agroforestry. Also, the Soil Health Resolution was launched by Rabo Carbon Bank, with the EU member states and seven African nations as signatories. COP28 will be the first summit at which farmers are given global recognition and rewards to farmers who invest in more sustainable agricultural practices to preserve biodiversity and store carbon.

AGRI3 Fund

The AGRI3 Fund was created by the United Nations Environment Programme (UNEP) and Rabobank, together with partners IDH and FMO, the Dutch Entrepreneurial Development Bank, to support the transition to sustainable agriculture. The Ministry of Foreign Affairs of the Netherlands is a sponsor of AGRI3 Fund. AGRI3 Fund aims to mobilize additional public and private capital globally and at scale. The Fund works with commercial banks, development finance institutions (DFIs), impact investors and institutional investors and provides credit enhancement tools and technical assistance to projects which actively prevent deforestation, stimulate reforestation, contribute to efficient sustainable agricultural production and value chains and reduce carbon emissions and improve rural livelihoods. In 2022, AGRI3 Fund and Rabobank closed a USD 20 million deal in Brazil to promote regenerative practices and support a transition to sustainable agriculture

Rabo Partnerships

Rabo Partnerships is our booster for F&A innovations in the areas of financial inclusion and sustainable food security globally. We invest in financial institutions, technical assistance, blended finance, and the creation of a smallholders ecosystem. Rabo Partnerships connects farmers in Africa and Asia and helps them gain access to markets and finance solutions today.

Climate and Energy Transition

The biggest cause of global warming is our use of fossil energy. In addition, we are currently living in a time of challenges regarding energy security and access to sufficient and affordable energy. This requires us to work together to change the way we produce and consume energy. Not only are energy prices under pressure, but high commodity prices have underscored their scarcity. Natural resources are being depleted. Increasing scarcity due to a growing world population and environmental pressure also makes the efficient use of raw materials necessary for a future-proof economy. We believe that we have a responsibility as a bank to accelerate the transitions and help our clients achieve their sustainability goals. We want to support our clients in making the necessary transitions and investments to reduce GHG emissions. This is how we will achieve the goals set out in the Paris Agreement and the Dutch Climate Treaty. In accordance with these targets, we want to reduce at least 55% of our own GHG emissions (compared to 1990 levels) by 2030. These climate agreements share the common goal of achieving a climate neutral economy by 2050, based on renewable energy supplies and a circular economy.

The only way to achieve these ambitious climate goals is through genuine cooperation between central governments, municipalities, banks, businesses, and customers. We are convinced that our cooperative mentality can make a substantial contribution to this.

Our Road to Paris

In 2019, Rabobank and 49 other financial institutions signed the Commitment of the Financial Sector to the Dutch Climate Agreement (hereafter, the commitment). All signatories are committed to achieving the goals of the Paris Agreement and consider it a shared responsibility to take action. The commitment obliges us to report on the climate impact of our loans and investments from 2020 onward. In November 2022, we published "Our Road to Paris" report. This report explains how we want to contribute to reducing climate change by limiting global warming to 1.5 degrees Celsius. In addition to measures that Rabobank is implementing in its own organization, the biggest challenge we face as a bank is helping our customers to reduce their impact on the climate. Given the urgency of the situation and our role as a leading global bank, we believe it is important to be transparent about where we stand and the challenges we face. *Our Road to Paris* represents a further step on the journey to realizing our commitment by disclosing reduction targets and transition plans for our own operational emissions and for financed emissions from 12 sector/region combinations, which accounts for approximately 70% of our climate-material loan portfolio.

Our Own Performance on Climate Emissions

In 2022, our CO2 emissions remained stable (2021: - 24.5 tons) related to our own operations. We also partly compensated our emissions through the purchase of certified CO2 credits. We submitted a Scope 1 and 2 intensity target that is aligned with a 1.5-degree Celsius scenario under the Absolute Contraction Approach. For more information please refer to our ESG Facts & Figures

Dilemma: Warmtefonds

Nationaal Warmtefonds (National Heat Fund) was created in 2014 as part of the Dutch Housing Agreement. The government wanted to encourage home-owners and home-owners associations to make energy-saving home improvements. It was decided, in 2019, that the use of natural gas should be phased out for all households. Therefore, a solution was sought to help home-owners who were not eligible for loans provided by the original fund. This could be due to insufficient borrowing capacity or other (regulatory) lending restrictions, such as age. This resulted in the National Heat Fund 2.0 being established to support such homeowners with debt financing (in cooperation with the AFM which offers solutions). Given that Rabobank was the lead financier for the National Heat Fund 1.0, we were asked to consider to supplement the state subsidy for the National Heat Fund 2.0 with debt financing also.

Is it appropriate to support the Warmtefonds in providing loans to people who cannot normally afford them or are prohibited from attracting such loans for other reasons? And if so, is that fair to other clients (and citizens) that these clients may receive debt forgiveness in case they cannot repay their debt? Does the aim to contribute to sustainability goals may justify such measures?

The Ethics Committee agreed that contributing to sustainability and inclusivity (in the Energy Transition) is vitally important; on the other hand, Rabobank has to refrain from formulating government policy and is not meant to become a subsidy provider. The overall ownership and related risks of the fund have to be clearly delineated. We should also make sure not to send conflicting messages to regulators; financing practices of the fund do not represent the Rabobank way of working. The role as supportive financier does fit our strategy Sustainably Successful Together and the Warmtefonds is a great opportunity to make the Energy Transition more inclusive.

Ethics Committee, 2022-02-02

Transition to a More Inclusive Society

Everyone deserves fair and equal opportunities to pursue their ambitions, whether it's finding a comfortable home, doing meaningful work, or investing in your own business. As a cooperative bank that serves private and business customers in the Netherlands and focuses on entrepreneurs in the F&A sector worldwide, we promote the financial well-being and financial security of our customers and their communities. Among other things, that means that we focus on the accessibility of our financial products and services, help customers easily manage their current financial obligations and have confidence in their financial future, and we strive to be a positive force in our communities. With our networks, knowledge, and innovative financing solutions, we support a more inclusive society with equal opportunities for all.

In this transition to a more inclusive society, partnerships are key to managing the many aspects of financial well-being. Therefore, we partner with the key stakeholders in the Netherlands, Nibud (an institute that raises awareness and provides advice about (family) financial affairs) and Humanitas (a social services and community building organization). Furthermore, we are part of the *Schuldhulproute*, the Dutch Debt Relief Route (NSR). NSR offers a systemic path to appropriate debt relief for all people in the Netherlands. Companies (including banks), municipalities, and partners from the debt domain work together with the aim of preventing payment problems from turning into debt problems.

Support for Ukrainian refugees

Since the start of the war in Ukraine, projects have been developed within Rabobank to support refugees. Former Rabo buildings have been transformed into shelters and colleagues have built Ukrainian web pages so that Ukrainians can easily open an online payment account. Already 27,000 Ukranians have opened a payment account. IT has set up internet cafes in several places, so that refugees can also contact family and friends in their home country without their own mobile devices.

Rabobank has also joined forces with the World Food Program. Rabobank employees worldwide can donate a meal to people who have fled the war in Ukraine. By the end of 2022, almost 15,000 meals had already been donated.

During the corona crisis, more than 150 Rabo employees helped to get the Farmers for Neighbors social initiative off the ground. The foundation has expanded its target group with the Farmers for Refugees project, in order to offer Ukrainian refugees access to fresh and healthy food. Our financial support made it possible to provide daily fresh fruit at 37 refugee locations in the regions of Haarlem, Almere and Amsterdam

Cooperative Dividend

Local banks are a driving force in the development of society, primarily by providing access to financial services. Their cooperative member base can allocate a portion of the net profit to local public interest initiatives. The cooperative dividend can have a greater social impact if it is used to support the social agenda. This year, EUR 30.4 million (2021: EUR 27.6 million) was allocated as cooperative dividend. The dividend amount is determined on the basis of the financial results of the year before.

Rabo Club Support

A part of the cooperative dividend is allocated to Rabo ClubSupport. We support local clubs with our knowledge and networks to enhance the vitality of local communities. We support associations through sponsoring and through Rabobank ClubSupport, an initiative in which clubs and associations can raise money for their organization by getting Rabobank members to vote for their project. In 2022, around half a million members voted for their preferred club. Together the clubs received EUR 14 million out of Rabobank's cooperative dividend for projects like renovating club buildings.

In 2022, we officially became one of the main partners of Unique Sports, a program of *Fonds Gehandicaptensport* (Foundation for Parasports) and cooperating municipalities. This new collaboration mainly focuses on getting the theme of inclusivity on the agenda of all sports clubs. By integrating Unique Sports into the existing Rabo ClubSupport program, both parties are joining forces to advocate for the inclusion of athletes with a disability within any club or association.

Health and well-being

In addition to our local contributions via Rabobank ClubSupport, we try to help people gain a better understanding of health and well-being, of both their nutrition and financial health. This is where our efforts in the Food System Transition and the Transition to a More Inclusive Society come together.

We introduced the financial health check to increase our customers' awareness of financial health. Initial experiments show that our customers view the check positively. Using methodology based on scientific research, Rabobank created the basis of the financial health check in collaboration with among others Nibud. The check asks users 15 general questions that provide insight into their financial health. We then provide tips about how to improve their financial health.

One-off Employee Allowance

Inflation, rising energy prices and higher costs affect everyone in the Netherlands. Life is becoming more expensive, which creates financially challenging times for many. We offer our employees support on this subject through advice and information. In addition, employees covered by the Rabobank Collective Labor Agreement received a one-off compensation of EUR 500 net in November 2022.

Rabo Community Fund

Our key differentiator as a cooperative and our role in local communities is not restricted to the Netherlands. In 2021, Rabobank Australia and New Zealand established the Rabo Community Fund. Its purpose is to invest in the vitality of the rural communities in which our clients and staff in this region live. We do this by activating meaningful initiatives focused on issues identified by our Client Councils. With the establishment of the Rabo Community Fund, we have a dedicated financial pool to increase our impact in rural communities.

The Fund has supported a series of financial skills workshops across both countries. Aimed at enhancing farmers' financial literacy skills and advancing their agricultural careers, the workshops are open to rural communities, Rabobank clients and non-clients alike. Supported by the Client Councils, Rabobank aims to reach 5,000 primary producers in Australia and New Zealand with their financial skills offering by 2025.

Member Engagement

When we surveyed members about how they want to engage with us or give substance to their membership, 42% said that they feel involved with Rabobank (2021: 44%). The plans for a broad member dialogue have been further specified. Rabobank enters into dialogue with members about the important strategic spearhead of sustainable growth. This dialogue is held with both Supervisory Boards and Member Councils, and is aimed at gaining insights for implementing the strategy.

Sustainability Policy and Ratings

The Sustainability Policy Framework was designed with all our stakeholders in mind. It forms the basis of our sustainability standards for business relationships and for providing financial products and services. Our sustainability policies align with the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises and describe our ambition to neither cause nor contribute to adverse social and environmental impacts. It outlines what we expect from our clients and partners with regard to sustainability and also guides our own activities. The policy has four components, namely:

- The overarching policy framework that applies to all our clients and all our products and services;
- Core policies that apply to all clients and address key environmental, social, and administrative issues;
- Theme-based policies;
- Sectoral policies concerning specific sectors and production chains.

Our efforts to promote sustainability worldwide were recognized by Sustainalytics, which rated Rabobank fifth among a group of 405 diversified banks. Our RepTrak Reputation score on Social Impact decreased from 68.3 in Q4 2021 to 67.2 in Q4 2022. For more information on other sustainability ratings, please refer to ESG Facts & Figures.

Human Rights

We believe that human rights are universal, to be enjoyed by all people, no matter who they are or where they live. There are human rights dimensions to everything we do: from how we treat our own employees to how our clients treat their employees, and how they address land conflicts and labor abuses deep within their supply chains. That is why we carry out due diligence regarding human rights in our commercial relationships, and why we measure the social and environmental impact of our clients through our Client Photo and Sustainability Matrix every year. We expect our clients to respect and promote human rights in their business decisions, as described in the UN Guiding Principles on Business and Human Rights (UNGP) and we expect them to encourage their suppliers to do the same. If violations come to our attention, we engage with our clients to help them improve. As a last measure, we may terminate our relationship with a client. In 2022, we engaged with clients on, among other things, negative environmental impacts in the supply chain. While this also happened in previous years, in 2022 we had no cases in which we had to terminate a client relationship because the company could not comply with our sustainability policy.

Our Sustainability Policy Framework identifies our most salient human rights risks. Internationally, we are a leading financier in F&A, a sector that comes with risks such as land conflicts, labor abuse, and dangerous working conditions. These risks are further addressed in sector- and theme-specific sustainability policies.

Ethics and Integrity

In order to recover and regenerate the trust of its stakeholders and society in general, the financial sector must grapple with ethical dilemmas. New themes and dilemmas are brought to the attention of the Ethics Committee, which considers them in line with our mission of "Growing a better world together," our Code of Conduct, and Rabobank's cooperative character. The Ethics Committee met six times in 2022. Some of the topics it reflected on included the ethical dilemmas concerning our sustainability ambitions and our choices in the energy transition.

Rabobank and the United Nations Principles for Responsible Banking

We became a signatory to the United Nations Principles for Responsible Banking in September 2019. Signatory banks need to report on their implementation of the Principles for the first time within 18 months (at the latest) after signing, and annually thereafter.

Impact

We follow the guidance and methodology as proposed by the UNEP FI Portfolio Impact Analysis Tool for Banks. This year we used the impact analysis in part of the assessment of material themes which constitutes the basis of our reporting.

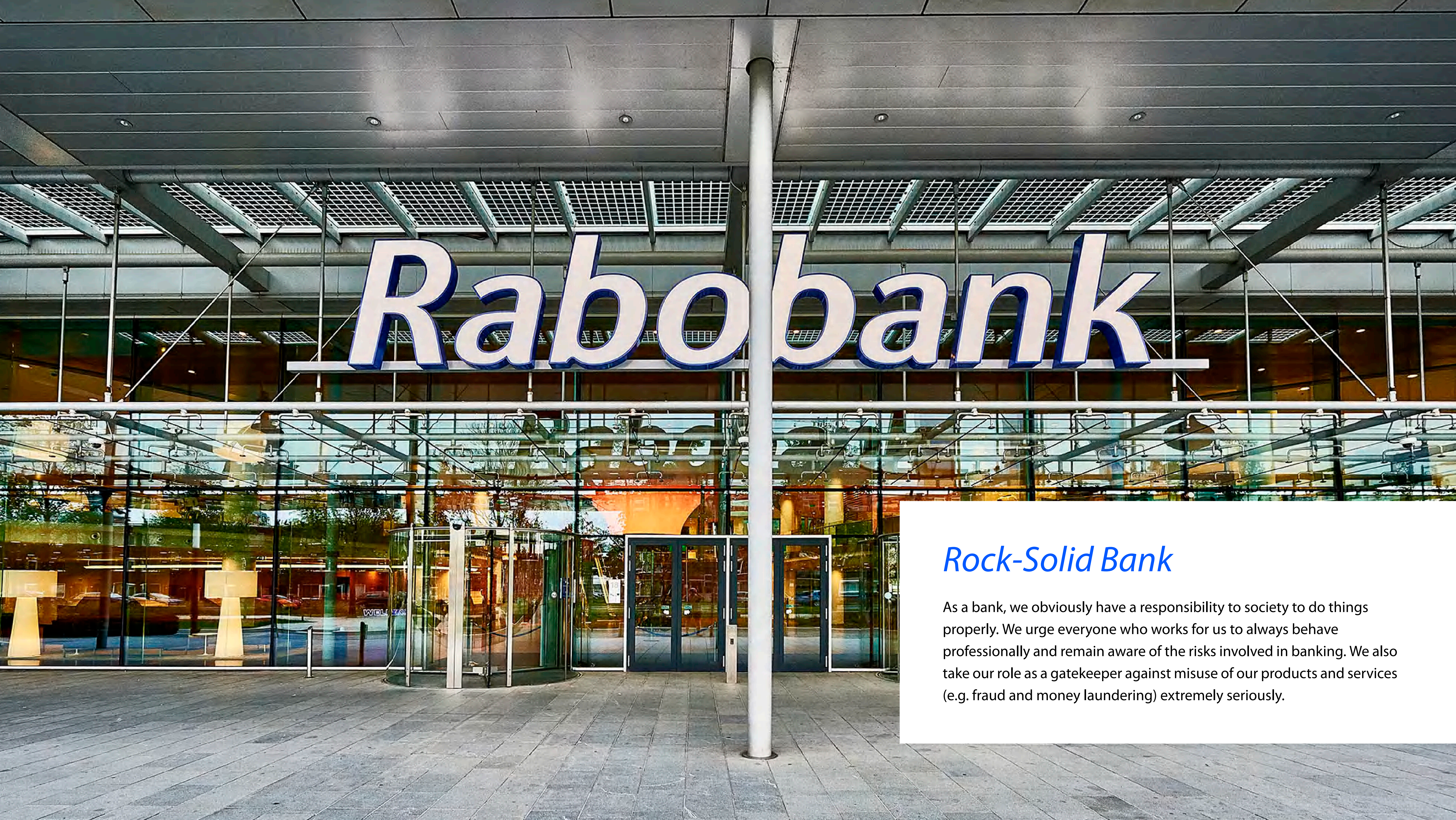
The impact analysis was performed on the exposures in Australia, Brazil, New Zealand, the Netherlands, and the U.S., countries that, combined, account for a significant majority of the on-balance loan book exposure. Additionally, we performed a high-over analysis of other assets on our balance sheet regarding potential climate impacts (or climate-materiality). We assessed all assets relating to the impact area “climate” and used the impact analysis for a highly detailed analysis of the loan book.

Country context is also taken into account in the UNEP FP Portfolio Impact Analysis Tool for Banks. We have strengthened this analysis in order to include it in the materiality analysis methodology. Apart from desk research, we also included multiple stakeholder conversation outcomes from different geographies in our analysis, which enabled us to identify material themes in a worldwide scope.

As part of the methodology on materiality assessment, we ranked the impact areas on their potential positive and negative impacts based on related exposure to the impact areas. In order to do this, we departed slightly from the UNEP FI Impact Tool for Banks method, but reviewed the outcomes to test for salience. See the disclosure Methodology on Materiality Assessment for the full list.

Target Setting

Our targets have the potential to have impact beyond the scope of the impact areas mentioned here. We support both the Dutch Climate Agreement and the Paris Climate Agreement and have set targets to reduce our carbon footprint. We have also set targets on the impact area “Inclusive and Healthy Economies” and we monitor quantitative indicators related to customer and client satisfaction, financial performance, digitalization, and sustainable finance.



Rock-Solid Bank

As a bank, we obviously have a responsibility to society to do things properly. We urge everyone who works for us to always behave professionally and remain aware of the risks involved in banking. We also take our role as a gatekeeper against misuse of our products and services (e.g. fraud and money laundering) extremely seriously.

Rock-Solid Bank

Ratings

S&P	Moody's	Fitch	DBRS
A+	Aa2	A+	AA(Low)

Sustainalytics

ESG Risk Rating

5th out of 405

2021: 2 out of 413

Results 2022

as of December 31, 2022

		Target
16.0%	Fully loaded CET1 ratio *2021: 17.4%*	>14%
6.2%	RoE *2021: 8.8%*	6-7%
63.9%	Cost/income ratio *including regulatory levies* *2021: 63.8%*	low 60%

Financial Capital & Funding

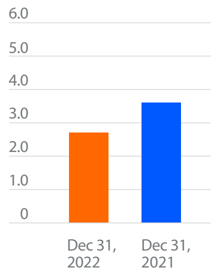
Equity	Deposits from customers	Wholesale funding
€ 46 billion	€ 397 billion	€ 124 billion
2021: EUR 43 billion	*2021: EUR 372 billion*	*2021: EUR 122 billion*

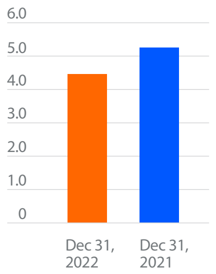
Remaining a rock-solid bank is a cornerstone of our strategy. We strive to do the right things well, with everyone taking ownership and remaining conscious of the risks.

Loan Portfolio

Private Sector Loan Portfolio	Volume of Loans to F&A	Volume of Loans to Trade, Industry and Services
€ 432 billion	€ 113 billion	€ 114 billion
2021: EUR 418 billion	*2021: EUR 103 billion*	*2021: EUR 109 billion*

Net profit	Underlying Profit Before Tax
€ 2,786 million	€ 4,491 million
2021: EUR 3,692 million	*2021: EUR 5,244 million*





Want to know more about these figures? Please refer to Methodology & Definitions of Non-Financial Key Figures on our website.

Rock-Solid Bank

Being a rock-solid bank is a cornerstone of our strategy. We strive to do the right things well, or even exceptionally well, with everyone taking ownership and remaining conscious of risks[1]. Despite the current environmental challenges and uncertainties, we were able to show solid results in 2022. We have been able to further strengthen our core and we have a solid foundation to meet the challenges of the coming years.

Progress on Our Financial Ambitions

The economy in 2022 was dominated by the effects of Russia's war in Ukraine and global supply chain issues. Overall uncertainty caused rising food and energy prices worldwide, a steep increase in inflation and the first interest rate hikes by central banks in years. In this environment, Rabobank maintained a stable course, and posted a net result of EUR 2,786 million in 2022.

Financial Ambitions

	12-31-2022	*12-31-2021*	*Ambition 2024*	*Ambition longer term*
CET1 ratio	16.0%	17.4%	*>14%*	*>14%*
RoE	6.2%	8.8%	6-7%	>8%
C/I ratio[1]	63.9%	63.8%	low 60%	mid 50%

1 cost/income ratio including regulatory levies

In these turbulent circumstances we were able to achieve a return on equity (RoE) of 6.2% (2021: 8.8%), which is below our long term ambition level of more than 8%. The cost/income ratio landed at 63.9% (2021: 63.8%). Total income decreased slightly in 2022. Global interest rate increases and increased lending volumes resulted in higher net interest income. Due to the economic environment the results of Rabo Investments, though still strong, and Bouwfonds Property Development were lower than in 2021. Also the result of fair value items was lower and the unwind of the TLTRO hedge resulted in a loss in 2022. Finally, the valuation of equity participations negatively impacted financial results in 2022, whereas it positively contributed to Rabobank's results in 2021.

Increasing Interest Rates

Rising inflation played a major role in 2022, and as a result the ECB started to raise interest rates as of the second half of the year. Consequently, short-term rates increased out of the negative territory and long-term rates also showed a steep increase. Following these developments, Rabobank decided to abolish negative interest rates for current and variable savings accounts as of August 1, 2022. Per December 1, 2022, we have increased the interest rates on our savings account "Rabo SpaarRekening" to 0.25%.

Impact Russia-Ukraine war

On December 31, 2021, Rabobank was still active in Russia and Ukraine. DLL was active in Russia, where it leased machinery to the agriculture sector, and W&R was active in Ukraine, via TCF. The bank does not want to engage in business in a country with a regime that brutally invades another sovereign nation. On February 25, 2022, new activities in Russia had already been discontinued by DLL. Rabobank and its subsidiary DLL have successfully withdrawn from virtually all activities in Russia. This decision had an upward effect on our level of impairment charges on financial assets. On December 31, 2022, the remaining direct net exposure to Russia was EUR 50 million (mainly DLL and Trade and Commodity Finance) and to Ukraine approximately EUR 90 million (TCF). We continue to closely monitor the situation with respect to the Russia-Ukraine war and will adhere to all applicable sanctions, laws, and regulations.

Theme: Geopolitical challenges from Ukraine to the future

Given that we are a leading global F&A bank, the impending global food crisis caused by the war in Ukraine, one of the world's main grain suppliers, has major implications for our banking business in particular. This results in ethical dilemmas that we need to discuss early on. Some of these are pointed out below. Furthermore, it is important that we should speak about the geopolitical implications in general.

Our subsidiary DLL decided not to engage in new business dealings in Russia. The financed portfolio went into run-down as a result. We believe that this is justifiable both from a moral perspective and because of sanctions.

1 For disclosure of relevant risks and the way we manage these risks, please see the Risk Management section of this report.

The new sanctions put pressure on the bank's KYC function. Roses cannot be exported, for instance, but tulips can, subject to conditions. A dilemma is the extent to which we should place the burden of compliance on us as a bank and on our clients. The decisions by the authorities are often quite generic and leave room for interpretation which is left to banks. That makes it difficult to do the right thing.

In a deglobalized world, we should ask ourselves whether trade is about price or about values: the two do not mix. Who do we want to do business with and how do we do business with our chosen partners?

Should we come up with a type of framework that would facilitate our decision-making in this domain? This framework should obviously be rooted in statutory compliance, but also identify grey areas where things are open to our own interpretation. The core principle should be that Rabobank's main concern is to support the continuity of global food security. This core principle will help us make sense of future dilemmas.

Ethics Committee, 2022-04-20

Increasing Effectiveness and Efficiency

Over the past few years, we have taken several steps to further increase effectiveness and efficiency. In 2022, our cost/income ratio, including regulatory levies, increased by 0.1 percentage point to 63.9% (2021: 63.8%). Several exceptional items[1] affected our cost/income ratio. We made adjustments for these items in our calculation of the underlying cost/income ratio, which amounted to 61.4% (2021: 60.4%).

In 2022, operating expenses were in line with 2021, when expenses were inflated by exceptional items. We will continue to focus on our cost levels in the coming years. To that end, we introduced the "We Improve Now" (WIN) program in 2021. Our ambition is to realize gross savings of at least EUR 600 million by 2024 and to create a simplified and more efficient organization. The FTE reductions and savings realized in 2022 under the WIN program were nonetheless offset by investments and new hires related to business growth and our regulatory agenda (e.g. KYC/AML) as well as by other cost raising effects (e.g. the new collective labor agreement). Continuing to invest in our role as gatekeeper to the financial system and in advanced KYC technology will remain a priority.

We maintain our focus on making our business even fitter and stronger. In that respect, it is key to continually review and validate our strategic positioning and service provision in light of ever-changing market and societal conditions. In 2021, this resulted in the decision to discontinue our international direct banking operation in Europe (IDB Europe). Market conditions changed immensely over the last several years through a combination of a low interest rate environment, a strong savings market in the Netherlands and a more diversified mix of wholesale funding. This ultimately meant that this funding source is no longer necessary. In 2022, we completed the wind-down of IDB Europe. In October 2022, Rabobank announced the sale of the Turkish subsidiary Rabobank A.S. This action is in line with the group's strategy to simplify and enhance the operating model whilst growing its Wholesale Banking activities. At year-end we no longer consolidated these activities as we were no longer in control. In 2023 we expect to formally close the sale. Roparco, which is known as a separate Rabobank label offering savings product as a service provider for Robeco, has also been discontinued in 2022. In consultation with Rabobank, Robeco has decided to stop using Roparco at the end of October 2022.

Robust Asset Quality

Almost half of our private sector loan portfolio consists of Dutch residential mortgages. In 2022, the performance of this residential mortgage loan portfolio was consistently strong and the credit quality remained high. Non-performing loans (NPL) show only a small uptick compared to December 2021, with an NPL ratio of 0.5% (2021: 0.3%) on December 31, 2022. Net additions to impairment allowances were 3 basis points.

Currently there are no clear indications of large scale/material affordability issues with our mortgage clients. Impact analyses currently show no material adverse impact from inflationary pressure and high energy prices on our mortgage portfolio, due to low unemployment levels, fixed interest rate mortgage contracts and government support measures. Further factors mitigating any downward impact on the portfolio include the low average LTV ratio of 51% and the 16% portion of our portfolio that is NHG guaranteed. Increased and strict monitoring remains in place and Rabobank proactively contacts vulnerable mortgage clients to prevent financial difficulties. Increased regulatory scrutiny on mortgages resulted in the introduction of the DNB macro-prudential add-on as of January 1, 2022, and stricter monitoring of interest-only mortgages.

Total house sales remained high, but decreased compared to 2021. House prices increased by 13.6% on average in 2022 and are expected to be followed by an 3.0% decrease in 2023. Impact analyses show that following a 20% drop in house prices the portion of our mortgage portfolio with an LTV in excess of 100% remains well below 8%. The long-term fundamentals of the Dutch housing market remain strong. These include the structural shortage and supply constraints in the housing market (exacerbated by the Dutch nitrogen issue), low NPL ratios, stricter lending (including lower LTV and debt service-to-income

1 The exceptional items include: the result on fair value items, restructuring expenses, a provision to compensate some of our clients who have certain consumer credit products with a variable interest rate, and finally, a provision to enhance our KYC program and to resolve backlogs.

caps) and mortgage interest deduction criteria starting from 2013, LTVs that have decreased materially over the last decade, and the social security system in place. In addition, house price increases were not credit driven and mortgage loan growth has been modest over the past years.

Total NPLs further decreased by EUR 0.6 billion to EUR 8.6 billion and remain at a low level. The NPL ratio decreased to 1.5% (2021: 1.6%). Although the number of business clients having a 'default' rating is increasing, the inflow of defaulted clients remained low. The ultimate impact of the deteriorated economic environment and prospects remains uncertain.

At December 31, 2022, the NPL Prudential Backstop shortfall was EUR 873 million, resulting in a 36 basis points CET1 ratio deduction under CRR Article 3. The increase of EUR 163 million compared to December 2021 is due to higher coverage requirements for some clients being in default for several years, despite solid collateral positions. For the same reasons, we expect the NPL Prudential Backstop shortfall to further increase in 2023.

Sound Capital and Liquidity Base

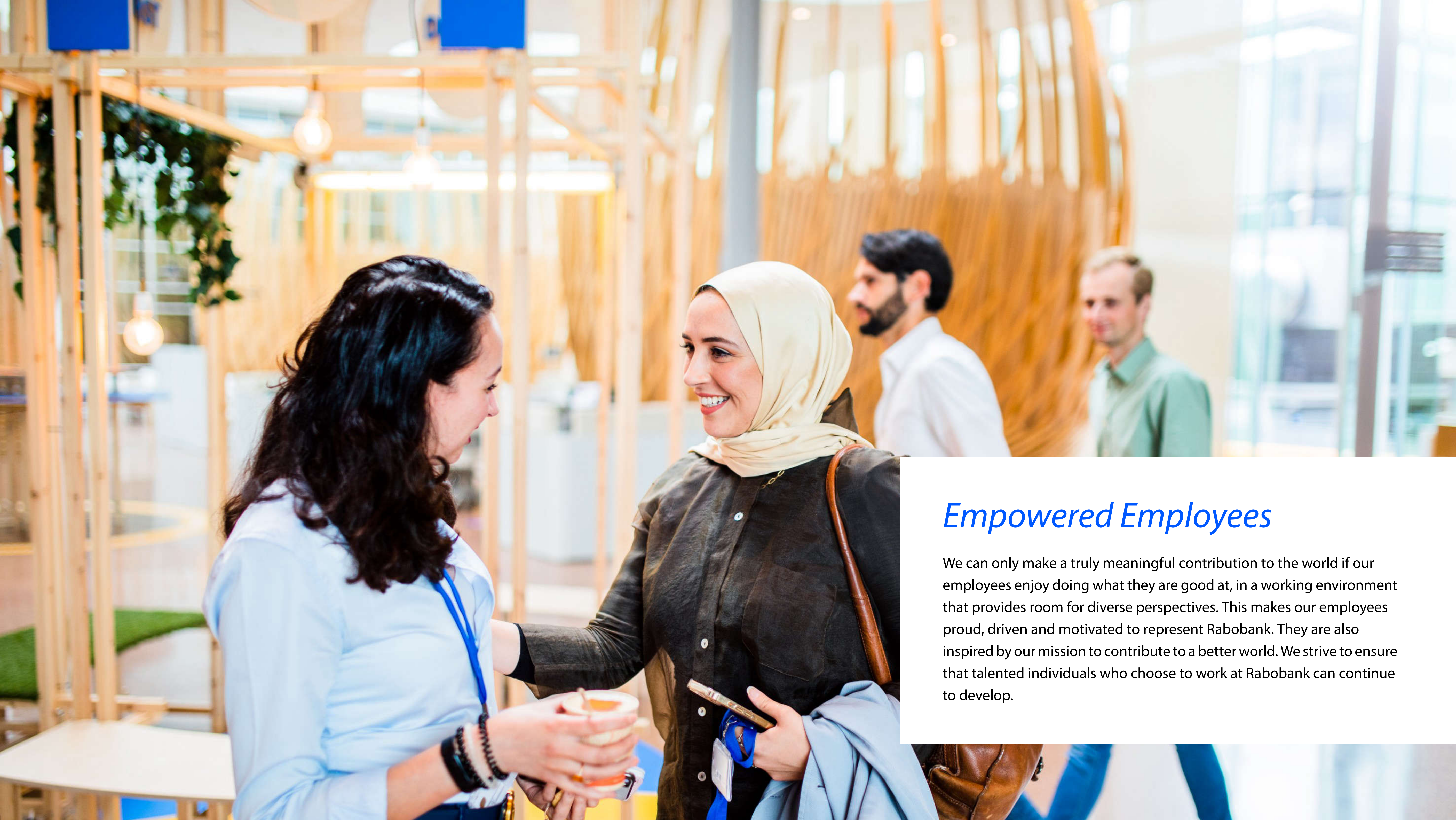
Our capital position remained strong in 2022. With a common equity tier 1 (CET1) ratio of 16.0%, (2021: 17.4%) we meet the capital requirements and are well above our targeted level. As anticipated, RWA increased further in 2022, driven by the implementation of the macroprudential add-on for mortgages, model changes reflecting the EBA guidelines, along with other model redevelopments and business growth. Our RWA increased to EUR 240.4 (2021: 211.9) billion and had a downward effect on our CET1 ratio. The development of the CET1 ratio was positively influenced by the addition of net profit to retained earnings.

Our MREL requirement is 27.62% of RWA (including the stacked CBR) and 7.5% of Leverage Ratio Exposure. Our strategy is to meet this requirement with a combination of own funds and Non-Preferred Senior bonds (NPS). The subordinated MREL buffer divided by RWA decreased in 2022 from 29.9% to 29.2%, mainly due to an increase in risk-weighted assets.

Our total outstanding wholesale funding further decreased to EUR 124 billion on December 31, 2022. In the past years, our funding mix also became more diversified, which has largely mitigated our dependence on wholesale funding. Our wholesale funding remains diverse because we tap into different markets, maturities, currencies, and products. Focus on funding diversification remains a priority and is subject to economic considerations.

At all times, we endeavor to ensure that the bank is well protected against the impact of potential liquidity crises. For this purpose, the bank maintains a strong liquidity buffer in combination with a prudent funding profile and risk framework. As per December 31 2022, this resulted in a Liquidity coverage ratio (LCR) of 156%. This includes a high-quality liquid assets (HQLA) buffer of EUR 137.7 billion, largely composed of cash (EUR 125.0 billion).

In addition to the liquidity value accounted for in the LCR, we maintain a contingent liquidity portfolio, which includes unencumbered, ECB eligible, retained residential mortgage-backed securities and covered bonds. As per December 31, 2022, the liquidity value of this portfolio amounted to EUR 58.1 billion. Additional eligible mortgage loans are available to increase this amount.

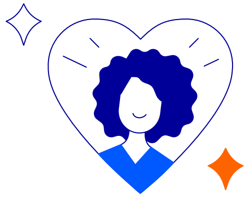


Empowered Employees

We can only make a truly meaningful contribution to the world if our employees enjoy doing what they are good at, in a working environment that provides room for diverse perspectives. This makes our employees proud, driven and motivated to represent Rabobank. They are also inspired by our mission to contribute to a better world. We strive to ensure that talented individuals who choose to work at Rabobank can continue to develop.

Empowered Employees

Diversity & Inclusion



Percentage of women...

50%
in the Managing Board
December 31, 2021: 50%

36%
in the first level below the Managing Board
December 31, 2021: 35%

50%
employed
December 31, 2021: 49%

83%
of our employees is proud to work at Rabobank
December 31, 2021: 83%

91%
of our employees enjoy their work at Rabobank
December 31, 2021: 88%

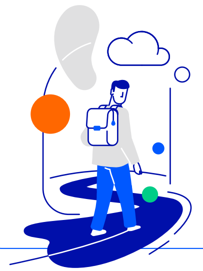
Number of Employees

Worldwide, as of December 31, 2022

46,959 FTE

December 31, 2021: 43,361

Up- and Reskilling



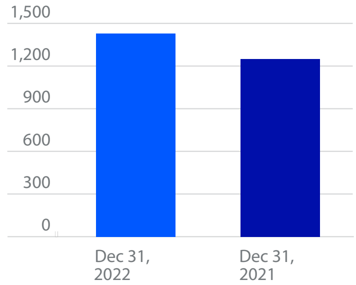
1,977
colleagues started an education at the **Rabobank KYC Academy** in 2022

Our people define who we are as Rabobank. Our employees help our customers achieve their ambitions.

Training costs per FTE

€ 1,430

2021 EUR 1,250



Engagement Score

86

December 31, 2021: 83

% of redundant employees

… that wanted a job
91%
… succeeded within 6 months

… that wanted to start their own business
67%
… succeeded within 6 months

Want to know more about these figures? Please refer to Methodology & Definitions of Non-Financial Key Figures on our website.

Empowered Employees

In the past year, there has been a lot of talk about the shortage on the labor market. We have also experienced the consequences of the ensuing battle for talent within our company. An important lesson that we have also learned from the Covid-19 pandemic is that our traditional way of working is not always the most effective. There are plenty of ways to meet, collaborate and enhance employee satisfaction. We have introduced new ways of working in which we keep what works from the past and move to a new paradigm in hybrid working.

Great Place To Work

We strive for our employees to work in a place where they can get the best out of themselves, supported by user centric and simple products, in which they experience 100% digital convenience. To create a great place to work, we will meet on moments that matter.

Rabo@Anywhere

With this in mind, in 2021, we started Rabo@Anywhere in the Netherlands. In 2022, we expanded this approach further. It gives employees the space to decide where to work as long as they take into account their team and others. At Rabobank we work hybrid, choosing our RaboHouses to work together, to learn, be inspired and to meet, and working digital first when it is more efficient. One example of how we developed Rabo@Anywhere last year is that the so-called RaboHouses are now fully operational. With locations throughout the Netherlands, there is always a RaboHouse with the right facilities nearby. Each RaboHouse offers space to serve clients and to work, and has meeting areas that can be freely reserved.

Fieldlab hybrid working

With regard to hybrid working, we experience different (personal) needs on how we want to organize hybrid working on a daily basis. We believe in customization and autonomy for our employees, through dialogue and reflection, to find their own optimal balance, for now and in the future. In the Fieldlab, a research project for and by employees, we look for successes, needs and challenges in hybrid working. The aim is to explore together, experiment and learn from each other. First, we take a look under the hood of hybrid working. We do this with research methods, such as employee listening, in-depth interviews and action-oriented surveys. Second, we co-create and test best practices that help leaders and teams optimize hybrid working.

Employee Well-being

Just like our clients, we need to be able to adapt to the opportunities and risks that we face and remain agile in a changing environment. This also has an effect on our infrastructure, our strategic resource planning, and ultimately, our role as an employer. A number of structural changes in recent years, for instance, to the set-up of the local banks in the Netherlands and the reallocation of the responsibilities of the members of the Managing Board, have had a deep impact on our organization.

These necessary and urgent organizational changes have made us more resilient, but they have also inevitably increased the pressure on our employees. We believe that our employees will succeed best when they feel good about themselves and have the energy to deal with change. Guided by this belief, we continued to facilitate employees in meeting their changing needs and improving their well-being. For example, we have a Wellbeing Hub at our head office in Utrecht. Every employee can visit the Wellbeing Hub to seek inspiration, ask questions, or find support on all topics related to well-being. In addition, with RaboRituals, we want to help our employees remain energetic throughout the working day. Based on the initial findings, we expect the Managing Board to designate this as our standard way of working.

In 2022 costs of living increased sharply, therefore we focused on Financial Wellbeing for employees which we define as having financial security and financial freedom of choice, in the present and in the future. We paid attention to this subject by encouraging employees to talk about their financial problems, we offered tools to give them more insights upon their financial state and the offered the opportunity to get professional help if needed.

We saw our sick leave rates in the Netherlands increase to 4.4% in a rolling 12-month period Safety Standard from 3.9% in 2021.

Engagement Score

Our employees are closely involved with our mission of “Growing a better world together” and committed to the strategic priorities of our bank. To be and remain successful in a rapidly changing world, the engagement of our employees is an important factor. We initiate and encourage an ongoing dialogue within teams and work together to improve. We use the quarterly engagement score globally for short cyclical measurement of employee engagement and organizational health. Each quarter, around 29,000 employees give their feedback in the Engagement Score. In 2022, employee engagement rose further from 83 in Q4 2021 to 86 in the same quarter of 2022. The number of employees who reported that they enjoy working at Rabobank increased slightly to 91% (2021: 88%). In 2021, we began working with Effectory as provider of the engagement score. They are a European leader in employee feedback solutions and offer employees the option of benchmarking their feedback against that of their Rabobank peers.

Future Fit Employability

As investing in our employees is important to us and because we are competing with other employers for talent, we continue to focus on our employees' development of the Rabobank Skills. Reskilling and upskilling allow our employees to future-proof their skill sets, which enables them to design their own careers and contribute to Rabobank's transition and the realization of our strategic business goals.

We offer our employees growth options with a personal annual development budget of EUR 1,400 per year per employee. Employees can use this budget to further strengthen their position on the internal and external labor market. The budget is a supplement to the existing training budget that is required for the existing position. By the end of 2022, EUR 19.7 million of the total Personal Development Budget available in 2022 had been spent. The total budget for 2022 was EUR 86.9 million and consisted of a full-year budget plus the unused part of the 2020 and 2021 budget. The (remaining) budget of one year may be added to the budget of the 2 following years. The spending period is therefore 3 calendar years. The remaining budget at December 31, 2022, amounted to EUR 66.9 million. In addition to the development budget, we also use Percipio, an unlimited (free of charge for employees) learning platform where employees can find learning opportunities for all the necessary skills.

Number of Employees in the Netherlands (as at December 31, 2022)

	Female	*Male*	*Unknown / Other*	*Total*
Total:				
- Permanent	12,491	12,827	4	25,322
- Temporary	1,160	1,030	1	2,191
- External	2,397	3,614	2,662	8,673
- Internal:				
- Full-time	9,279	13,374	5	22,658
- Part-time	4,372	483	0	4,855

Rabobank and the trade unions De Unie and CNV Vakmensen have completed negotiations and agreed on a new Rabobank collective labor agreement (CLA) effective as of December 31, 2022. The term of the new CLA is 18 months. Important changes include an overall raise of 4% for fixed salaries per January 1, 2023 and an additional 1.75% raise per January 1, 2024. In addition, it has been agreed that the salary will be supplemented to 100% during the first four weeks of paid parental leave if the child is born on or after January 1, 2023. Trade unions and Rabobank have furthermore discussed a future-proof defined contribution scheme. Employees have the option, among other things, of reducing their own pension contribution to 3.5%, as a result of which the net monthly salary will be higher. For example, the employee can choose between 'money for now' or 'money for later'.

Strategic Resource Planning

We want to secure a future-fit workforce that contributes to the realization of our strategic business goals. To safeguard a future-fit workforce in a tightening (global) labor market, we focus on two main areas:

- ***Attract***: we continue to build on a strong, meaningful, and distinctive employer value proposition. As Rabobank Group we distinct ourselves with our cooperative mentality, were as we locally meet our employees and job seekers needs with our employee value proposition. At the same time we are building a strong employer brand for underlying strategic target groups. Moreover, we continuously monitor and evaluate our total reward proposition in relation to market developments.
- ***Retain***: we will continue to focus on our employees' development and on the skills Rabobank needs to run the bank of today and the future. Reskilling and upskilling allow our employees to future-proof their skill sets, enabling them to keep challenging themselves.

Our Employer Value Propostion continues to be strong and distinctive within the tightening labor market. In 2022, we scored very well in the Dutch Intermediair Favorite Employer Survey, where the recognition of Rabobank as employer was higher (61%) than the average of all companies (40%). Rabobank's recognition has been stable the last couple of years. We attribute our success to filling strategically important vacancies for the bank, to our labor market communications strategy, our online recruitment campaigns, and our ratings as an employer.

CareerHub

Our employees are supported by the CareerHub with regard to their possible future career steps and to broaden their horizon. Whether they have a clear idea about their future or their career, or don't know which step they should take. It is important for every employee to take control of their career. CareerHub focuses on colleagues that are planning to make a next career step but could use some assistance, colleagues who are of will become redundant, colleagues that are looking for a place to reintegrate and managers with capacity issues. CareerHub makes use of one-on-one conversations, webinars, inspirational events and workshops. To support employee development, CareerHub also offers temporary assignments. Employees who have been in contact with CareerHub in 2022, rate them with a score of 8/10." In 2022, 91% of the employees who had been made redundant and had applied for a new position, succeeded to find a job within six months, and 67% of the employees who wanted to start their own business achieved that goal within six months. Redundant employees rate us with a score of 9/10.

OneRabo Culture

Our OneRabo Culture ambition is based on what we do and say on a daily basis and the agreement on how we interact with each other, our customers and society. It embodies the deep structure of our organization. It is rooted in the values, beliefs and assumptions that are held by each of us. It starts with our own thinking and is shaped by our team and the groups around us. Ultimately, we experience and observe it in our collective behaviors, including our leadership, decision making and communication.

Rabobank was founded more than 125 years ago to help solve societal challenges and over time has built a cooperative organizational culture that lives in the collective hearts and habits of our people. However, various audits and self-identified findings show that some parts of our culture hamper our ability to realize our strategic objectives and execute timely and with the right quality. Based on a Root Cause Analysis we identified focus points and actions for the organization as a whole and for the FEC-domain specifically. Dialogue sessions per domain were organized to identify which actions or interventions are required to develop new behavioral patterns. We realize that changing our culture takes time and the work is never done.

Diversity, Equity and Inclusion

At Rabobank, we firmly believe that with diversity, equity and inclusion comes great strength. Diversity is not only good for our employees, but also for our bank and, ultimately, for society as a whole. As a cooperative bank, we are at the heart of society. From this position, we provide all talents with equal opportunities; we don’t want to exclude anyone on the basis of gender, cultural background, disability, age, sexual preferences, or other personal characteristics. Everyone can blossom at Rabobank and use their talents to create a stronger bank in a better society. An important prerequisite for achieving more diversity is having an inclusive culture: a culture in which everyone is given the room they need to be themselves, and where employees feel respected and appreciated for who they are. In our Engagement Score, 94% of employees indicated that they felt that in their immediate work environment, everyone is treated equally and with respect regardless of their background or personal characteristics.

We have a single Global Policy on Diversity, Equity and Inclusion (DEI) and a single Global Standard on Diversity, Equity and Inclusion. The policy reflects our position in society and as a result, we can better align our services to our customers' needs. The Diversity Board ensures the commitment and involvement of the senior management. The board is chaired and vice-chaired by members of the Managing Board. The Diversity Board meets every quarter to discuss issues related to DEI. The board may take additional actions or measures as a result of these consultations. As a consequence of the implementation of the Global Policy and Standard on DEI, all regions and/or countries must create an Annual DEI Plan. This annual plan contains a regional/national vision on DEI, as well as local challenges, actions, and targets.

Even though diversity is broader than sex/gender, we are proud that 50% of our Managing Board members are women and that women make up 36% of the level below the Managing Board. This is in line with the diversity law that came into effect in 2022 in the Netherlands.

Gender Diversity (as at December 31, 2022)

% Women in:	2022	2021	2020	2019
Supervisory Board	29%	33%	38%	38%
Managing Board	50%	50%	44%	40%
First level below the Managing Board	36%	35%	33%	33%

The third edition of Diversity Day took place on October 4, 2022. On the one hand, this festive event was intended to celebrate diversity at Rabobank worldwide. On the other hand, Diversity Day is one of our most important opportunities to keep the dialogue on this subject alive among our employees. In addition, we also have 35 inclusion agents (Rabobank employees) for this purpose who have had several dialogues on this subject in 2022. We want to expand this even further in the coming years.

As an employer, we are committed to equal opportunities. For three consecutive years we have conducted similar research on pay equality of employees that fall under the Dutch Collective Labor Agreement Rabobank. We have examined (i) the unadjusted pay gap, in which only the difference in part-time and full-time contracts is taken into account, and (ii) the adjusted pay gap, that allows for a like-for-like comparison between employees with, for instance, the same job profile. Based on this research, it was determined for 2022 that there is a 22.0% unadjusted pay gap and an adjusted pay gap of 1.3%. Compared to last year this means a decrease in both the unadjusted (-/- 1.9 pp) and adjusted (-/- 0.5 pp) pay gap. The decrease in the adjusted pay gap is however the result of a slightly amended, more sophisticated methodology in 2022.

On top of ongoing attention to encouraging more diversity of gender, culture, and employees with a labor market disadvantage, we continue to foster the integration and self-reliance of residence permit holders by helping them with internships, apprenticeships, and jobs.

Diversity Networks at Rabobank

There are multiple diversity networks at Rabobank. Diversity can be found on multiple levels and dimensions. The networks below represent various groups of employees and serve as a sounding board for the organization. These networks help employees to feel heard and represented.

Networks for Diversity, Equity & Inclusion at Rabobank
Network - for...
GLOBO - international colleagues
RAP aan de Slag - *colleagues with physical and/or mental challenges*
Rainbow - *LGBT+*
Jong Rabo - *colleagues under the age of 36*
Kleurrijk Rabo - *culturally diverse backgrounds*
Rabo Active - *community for employees above the age of 35*
Rabo Women - *empowering women*

Speak up and Employee Voice

Rabobank aims to offer a safe working environment in which people are able to speak up freely about concerns, work-related problems, undesired behavior, misconduct, and other irregularities. "Speak Up" and "Just Ask" offer worldwide assistance in handling these matters and provide guidance on invoking any of the following procedures.

Speak Up, Just Ask, the Global Policy on Whistleblowing and the Global Policy against Harassment apply to Rabobank globally. Following the Dutch Collective Labor Agreement, employees in the Netherlands have access and recourse to the Industrial Relations Disputes Procedure (GRA), the Industrial Relations Disputes Committee (GCA), and the Social Plan Central Appeals Committee (CBSP). Internal and external trusted persons are available to employees worldwide.

In 2022, Speak Up handled 118 new cases (2021: 103). Just Ask handled 265 new cases (2021: 166) and 127 new cases were handled by the internal trusted persons (2021:87). The Industrial Relations Disputes Committee (Geschillencommissie Arbeidsverhoudingen) dealt with 1 formal appeals in which they reached a decision. The Social Plan Central Appeals Committee handled 7 formal appeals, and the Executive Appeals Committee handled 0 formal appeals. The Local Harassment Committees and The Global Harassment Committee handled 2 and 1 formal appeals.

Our Financial Performance

Our net profit in 2022 was EUR 2,786 million, compared to EUR 3,692 million in 2021. The sound business performance of 2021 continued into 2022. Global interest rate increases resulted in improved margins on savings and current accounts, especially in the second half of the year. On balance, our net interest income increased by 10%, an increase that was also driven by higher asset levels at Wholesale & Rural (W&R) and Leasing. At the same time, we are facing some margin pressure on new business lending at Domestic Retail Banking (DRB) and Leasing. Net fee and commission income was 5% higher than in 2021, largely due to higher fee income on current accounts. The revaluation of our equity participations had a downward effect on our 2022 results, driven by the challenging market circumstances.

Expenses were almost flat in 2022. Expenses for KYC and IT were higher, while in 2021 we provisioned amounts for certain consumer credit products with a variable interest and KYC backlogs. Further investments in KYC and IT increased our staff levels in 2022. Inflationary effects and the need for continuously developing our infrastructure will continue to have an upward effect on our operational costs in the near future.

The negative consequences of the Russia-Ukraine war showed through in our net profit. Our decision to withdraw from Russia and the worsened macroeconomic outlook led to higher impairment charges on financial assets, although that negative effect was partly compensated by the release of Covid-19 provisions. After having reached an exceptional low in 2021, impairment charges on financial assets increased by EUR 818 million to EUR 344 million (8 basis points of the average loan portfolio) in 2022, which is well below the long-term average of 26 basis points.

Our private sector loan portfolio grew by EUR 14.4 billion of which approximately EUR 3 billion was due to FX impacts. Deposits from Retail and Wholesale customers rose by EUR 24.1 billion, of which EUR 20.0 billion from deposits from customers within DRB.

Despite the solid financial results of 2022, driven in part by the changing interest environment, the banking sector continues to face many challenges that will have an impact on its results in the coming period: extensive regulations for banks, high inflation, geopolitical tensions, climate risk (including the nitrogen discussion in the Netherlands), cyber risks, and competition from new (digital) non-banks.

Financial Results of Rabobank

Results			
Amounts in millions of euros	*12-31-2022*	*12-31-2021*	*Change*
Net interest income	9,149	8,351	10%
Net fee and commission income	2,106	2,008	5%
Other results	829	1,810	-54%
Total income	**12,084**	**12,169**	**-1%**
Staff costs	5,023	4,657	8%
Other administrative expenses	1,689	2,035	-17%
Depreciation and amortization	337	352	-4%
Total operating expenses	**7,049**	**7,044**	**0%**
Gross result	**5,035**	**5,125**	**-2%**
Impairment losses on goodwill and associates	105	-	
Impairment charges on financial assets	344	(474)	-173%
Regulatory levies	667	722	-8%
Operating profit before tax	**3,919**	**4,877**	**-20%**
Income tax	1,133	1,185	-4%
Net profit	**2,786**	**3,692**	**-25%**
Impairment charges on financial assets (in basis points)	8	(11)	
Ratios			
Cost/income ratio including regulatory levies	63.9%	63.8%	
Underlying cost/income ratio including regulatory levies	61.4%	60.4%	
RoE	6.2%	8.8%	
Balance Sheet			
Amounts in billions of euros			
Total assets	628.5	639.2	-2%
Private sector loan portfolio	432.1	417.7	3%
Deposits from customers	396.5	372.4	6%
Number of internal employees (in FTEs)	37,834	35,766	6%
Number of external employees (in FTEs)	9,125	7,595	20%
Total number of employees (in FTEs)	46,959	43,361	8%

Notes to the Financial Results of Rabobank

Development of Underlying Operating Profit Before Tax			
Amounts in millions of euros		*12-31-2022*	*12-31-2021*
Income		**12,084**	**12,169**
Adjustments to income	*Fair value items*	*439*	(117)
Underlying income		***12,523***	***12,052***
Operating expenses		**7,049**	**7,044**
Adjustments to expenses	*Restructuring expenses*	*(25)*	(98)
	Provision variable interest	*9*	333
	Extraordinary KYC costs	*39*	249
Underlying expenses		***7,026***	***6,560***
Underlying gross result		**5,497**	**5,492**
Impairment losses on goodwill and associates		105	0
Adjustments to impairment losses on GW&A	*Impairment Achmea*	*110*	-
Underlying impairment losses on GW&A		*(5)*	*0*
Impairment charges on financial assets		344	(474)
Regulatory levies		667	722
Operating profit before tax		**3,919**	**4,877**
Total adjustments		***572***	***367***
Underlying operating profit before tax		**4,491**	**5,244**

We retained EUR 2,011 (2021: 2,910) million of our net profit. Taxes amounted to EUR 1,133 (2021: 1,185) million at an effective tax rate of 29% (2021: 24%).

Income Decreased by 1%

Net Interest Income 10% Higher

Net interest income totaled EUR 9,149 (2021: 8,351) million, which is an increase of 10%, partly driven by global interest rate increases and higher volumes. Within DRB, this resulted in higher average margins on savings and current accounts, while some margin pressure was felt both on mortgages and business lending. Increasing interest rates resulted in higher capital income at W&R. Higher outstanding lending volumes throughout the year at both W&R and DLL, which were somewhat inflated by FX effects, also had an upward effect. In its October meeting the ECB announced changes to the terms and conditions for TLTRO funding.

In line with these changes, Rabobank decided to prepay the majority of the TLTRO III participation and unwind the hedge that was set up to appropriately manage our positions, which resulted in a downward effect on our net interest income. The 1-year rolling net interest margin, calculated by dividing the net interest income by the average balance sheet total, increased from 1.26% in 2021 to 1.33% on December 31, 2022.

Net Fee and Commission Income 5% Higher

Our net fee and commission income increased by 5% to EUR 2,106 (2021: 2,008) million. At DRB, net fee and commission income increased mainly as a result of higher prices on payment packages and increased income on international payment services. In general transaction volumes increased as a result of the release of Covid-19 measures. At W&R, net fee and commission income was slightly lower than in 2021, driven by a modest decline in income of our M&A and Capital Markets divisions in a weaker overall market.

Other Results Down by 54%

Other results decreased to EUR 829 (2021: 1,810) million. Following exceptional results in 2021, Rabo Investments still had a strong year, although the 2022 results were EUR 184 million lower than last year. In addition, the valuation of our stake in Mechanics Bank had a negative effect on our results, while this line item contributed positively in 2021. The higher loss on fair value items also had a downward effect on other results. Additionally, the result from our stake in Achmea was EUR 125 million lower. Higher building costs and increased mortgage rates led to lower sales volumes at BPD, which had a downward effect on other results as well.

Stable Operating Expenses

Staff Costs 8% Higher

In 2022, total staff numbers (including external hires) increased to 46,959 (2021: 43,361) FTEs. The largest increase was within DRB, where total FTEs went up as a result of additional staffing for KYC and IT. To support business growth and compliance-related activities, staff numbers grew at DLL (by 48 FTEs) and W&R (by 361 FTEs). Total staff costs increased by 8% to EUR 5,023 (2021: 4,657) million, also impacted by effects from the collective labor agreement. FX effects had an upward effect on operating expenses at both W&R and DLL.

Other Administrative Expenses 17% Lower

Total other administrative expenses decreased to EUR 1,689 (2021: 2,035) million, as expenses in 2021 were negatively impacted by a provision for extraordinary KYC costs to resolve KYC backlogs and a provision to compensate some of our clients with certain consumer credit products with a variable interest rate. In addition, other administrative expenses were lower as a result of a higher VAT refund and on balance a smaller release of the restructuring provision in 2022.

Depreciation and Amortization 4% Lower

Depreciation and amortization amounted to EUR 337 (2021: 352) million. Fewer offices and rental contracts contributed to this decrease.

Impairment Charges on Financial Assets

In 2022, impairment charges on financial assets amounted to EUR 344 million. This represents an increase of EUR 818 million compared to 2021. Impairment charges increased partly as a result of our decision to wind down all our activities in Russia following its invasion of Ukraine. In addition we applied a management adjustment to reflect the adverse macroeconomic conditions and uncertainties. We continued to see a release of impairment charges at DRB, reflecting the strong Dutch economy, especially in the first half of 2022. Our mortgage loan portfolio remains resilient with net additions of 3 basis points. At W&R, impairments were somewhat elevated as a result of higher impairments in the Wholesale lending business in Europe and Rural North & South America. This increase was partly offset by the release of most unused Covid-19 provisions as the anticipated deterioration in the credit quality in the business loan portfolio did not materialize. Even though the impact of the macroeconomic developments in 2022 on the credit quality of our loan portfolio has been muted so far, we remain cautious.

On an annual basis, impairment charges on financial assets amounted to 8 (2021: minus 11) basis points, which is below the long-term average (period 2012-2021) of 26 basis points.

The amount of non-performing loans (NPL) decreased in 2022 to EUR 8.6 (2021: 9.2) billion. The NPL ratio was 1.5% (2021: 1.6%) and the NPL coverage ratio was 20% (2021: 24%). The decrease in NPL is mainly the result of the execution of our NPL strategy and the limited inflow of newly impaired loans.

Balance Sheet Developments

Balance Sheet		
Amounts in billions of euros	*12-31-2022*	*12-31-2021*
Cash and cash equivalents	129.6	120.5
Loans and advances to customers	428.9	437.0
Financial assets	16.5	18.6
Loans and advances to banks	11.1	22.1
Derivatives	26.9	23.0
Other assets	15.5	18.0
Total assets	**628.5**	**639.2**
Deposits from customers	396.5	372.4
Debt securities in issue	112.3	109.3
Deposits from banks	31.5	72.7
Derivatives	20.2	18.7
Financial liabilities	4.1	5.3
Other liabilities	17.5	17.4
Total liabilities	**582.1**	**595.8**
Equity	46.4	43.4
Total liabilities and equity	**628.5**	**639.2**

Private Sector Loan Portfolio Increased

Our private sector lending increased by EUR 14.4 billion to 432.1 EUR billion on December 31, 2022. A small part of this increase (around EUR 3.1 billion) is attributable to deprecation of the euro. At DRB the mortgage portfolio stabilized as new production compensated for the still high, but decreasing, level of early repayments. DRB's total private sector loan portfolio amounted to EUR 274.0 billion at year-end (2021: 274.0) billion. The loan portfolios of W&R and DLL both increased, also when corrected for FX effects.

Loan Portfolio		
Amounts in billions of euros	*12-31-2022*	*12-31-2021*
Total loans and advances to customers	**428.9**	**437.0**
Of which to government clients	1.4	2.0
Reverse repurchase transactions and securities borrowing	8.4	13.9
Interest rate hedges (hedge accounting)	(13.1)	3.4
Private sector loan portfolio	**432.1**	**417.7**
Domestic Retail Banking	274.0	274.0
Wholesale & Rural	119.8	108.7
Leasing	37.7	34.5
Property Development	0.1	0.1
Other	0.5	0.4

On December 31, 2022, the geographic split of the private sector loan portfolio (based on debtor's country) was as follows: 68% in the Netherlands, 11% in North America, 9% in Europe (outside the Netherlands), 7% in Australia and New Zealand, 4% in South America, and 2% in Asia.

Loan Portfolio by Sector[1]				
Amounts in billions of euros	*12-31-2022*		*12-31-2021*	
Loans to private individuals	204.4	47%	205.5	49%
Loans to trade, industry and services	114.4	26%	109.3	26%
of which in the Netherlands	*75.4*		*74.5*	
of which in other countries	*39.0*		*34.7*	
Loans to Food & Agri	113.3	26%	102.9	25%
of which in the Netherlands	*40.4*		*35.7*	
of which in other countries	*73.0*		*67.2*	
Private sector loan portfolio	**432.1**	**100%**	**417.7**	**100%**

1 In the country where the entity is established.

Significant Increase Deposits from Customers

Total deposits from customers increased significantly to EUR 396.5 (2021: 372.4) billion. Our loan-to-deposit ratio (LtD ratio, 12-month average[1]) remains more or less stable at 1.10 (2021: 1.08). Deposits from DRB customers increased to EUR 320.1 (2021: 300.1) billion. Retail savings at DRB increased by EUR 8.7 billion to EUR 152.9 billion. Deposits from customers in other segments increased to EUR 76.4 (2021: 72.3) billion mainly because of higher volumes at Treasury which were partly offset by a decrease in deposits at International Direct Banking (IDB). The lower volumes at IDB can be explained by the wind down of our direct banking operations in Europe. In 2022, the outflow of IDB deposits was EUR 3.1 billion and deposits at IDB totaled EUR 8.7 (2021: 11.8) billion at December 31, 2022.

Deposits from Customers

Amounts in billions of euros	*12-31-2022*	*12-31-2021*
Retail savings	**158.6**	**152.5**
Domestic Retail Banking	152.9	144.2
Other segments	5.7	8.3
Other deposits from customers	**237.9**	**219.9**
Domestic Retail Banking	167.2	155.9
Other segments	70.7	64.0
Total deposits from customers	**396.5**	**372.4**

Equity Up by 7%

Our equity increased to EUR 46.4 (2021: 43.4) billion, driven largely by retained earnings and EUR 1.0 billion came from an issue of Capital Securities in April 2022. Our equity on December 31, 2022, consisted of 71% (2021: 72%) retained earnings and reserves, 17% (2021: 18%) Rabobank Certificates, 11% (2021: 9%) Capital Securities, and 1% (2021: 1%) other non-controlling interests.

Development of Equity

Amounts in millions of euros	
Equity at the end of December 2021	**43,402**
Net profit for the period	2,786
Other comprehensive income	(61)
Payments on Rabobank Certificates	(509)
Payments on Capital Securities issued by Rabobank	(190)
Issue of Capital Securities	1,000
Cost of issue Capital Securities	(5)
Other	(65)
Equity at the end of December 2022	**46,358**

Wholesale Funding

We have been significantly reducing and diversifying our use of Wholesale funding over the past several years. Doing so makes our bank less sensitive to capital markets developments. However, in 2022 we consciously increased our Wholesale funding to EUR 124.4 (2021: 121.7) billion, driven in part by the increased uncertainty on financial markets following the Russia-Ukraine war.

1 Longer-term trends in LtD ratio are better reflected by considering 12-month moving averages rather than point in time numbers.

Capital Developments

Capital Ratios		
Amounts in millions of euros	*12-31-2022*	*12-31-2021*
Retained earnings	34,094	32,087
Expected distributions	(2)	(1)
Rabobank Certificates	7,825	7,825
Part of non-controlling interest treated as qualifying capital	0	0
Reserves	(1,065)	(990)
Regulatory adjustments	(2,496)	(2,097)
Transition guidance	16	22
Common equity tier 1 capital	**38,372**	**36,846**
Capital securities	4,971	3,978
Grandfathered instruments	0	0
Non-controlling interests	0	0
Regulatory adjustments	(96)	(99)
Transition guidance	0	0
Additional tier 1 capital	*4,875*	*3,879*
Tier 1 capital	**43,247**	**40,725**
Part of subordinated debt treated as qualifying capital	7,671	7,356
Non-controlling interests	0	0
Regulatory adjustments	(88)	(96)
Transition guidance	0	0
Tier 2 capital	**7,583**	**7,260**
Qualifying capital	**50,830**	**47,985**
Risk-weighted assets	**240,376**	**211,855**
Common equity tier 1 ratio	16.0%	17.4%
Tier 1 ratio	18.0%	19.2%
MREL ratio	29.2%	29.9%
Total capital ratio	21.1%	22.6%
Equity capital ratio	17.4%	18.8%
Common equity tier 1 ratio of Coöperatieve Rabobank U.A. solo (issuer level)	15.2%	16.2%

On December 31, 2022, our Common Equity Tier 1 (CET 1) ratio amounted to 16.0% (2021: 17.4%). This is well above our >14% ambition. The main driver of our CET 1 ratio development was an increase in RWA of EUR 28.5 billion (from EUR 211.9 billion to EUR 240.4 billion). The downward effect of the higher RWA level was partly compensated by the addition of net profit to retained earnings. We calculate our leverage ratio – our tier 1 capital divided by our balance sheet positions and off-balance-sheet liabilities – using the definitions provided in the CRR/CRD IV. Our leverage ratio on December 31, 2022, was 6.6% (2021: 7.3%), which is well above the minimum leverage ratio of 3% required by the Basel III guidelines. The decline in leverage ratio resulted from the end of the exemption for Central Bank exposures. In line with our capital strategy, we issued non-preferred senior bonds to meet future MREL requirements. Our total capital ratio decreased to 21.1% (2021: 22.6%) following the RWA increase. Rabobank deems a 20% total capital ratio appropriate.

Risk-weighted Assets

In 2022, total RWA increased further to EUR 240.4 (2021: 211.9) billion. The increase in RWA was driven by various factors. The implementation of the macroprudential add-on for mortgages on January 1, 2022, increased RWA by approximately EUR 9 billion. A further increase of around EUR 19 billion was due to model changes reflecting EBA guidelines as well as other internal model developments. Regular business growth also increased the RWA by approximately EUR 2 billion and FX changes had an impact of around EUR 1 billion. Due to these add-ons and mitigation initiatives we expect no remaining Basel IV impact on top of the current RWA levels. The substantial RWA rise in 2022 resulted in a decrease of our capital ratios even though our risk profile has not materially changed over the years. Although the CET1 ratio dropped by approximately 1 percentage point compared to December 2020, in absolute terms our CET 1 capital was actually strengthened by approximately EUR 4 billion (or circa 11%), meaning that we hold more capital for a similar risk profile.

Regulatory Capital

The regulatory capital requirement is 8% of our risk-weighted assets. Our requirement represents the minimum amount of capital which the CRR and CRD IV require us to hold. Our regulatory (required) capital amounted to EUR 19.2 (2021: 16.9) billion on December 31, 2022, of which 86% related to credit and transfer risk, 12% to operational risk, and 2% to market risk.

Regulatory Capital by Business Segment

Amounts in billions of euros	*12-31-2022*	*12-31-2021*
Domestic Retail Banking	6.2	5.7
Wholesale & Rural	7.5	7.0
Leasing	2.2	1.6
Property Development	0.4	0.3
Other	2.9	2.3
Rabobank	**19.2**	**16.9**

MREL Eligible Capital Buffer

We aim to protect senior creditors and depositors against the unlikely event of a bail-in. We therefore hold a large buffer of equity, subordinated debt, and non-preferred senior debt that will absorb initial losses in the event of a bail-in.

We have received formal notification from DNB of the Single Resolution Board's (SRB) determination of the binding minimum requirement for own funds and eligible liabilities (MREL). The MREL requirement was established to ensure that banks in the EU have sufficient own funds and eligible liabilities to absorb losses in the event of a potential bank failure. This MREL requirement is set at a consolidated level for Rabobank. Our binding MREL requirement for 2022 (set on January 1, 2022) is 27.62% of RWA (including the stacked CBR) and 7.5% of leverage ratio exposure.

We define our MREL eligible capital and debt buffer as qualifying capital plus the non-qualifying part of the grandfathered additional tier 1 instruments, the (amortized part of) tier 2 capital instruments with a remaining maturity of at least one year, and non-preferred senior bonds with a remaining maturity of at least one year. The buffer increased from EUR 63.4 billion to EUR 70.2 billion in 2022, which corresponds with 29.2% (2021: 29.9%) of RWA.

MREL Eligible Capital Buffer

Amounts in billions of euros	*12-31-2022*	*12-31-2021*
Qualifying capital	50.8	48.0
Non-qualifying grandfathered additional tier 1 capital	0	0
Amortized tier 2 >1 year remaining maturity	1.3	1.3
Non-preferred senior bonds > 1 year remaining maturity	18.0	14.1
MREL eligible capital and non-preferred senior bonds buffer	**70.2**	**63.4**
Risk-weighted assets	240.4	211.9
MREL eligible capital and non-preferred senior bonds buffer / risk-weighted assets	29.2%	29.9%

Risk Management

Our risk strategy is an integral part of Rabobank's overall strategy. Based on the risk strategy, we set the risk appetite, which is the aggregate level of risk we are willing to accept, or to avoid, in order to meet the business objectives.

Every day, we take informed risk decisions while engaging with new and existing customers, granting credit, entering into interest rate contracts, leasing contracts, equity investments and partnerships and providing other customer services. Sound risk management enables us to monitor key metrics to serve our customers and satisfy our stakeholders in a controlled manner and supports our continuity as a bank.

We employ risk activities and define controls to manage the material risks based on a solid risk management framework, aligned with our conscious risk taking. We continuously evaluate the effectiveness of the risk management framework and adapt to the latest developments and requirements. In the end, our risk management activities are designed to help realize the ambitions of our customers and stakeholders within the boundaries of our risk appetite.

Managing Risks

Our risk management activities are integrated in our strategy design and execution. While new strategic initiatives may open opportunities, the expected rewards must be balanced against the related risks and potential impact. We keep track of external developments and emerging risks. We perform regular, structural top-down and bottom-up risk assessments to identify various types of risks and conduct specific stress tests to calculate the impact of adverse scenarios. An integrated overview of these risks and measures taken to address them are discussed periodically in the Managing Board and Supervisory Board. A reflection of these strategic risks are provided in the section Key Trends and Uncertainties.

Risk Governance

Our internal governance ensures transparent and consistent three lines of responsibility across Rabobank. The risk governance supports the realization of our strategic priorities and is based on regulatory guidelines and market practices. The business, including support functions, owns, takes, and manages risks (first line). Global policies support their execution of the business strategy, adherence to the risk appetite, and oversight of risks.

Our risk management framework is provided by the Risk Management Function and Compliance Function (second line). Both functions challenge risk taking and monitor the risk profile. Audit (third line) provides independent assurance, and insights on the quality and effectiveness of internal controls, risk management, compliance, and governance of the bank.

The risk management framework covers both existing and emerging risks including climate-related and ESG risks via the main risk types: business risk, credit risk, market risk, interest rate and credit spread risk in the banking book, liquidity risk, and operational risk (including compliance, tax, legal and model risks). Risk identification, materiality assessment and classification allow for a clear understanding and definitions of risks and promotes a common understanding of risk management. The risk appetite is determined for all material risks, which are managed in alignment with the risk profile and strategic priorities. Risk and compliance management capability is fully integrated at both group level and business unit level.

Risk Culture

Employees should know, understand and act according to the values and behaviors as described in Rabobank's Code of Conduct. Having a sound risk culture is essential for performing our role in society responsibly and keeping the bank safe, secure and compliant. In 2022 Rabobank has stepped up its focus on risk culture by addressing persistent root causes hampering progress and performance as an integral part of our OneRabo Culture approach. The organization is provided with risk and compliance governance, processes and guidelines. Risk culture, risk leadership and sound behavior are promoted as part of our groupwide culture approach. As a continuous effort to enhance basic risk awareness, risk attitude and Rabobank's overall risk culture, our RiskWise program offers mandatory training, tools and skills development on Rabobank's values and responsibilities relating to expected risk behavior and professional standards for all employees worldwide. In 2022 topics such as Conflict of Interest, Data Privacy, Treating Clients Fairly, Complaints Handling, and required behavior reflected in the Rabobank Code of Conduct were covered. In addition, tools and content to discuss dilemmas and lessons learned were provided. Risk culture is part of dialogues in teams and is monitored as part of our regular steering and control cycle.

Risk Strategy

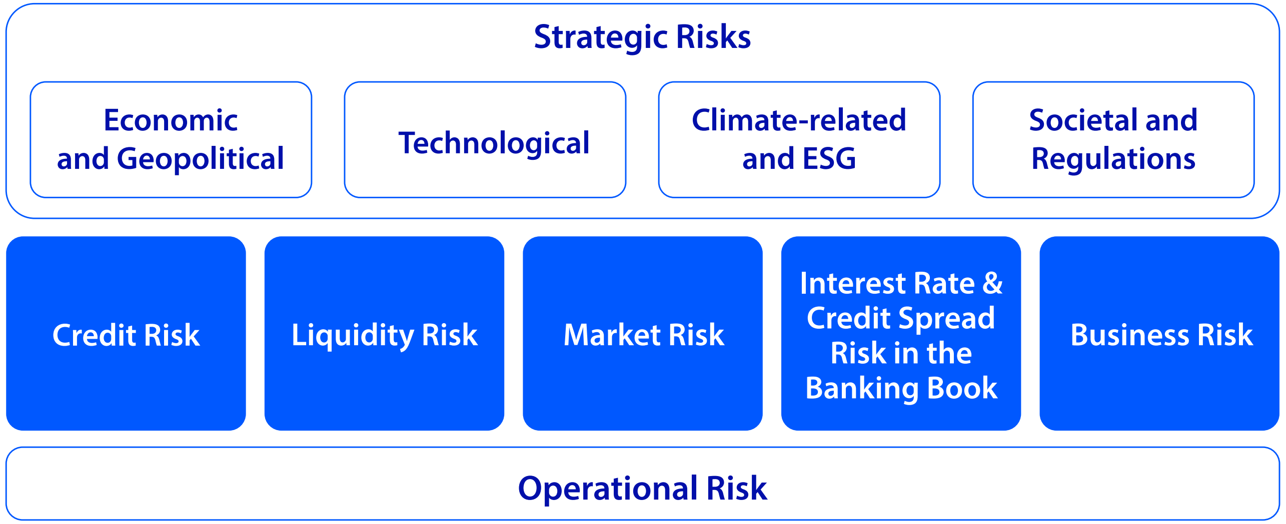
Our mission "*Growing a better world together*", underlines our cooperative roots and emphasizes our dedication to enabling our customers to achieve their ambitions. Our strategy defines priorities, objectives, and targets, including a capital strategy. Our Risk Strategy supports management in executing the business strategy by protecting profit, our identity and reputation and maintaining a solid balance sheet. Assessing the impact of climate-related and ESG risks and realizing our related objectives is within the scope of our Risk Strategy.

Our priorities are strongly intertwined and depend on maintaining a sound governance and risk culture. Delivering long-term customer value requires a solid balance sheet and cost-efficient funding to support our bank's profitability and good reputation. At the same time, maintaining a solid balance sheet requires healthy profitability and a sound reputation.

Risk Assessment

To deliver on our (risk) strategy, it is imperative that Rabobank knows the risks it is facing. Our structured approach to risk identification and assessment ensures that current and potential future risks to Rabobank's mission, vision, and strategic priorities are identified. The business assesses these risks for impact and determines the material risks. Involvement of the business is an important prerequisite to ensure the completeness of our bank-wide risk inventory and to create awareness throughout the bank when deciding on resourcing and priorities. Risks that are assessed as material are directly or indirectly represented in the Risk Appetite Statement with a risk indicator. We recognize three dimensions for identifying risks:

- Strategic risks: major developments that threaten to disrupt the assumptions and outcomes at the core of Rabobank's strategy.
- Financial risks: risks that we consciously accept in order to benefit from the premium that the market offers for taking on risks. That is, risks for which we have a risk appetite.
- Operational risks (including compliance risks): risks for which we have no appetite, but which are tolerated within limits because they are inherent to the operation of the bank. They have no upside, but only downside impact.



The bank is also facing climate-related & ESG risks (C&E Risk). These risks run through the main risk types depicted above. We expect that the largest impact of C&E risk will be on the credit risk profile. Consequently, we have focused primarily on the impact of C&E risks on our clients' credit risk. The impact on operational risk and liquidity risk are also deemed material. For market risk and interest rate risk in the banking book & credit spread risk in the banking book, the impact of C&E risks are below the material threshold.

Risk Appetite

Our Risk Strategy results in a set of risk appetite statements directly connected to the Medium-Term Planning 2023-2027 (MTP) alongside our strategic themes Excellent Customer Focus, Meaningful Cooperative, Rock-Solid Bank and Empowered Employees. These themes define the high-level boundaries of the risk appetite within which we must operate. The Risk Appetite Statement (RAS) specifies the risk appetite per risk type and defines the level of risk we are willing to accept to achieve our business objectives. Our overall maximum level of risk exposure is articulated, first qualitatively, but mostly quantitatively, and is used in business activities to assess the desired risk profile against the risk-reward profile of a given activity. Our risk appetite is an integral part of our strategy and is incorporated in the MTP. Entity-specific risk appetite statements further specify the group risk appetite at entity level. The material types of risks inherent in our business model and strategic plan are actively identified, assessed, mitigated, and monitored.

The risk appetite is embedded across Rabobank within principles, policies, standards, (key) risk indicators, limits and controls. The combination of a breach management process and appropriate governance ensures an adequate and timely response to a risk that is pressuring or has even exceeded our risk appetite. The risk appetite (statement) is reviewed and updated at least once a year, to incorporate internal or external events with material impact. Moreover, Managing Board level decision making regarding the Medium-Term Plan (MTP) over a 5-year period is executed, while consciously weighing the risks arising from the business strategy as depicted in the Group MTP and entity MTPs.

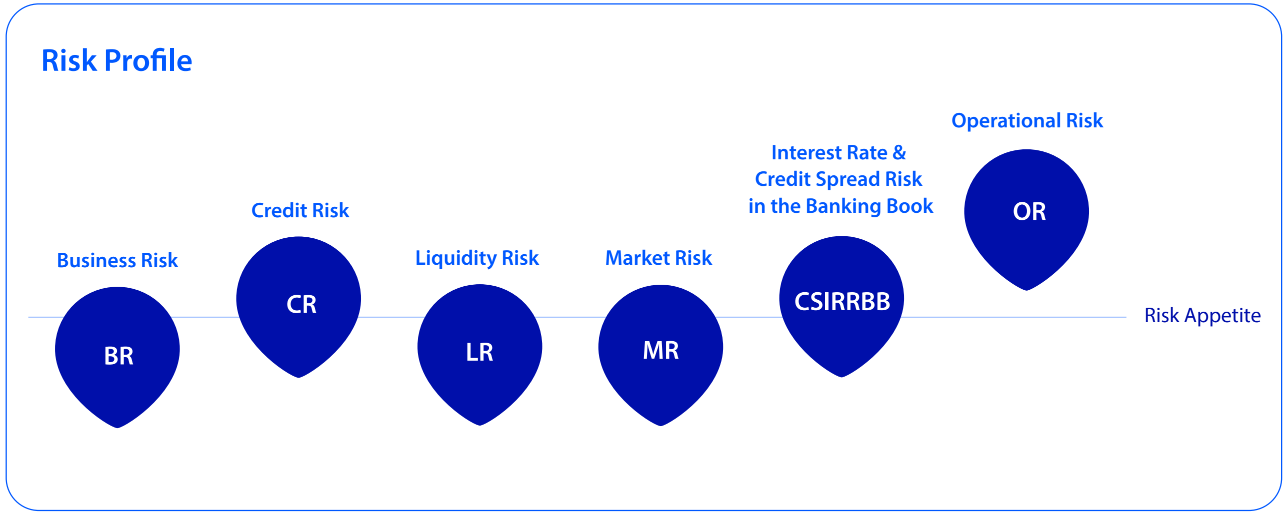
In 2022 our Group Risk Appetite Statement was categorized per identified main risk type and further specified with qualitative risk appetite statements and Key Risk Indicators (KRI).

Group Risk Appetite Statement

Risk Type	Definition	*Group Risk Appetite Statement*	*Examples of KRIs to support our Risk Appetite Statement*
Business Risk	The risk of losses due to changes in the competitive environment or events which damage the franchise or operating economics of a business.	We are a strongly capitalized bank, with prudent buffers above regulatory requirements, to protect senior bondholders against the (unlikely) event of a bail-in. We do this at efficient costs and with sufficient flexibility for (re)allocation of capital between different portfolios, products and geographies. We achieve a solid performance, with limited volatility in earnings, based on a well-diversified asset portfolio in terms of products, sectors and geography. We price our risk well, allocate sufficient capital to growth themes, and we migrate to more effective (digital) services. Our operational efficiency is competitive; we do the right things well and are conscious of the risks we take.	• Common Equity Tier 1 Ratio • Return on Equity
Credit Risk	The risk that a bank, borrower or counterparty will fail to meet its obligations in accordance with agreed terms.	Rabobank maintains a profitable credit portfolio, with a controlled risk profile in order to limit the impact of impairment charges on the profitability and reputation of the bank. Rabobank manages concentrations in the credit portfolio with clear limits per country, sector and one-obligor, in order to ensure a low risk profile on concentration risk.	• Non-Performing Loans • Quarterly increase stage 1+2 provisions IFRS (EUR million) • Loan Impairment charges based on Adverse Stress Test • Concentration limits on large clients and specific business sectors
Liquidity Risk	The risk that Rabobank cannot fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.	In order to optimize funding availability and funding costs for our customer requirements, Rabobank has high quality and robust liquidity buffers and a diversified global funding base in terms of retail versus wholesale funds as well as in terms of investors, instruments, maturities, countries and currencies. Rabobank has enough funding sources or buffer capacity available to be able to survive stressed liquidity conditions over a short-term period without changing its business model. Rabobank has an optimally diversified funding portfolio and a balanced liquidity mismatch.	• Liquidity Coverage Ratio • Net Stable Funding Ratio • Loan to Deposit Ratio
Market Risk	The risk of changes in the value of the trading portfolio and non-trading books where market risks occur, resulting from price changes in the market.	Rabobank aims for being modestly exposed to market movements in its trading environment. Rabobank aims for a limited FX Translation Risk impact of exchange rate movements on the Rabobank Group CET1-ratio.	• Event Risk Trading Book • Stress Test Loan Underwriting • FX Basis Point Impact CET1-ratio
Interest Rate (IRRBB) & Credit Spread Risk in the Banking Book (CSRBB)	The risk that the bank's financial results and/or economic value decline due to adverse movements in interest rates or the price of credit risk.	Following the strategy and the transformation role as retail bank, Rabobank accepts a significant level of interest rate and credit spread risk, as this may be an important driver for the bank's profit. However, losses due to changes in interest rates should not threaten the financial stability of the bank. Rabobank does not foresee circumstances under which it would accept being labeled as an outlier under the current Supervisory Outlier Test.	• Earnings at Risk • Modified Duration of Equity
Operational Risk (Including compliance risks)	The risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, including compliance risk.	We accept and thus tolerate a certain level of operational risk, as this is part and parcel of executing business activities. These risks are minimized within the boundaries determined by the complexity and size of the organization. Rabobank has no appetite for doing business with, or facilitating transactions for, persons or organizations engaged in criminal activity or those which could negatively impact the bank's reputation, or could lead to sanctions and/or financial loss.	• Total Net ORM Loss Amount ytd • Number of individual risks with an actual residual (medium-)high risk rating • Score RepTrak indicator • Overall Model Risk • Counter Terrorism Financing, Anti Money Laundering and Sanctions (CAMS) related overdue findings with significance 1 or 2

Risk Appetite and Risk Profile Performance

The overall risk profile of the bank is amber with an increasing risk outlook reflecting the potential impact of geopolitical and economic developments. For some operational risk (including compliance risk) indicators, Rabobank is not operating within the risk appetite. Rabobank is aware of these risks and the underlying drivers for the higher risk profile and is actively following up to lower the risk profile to accepted levels.



Macroeconomic developments

In 2022 the Eurozone major economies outperformed expectations, mainly driven by private consumption. Meanwhile, industrial activity stalled or slightly contracted, while service sector activity supported growth. Following a remarkably strong rebound from the Covid pandemic, the Dutch economy in 2022 started to struggle with higher inflation, higher interest rates and declining house prices.

Global economies have entered into a synchronized slowdown in 2022 The US continues to tighten its monetary policy, pushing the economy into recession from H2 2023. Emerging markets such as Brazil also tighten their monetary policies, which will suppress domestic demand. The Eurozone showed negative growth in Q4 2022, starting a contraction which is projected to last for several quarters. The energy crisis will haunt Europe for years, putting pressure on the business model of energy-intensive industries. In China, the economy faces headwind from a real estate crisis, the break with zero-covid policies, and increasing tensions with the West.

Although the supply chain disruptions have eased, they may result in new supply shocks in the future. The energy shock leads to shocks in other energy-intensive sectors such metals and chemicals, which in turn feeds into sectors further downstream. Besides, geopolitical tensions (from Russia-Ukraine war and between China and the West) have strengthened concern over the vulnerability of global supply chains.

Headline inflation may currently be near or already past its peak, core inflation looks set to be much more stubborn. The supply side of the economy has taken a hit resulting in a demand-supply mismatch. Wage developments are the other key risk to inflation over the medium term. The labor markets in many advanced economies are very tight. Even a recession may not ease the situation in the labor market as much as prior downturns.

In the Rabobank forecasts, the global GDP growth for 2023 is 2.2% (2022: 2.9%). For the Dutch economy a mild recession is foreseen with an expected growth rate of 0.6% in 2023. However, we do note that the uncertainties around the base case scenario are substantial. For the Netherlands, our baseline scenario looks as follows:

Baseline Scenario for the Netherlands

Year-on-year volume change (%)	*2021*	*2022*	*2023*	*2024*
Gross domestic product (GDP)	4.9	4.2	0.6	1.0
Private consumption	3.6	5.6	(0.2)	0.8
Business Investments	4.7	6.2	(0.3)	0.8
Housing investments	3.2	(0.4)	(5.5)	(4.5)
Government expenditure	4.3	(0.1)	2.2	2.6
Export volume of goods and services	5.3	4.4	1.4	2.4
Import volume of goods and services	4.0	3.4	1.2	2.8
Inflation (%)	2.8	11.9	4.5	5.6
Unemployment (%)	4.2	3.6	4.1	4.5

The following sections provide further detail on the risk profile per main Risk Type.

Business Risk

Business risk relates to the risk of loss due to decreasing volumes, (commercial) margins, fees, commission, other income or increasing (operating) costs caused by unexpected or temporary developments. Business risk is largely managed and measured through analyses on the most relevant risks for Rabobank's business model. These analyses support management in assessment, impact evaluation and management of the risks articulated. The Medium-Term Planning (MTP) process is key for managing business risk. In the MTP process, management sets the course of business for the coming year(s) based on different scenarios. In 2022 Rabobank developed a new scenario approach to determine the amount of business risk capital. Various scenarios provide both a basis for the calculation and quantification of the required capital, and qualitative insights into the impact on Rabobank's volumes, margins, cost, fees and commissions under a broad range of possible developments.

Risk Profile Performance

In 2022 we operated within risk appetite, with a CET1 ratio above target. Deposit margins have improved due to increasing interest rates. The potential impact of economic and geopolitical developments on business activities of our clients as well as on housing markets, leads to uncertainties. Mortgage volume is expected to stay under pressure due to increasing interest rates and subsequently less activity on the Dutch housing market.

Credit Risk

Our underwriting criteria, credit policies, various credit management triggers and extensive set of risk appetite indicators result in adequate and active steering, monitoring and reporting of the credit portfolio. This is vital to maintain a healthy credit profile in times characterized by rapidly changing economic and geopolitical circumstances and increasing regulatory expectations. This specifically includes active management of Non-Performing Loans (NPLs) based on our NPL strategy, and adherence to standards set by underwriting criteria while maintaining a realistic profitability.

Credit Portfolio

The asset quality of the portfolio held up quite well in 2022, but the outlook is more uncertain. Our NPL ratio has decreased over the prior years and has stabilized this year ending at 1.5% versus 1.6% at the end of 2021. This is lower than the Stage 3 ratio mainly because deposits at central banks are included in the denominator of the calculation. Our total NPL portfolio decreased from EUR 9.2 billion at year-end 2021 to EUR 8.6 billion at year-end 2022. The impact from the war in Ukraine and Covid19 on NPL inflow remained limited in 2022. However, uncertainty remains with key risks being inflation, high energy prices and supply chain disruptions, which could have an impact on NPLs as from 2023 for both business loans and mortgages.

Full-year 2022 impairment charges amounted to EUR 344 million (8 bps). The run-off of DLL's operations in Russia were responsible for a substantial part of our loan impairment charges. Expectations on rising credit risk due to the pandemic have not materialized and as a result Covid-19 related provisions for expected losses decreased by EUR 369 million to EUR 123 million, whilst we applied a EUR 161 million management adjustment to reflect the adverse macroeconomic conditions and uncertainties.

Economic expectations are based on our December baseline scenario, which we also used to calculate the model-based IFRS 9 allowances as per year-end 2022. In our IFRS 9 methodology, we generated a positive and negative scenario based on historical statistical variance. In our allowance calculations, the baseline scenario has a weight of 60%, the positive scenario of 10% and the negative scenario of 30%. Based on the outcomes of internal stress tests we fine-tune our multi-year forecasts of impairment charges and NPL development each quarter.

Impairment charges

Amounts in millions of euros	*2022*	*2021*	*2020*
Stage 1	34	(375)	419
Stage 2	55	76	474
Stage 3	255	(175)	1.020
Rabobank Group	**344**	**(474)**	**1.913**

The following table illustrates the stabilization of the defaulted part of the portfolio (stage 3) in 2022.

Stage composition portfolio

	2022	*2021*	*2020*
Stage 1	89,6%	91,6%	89,5%
Stage 2	8,6%	6,4%	7,5%
Stage 3	1,9%	2,0%	3,0%
Rabobank Group	**100%**	**100%**	**100%**

NPL strategy

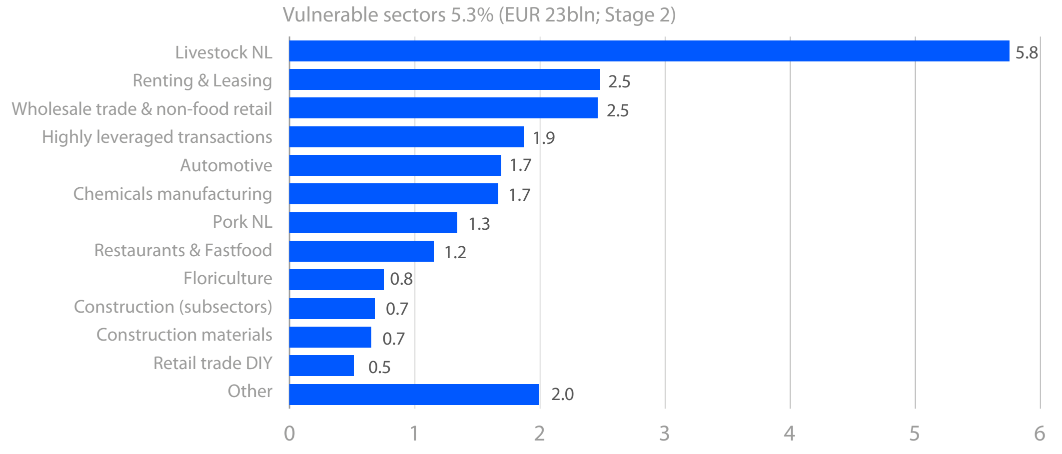
Our NPL portfolio is managed within the framework of a groupwide NPL strategy that is monitored closely. NPL targets have been set at group and business line level. Regional- or sector-related portfolio strategies are followed, where deemed necessary. Individual customer strategies are based on our mission and values to create new perspectives with our customers. Besides the required assessments with regard to the business and financial viability of each individual customer in financial distress, we also weigh the impact of the prudential backstop regulations. At the same time we strive to decrease the time span that clients are serviced by our financial restructuring and recovery departments as much as possible.

Multiple measures have been implemented to actively manage the NPL portfolio, including the sale of exposures in the secondary market and increased attention to vintage clients. A focus on setting clear milestones with our NPL clients and withdrawal from certain markets have further reduced our NPL portfolio.

Vulnerable Sectors

Vulnerable sector exposures are considered to have a significant increase in credit risk and are placed in stage 2. The classification of a sector as 'vulnerable' is based on an in-depth analysis on the impact of the macroeconomic developments (including geopolitical tensions, high inflation and energy prices) on its relative strength and outlook. Updating vulnerable sectors is done at least semi-annually.

Total private sector loan portfolio in EUR bln (December)

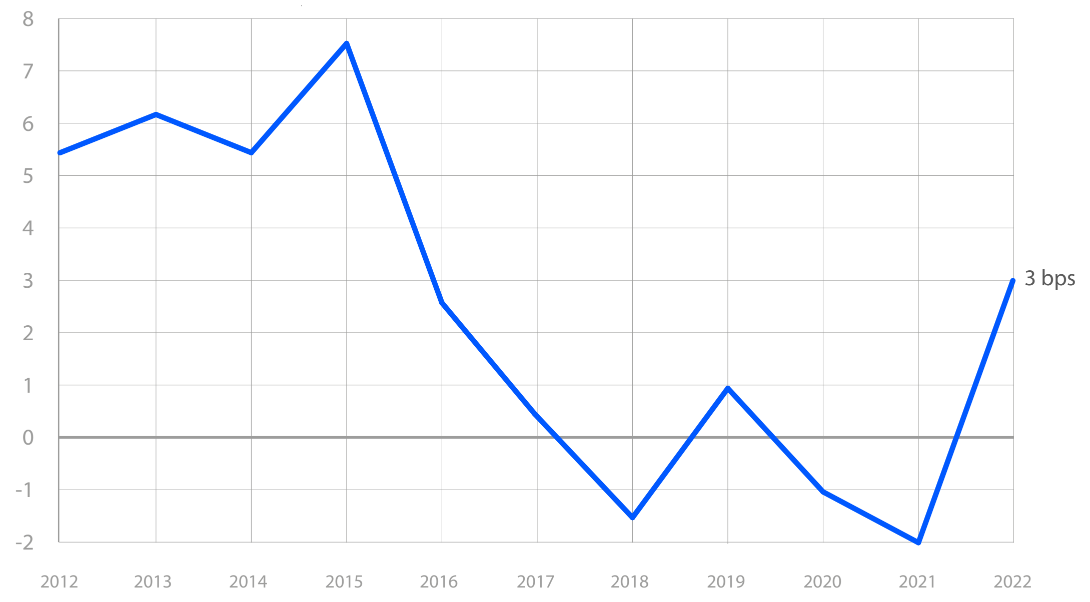


The vulnerable sector exposure increased to EUR 23.0 billion at year-end 2022 (versus EUR 10 billion per year-end 2021). Many covid-related vulnerable sectors were upgraded, while inflation, energy and labor and supply chain shortages turned various sectors into vulnerable. As a result of the nitrogen reduction targets announced by the Dutch government, a significant part of our exposure to livestock farmers has migrated to stage 2, despite very substantial government support packages available. This is also a reflection of the high level of uncertainty. For more background on the nitrogen topic please refer to our Meaningful Cooperative chapter.

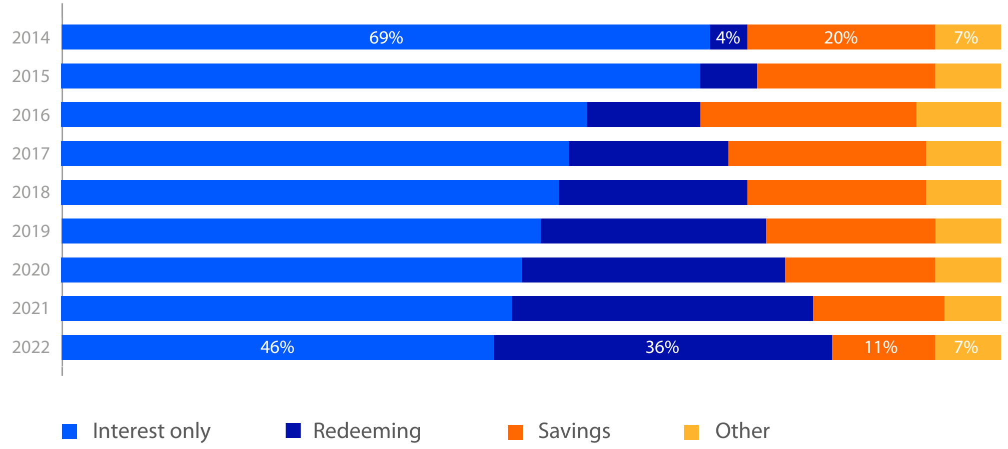
Mortgages

Almost half of our private sector loan portfolio consists of Dutch residential mortgages. In 2022, the performance of this mortgage loan portfolio was consistently strong. The quality of our residential mortgage loan portfolio remained high, with non-performing loans (NPL) showing only a small uptick compared to 2021, with a NPL ratio of 0.5% (2021: 0.3%) on December 31, 2022. The impairment charges on financial assets in this portfolio showed a net addition of 3 basis points. Total house sales remained high, but showed a decrease of nearly 15% compared to 2021. House prices increased by 13.6% on average in 2022 and are expected to be followed by a 3.0% decrease in 2023.

Net additions (bps)



Development by type of mortgage



Currently there are no clear indications of large scale/material affordability issues with our mortgage clients. Impact analyses currently show no material adverse impact from inflationary pressure and high energy prices on our mortgage portfolio, due to low unemployment levels and fixed interest rate mortgage contracts. Further factors mitigating any downward impact on our mortgage portfolio include the low average LTV ratio (51%) and the 16% portion of our portfolio that is NHG. Increased and strict monitoring remains in place and Rabobank proactively contacts vulnerable mortgage clients to prevent financial difficulties. Increased regulatory scrutiny on mortgages resulted in the introduction of the DNB macro-prudential add-on as of January 1, 2022, and stricter monitoring of exposure to interest-only mortgages.

The long-term fundamentals of the Dutch housing market remain strong. These include the structural shortage and supply constraints in the housing market (exacerbated by the Dutch nitrogen issue), low NPL ratios, stricter lending (including lower LTV and debt service-to-income caps) and mortgage interest deduction criteria starting from 2013, LTVs that have decreased materially over the last decade, and the social security system in place.

Climate-related and ESG Risk (C&E Risk)

The physical consequences (physical risk) of climate change (such as rising average temperatures and extreme weather events) and the transition to a climate-neutral economy (e.g. transition risk) are high on Rabobank's agenda. We are committed to the Paris Agreement goals; we are a signatory to the Net Zero Banking Alliance and consider it a shared responsibility to take action.

C&E risks impact the traditional risk types through transition channels, for example crop losses of a client impacting credit risk. The materiality of C&E risk as a driver for the traditional risks is assessed and part of Rabobank's risk taxonomy. Both physical and transition risks could impact the quality of our credit portfolio, especially our F&A, residential real estate, commercial real estate, transport and energy portfolios.

Significant climate-related and environmental related regulations and guidance for banks were issued in the last years. The denominator of the guidelines is the focus on environmental, social and governance (ESG) aspects. The ECB requires banks to adopt a full end-to-end approach of climate-related and environmental risks embedded across every aspect of the bank. In 2022, we continued to mature our approach on integrating the risk of climate change by developing climate risk management tools, processes and capabilities.

A C&E risk roadmap has been developed in 2020 to enable an integrated approach on climate alignment, business strategy and risk management. This year an ESG risk model vision roadmap was added. The focus is on (1) ESG risk assessment, through C&E risk heatmaps, scenario analysis and client risk scoring; (2) sector strategy, including vulnerable sector; (3) credit risk assessment, including provisioning modelling and stress testing; and (4) portfolio strategy, including pricing. The implementation of both the C&E risk roadmap and the roadmap on ESG risk model vision is a continuous journey with a risk-based approach. Please refer to the chapter Climate-related Financial Disclosure where we disclose our governance, strategy and risk management related to climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

C&E risk is translated into the IFRS provisions through multiple channels. (1) It is captured in the IFRS9 models through macro-economic developments; (2) It is embedded in individual client assessments; (3) It is included in the sector vulnerability assessments, and (4) Management adjustments are made for sectors or regions directly affected by climate. The first two points cannot be separately measured and quantified. For points 3 and 4 a management adjustment of EUR 88 million has been recorded.

Risk Profile Performance
In 2022 our credit risk profile was stable. We operated within our risk appetite for our key risk indicators. Only the impairment charges based on the adverse scenario in our mid-year stress breached the Early Warning Level at year-end. We continue to apply active steering and monitoring of the credit portfolio to maintain a healthy credit profile.

Liquidity Risk
The risk that Rabobank cannot fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. We are inherently exposed to funding and liquidity risk due to its maturity transformation function. Our liquidity management framework covers the risks inherent in Rabobank's strategy and business plan. The framework sets adequate buffers and contingency planning to cover potential liquidity needs that could result from prolonged and severe stress scenarios as calculated via the various stress tests.

More specifically, our liquidity management framework ensures that in a business-as-usual environment, Rabobank has an optimally diversified funding portfolio (in tenors, currencies and funding sources) that supports our client activities and a liquidity mismatch that resides within the bank's risk appetite boundaries. To cover severe stress, Rabobank ensures that it has adequate funding sources or buffer capacity available to be able to survive stressed liquidity conditions.

The importance of a healthy balance sheet and prudent liquidity risk management is fully embedded in Rabobank's strategy, budgeting, procedures and measurements.

Funding
The liquidity risk policy focuses on financing assets using stable funding, i.e. funds entrusted by customers and long-term wholesale funding. Prudent funding policies, a strong credit rating, and high capital levels are cornerstones for liquidity management. Rabobank takes various measures to avoid becoming overly dependent on a single source of wholesale funding. These include balanced diversification of financing sources regarding maturity, currencies, investors, geography and markets, a high degree of unsecured funding and therefore limited asset encumbrance, and an active and consistent investor relations policy.

Our funding mix consist of three building blocks: client deposits, issued debt and equity. Our sizable and sticky retail deposit base can be considered as the anchor of the funding mix. The deposit base is complemented by centrally sourced deposits from large cooperates and financial institutions. Rabobank's retail deposit base increased significantly on the back of the Covid-19 crisis.

In addition to deposits, Rabobank attracts funding through the issuance of debt instruments. This includes the issuance of subordinated and NPS instruments, driven by capital requirements (Tier2/MREL). Rabobank maintains a prudent maturity profile of its debt instruments, thereby assuring itself of a reliable funding base, whilst adding to the flexibility of the bank's balance sheet in terms of volume, tenor, currency when compared to client-related deposits. The following table shows a breakdown of our issued debt.

Issued debt

Amounts in billions of euros	*December 2022*	*December 2021*	*Change*
Issued debt	*124.4*	*121.7*	2.7
Of which short term debt securities	**38.7**	**25.3**	**13.4**
CD/CP	36.4	23.	13.3
ABCP	2.3	2.2	0.1
Of which long term debt securities	**85.8**	**96.3**	**-10.5**
Senior preferred	24.8	40.0	-15.2
Senior non-preferred	19.8	14.2	5.6
RMBS and ABS	13.3	17.1	-3.9
Covered Bonds	17.9	15.3	2.6
Subordinated debt securities	10.1	9.8	0.3

The amount of outstanding debt increased by EUR 2.7 billion in total. The short-term debt securities (ABCP and CD/CP) increased with EUR 13.4 billion, where the CD/CP was the main driver for the bulk of the increase (+EUR 13.3 billion). The outstanding long-term debt securities reduced with EUR 10.5 billion; this reduction was mainly the result of the reduction of the outstanding amount of Preferred Senior (PS) (-EUR 15.2 billion). The increase of EUR 5.6 billion of Non-Preferred Senior (NPS) is on the back of Basel 4 compliance.

Liquidity is managed centrally, which means that individual locations adhere to the strategic principles of maintaining a stable, diversified & optimized funding mix on Group level whilst seeking their own funding and minimizing local liquidity gaps. The strategic principle of stable funding is also applicable on a currency-specific level. This ensures a diversified funding portfolio and sustainable structural liquidity mismatch, indicating the stress absorption capability in the long term that resides within the bank's risk appetite boundaries.

Balance Sheet Risk			
Liquidity - structural liquidity mismatch (%)	*2022*	*2021*	*Change*
Net Stable Funding Ratio (NSFR)	131%	130%	1%
Loans To Stable Funding (LTSF)	87%	83%	3%
Loan-to-Deposit Ratio (LTD)	111%	112%	-1%
Asset Encumbrance	12%	20%	-8%

One of the major indicator used for measurement, monitoring and management of long term structural liquidity mismatch is the Net Stable Funding Ratio (NSFR). The NSFR is to provide insight into the level of available versus required stable funding. Throughout 2022 the NSFR performed solidly and well above the regulatory requirement of 100%. At year-end, the NSFR surplus was EUR 103 billion and the ratio stood at 131%. The NSFR levels are not influenced by Targeted Longer-Term Refinancing Operations (TLTRO) payments in 2022.

The Loan-to-Deposits (LtD) ratio measures the degree to which loan activity to customers is funded by deposits from non-financial corporates (NFCs) and households. It is an indicator for the relative reliance on wholesale funding. During the year the LtD remained stable around 110%. The deposit amount increased mostly due to a continued robust growth of Dutch retail deposits.

The Loan to Stable Funding (LtSF) ratio is an internal economic metric, which is related to the LtD ratio. It measures the lending portfolio against stable funding (> 1 year) and the ratio is targeted to ensure sufficient stable funding to cover lending activities. The ratio was relatively stable and moved between 83% and 89%, with a year-end ratio of 87%.

Asset Encumbrance (AE) is the result of providing assets as collateral for certain liabilities. It poses risks to unsecured creditors that are unable to benefit from the liquidation of encumbered assets in case of insolvency. Over the past years, Rabobank has progressively increased its Asset Encumbrance (AE) ratio by raising secured funding, to further diversify the bank's funding base and to reduce funding costs. The TLTRO III participations was also the main driver of the AE ratio increase in 2021 and 2022. The ratio decreased from 19% (September-end 2022) to 12% as per December-end 2022. The decrease is the result of the TLTRO prepayments at the last quarter of 2022. Rabobank's AE is at a satisfactory level and well within the internal targets.

Short-term Liquidity Resilience

Another key component of liquidity management is to maintain a substantial high-quality buffer of liquid assets. Besides credit balances held at central banks, these assets can be pledged to central banks in repo transactions, or can be sold directly in the market to generate liquidity immediately. In addition, Rabobank has securitized a portion of the mortgage and SME loan portfolio internally, which means it can be pledged to the central bank. Since this concerns retained securitizations, it is not reflected in the consolidated balance sheet.

Our liquidity buffer consists of cash at central bank and qualifying securities in the different Treasury books with a High Quality Liquid Assets (HQLA).

Liquidity Buffer Composition			
Amounts in millions of euros	*2022*	*2021*	*Change*
Cash and central bank receivables	125.0	116.6	8.4
Level 1 assets	12.2	11.4	0.8
Level 2 assets	0.5	2.5	-1.9
Core Buffer (HQLA)	**137.7**	**130.5**	**7.3**

The liquidity buffer has sufficient capacity to cover the net outflows in a stress scenario, as reflected by the Liquidity Coverage Ratio (LCR) and internal stress test results. Throughout 2022, Rabobank's liquidity buffer remained at a prudent level and the LCR was managed comfortably above the regulatory limits and internal targets.

Liquidity Coverage Ratio			
	2022	*2021*	*Change*
Group LCR	156%	184%	-28%

At year-end, the Rabobank Group LCR stood at 156% (EUR 49 billion surplus amount)..

As well as maintaining a buffer, we set strict limits for the maximum outgoing cash flows within the wholesale banking business. Rabobank measures and reports on a daily basis what incoming and outgoing cash flows can be expected during the next 12 months. Limits have been set for these outgoing cash flows, including for each currency and each location. Detailed plans have been drawn up for contingency funding to ensure the bank is prepared for potential crisis situations. Periodic operational tests are performed for these contingency funding plans.

Scenario analyses are performed each month to determine the potential consequences of a wide range of stress scenarios (liquidity stress testing). The analyses cover market-specific scenarios, Rabobank-specific scenarios and a combination of both. Monthly reports on the Group's overall liquidity position are submitted to the Dutch Central Bank. These reports are prepared in accordance with the guidelines drawn up by this supervisory authority.

Risk Profile Performance

In 2022 Rabobank maintained a strong liquidity position and managed its liquidity surplus comfortably above the internally defined risk limits and external regulatory requirements. Rabobank prepaid EUR 40 billion of its TLTRO III participations in 2022 without affecting its healthy liquidity position.

The USD balance sheet is of strategic importance for the bank. Specific monitoring and reporting of the USD funding and liquidity position is in place, including a USD-specific LCR and NSFR. Rabobank has maintained a solid liquidity position with good continuous access to USD funding.

Market Risk

Market risk entails the risk of losses in on- and off-balance sheet positions arising from movements in market prices. Risk related to the price risk in trading book and to the price risk in loan underwriting business, is managed and monitored through the market risk framework, whereas the risk in the banking book is managed through the framework set out in Interest Rate Risk in the Banking Book. We aim for a modest exposure to market movements in our trading environment, with client risk redistribution, dynamic management by hedging and low secondary market activity as part of our strategy. We manage and monitor market risk in the trading environment on a daily basis within the market risk framework.

Within the trading environment, the most significant types of market risk are interest rate risk (including basis risk); credit spread risk; commodity risk; and currency risk. The main risk metrics used to measure the overall risk appetite for Rabobank are:

Event Risk: considered the most important indicator in the market risk framework. For Trading environment, it is based on loss estimates generated from extreme, but plausible, moves in risk factors by using sensitivity, hypothetical, and historical stress scenarios. For Rabobank, Event risk in the trading environment is mostly driven by bond yield and interest rate related scenarios.

Value at Risk (VaR): used alongside Event risk in the trading environment, VaR forms an important part of our market risk framework. The VaR model is based on a historical simulation that uses one year of historical data. Similar to event risk, VaR is mainly driven by bond inventories and interest rate risk in EUR and USD. In addition, we use an extensive set of complementary parameters and controls to monitor market risk in the trading book.

The Loan Underwriting business is managed based on various specific limits including notional and event risk.

Risk Profile Performance

Financial markets experienced a period of high volatility. Despite the high volatility, Rabobank's main market risk indicators- remained well within the risk appetite.

Interest Rate & Credit Spread Risk in the Banking Book

Rabobank manages its balance sheet in order to protect and optimize the Asset & Liability positions as part of the ambition of being a rock-solid bank. This includes the management of IRRBB and CSRBB. Interest Rate Risk in the Banking Book (IRRBB) is a key risk type within Rabobank and is defined as the current or prospective risk to both the earnings and the economic value of equity arising from adverse movements in interest rates. It follows from the fundamental role of Rabobank as a Retail bank: the investment of capital and the transformation of on-demand deposits (like variable rate savings deposits or Non-Maturing Deposits (NMDs)), and other funding with short maturities and interest rate tenors, into loans with long maturities and interest rate tenors (like fixed rate mortgages).

To monitor the balance sheet exposure we have validated risk metrics in place that measure the interest rate risk from the perspectives of earnings and economic value. The main key risk metrics in place are the Modified Duration (MD) and the Earnings at Risk (EaR). Modified Duration (MD) is defined as the relative change in economic value resulting from a 1%-point parallel upward shock of the relevant yield curves (per currency). Earnings at Risk (EaR) measures the interest rate sensitivity of Net Interest Income (NII) in the context of ongoing interest rate management. Next to the internal key risk metrics, the Supervisory Outlier Test (SOT) is another important risk metric and defined as the absolute change in Economic Value of Equity resulting from six regulatory-prescribed scenarios applied to the relevant yield curves (per currency). SOT is a regulatory-prescribed measure and measures gap risk and option risk and is presented in the pillar 3 report of the bank.

Credit spread risk in the banking book (CSRBB) refers to the risk that is driven by changes in the market perception of the price of credit risk, liquidity premium and potentially other components of credit-risky instruments introducing fluctuations in the price which are not explained by IRRBB or by expected credit/(jump-to-) default risk. The main source for credit spread risk is from bonds held for liquidity purposes.

Based on regulatory developments late in 2021[1], credit spread risk in the banking book was included as a risk sub-type falling under the IRRBB Policy and Standard. The requirements regarding CSRBB serve to ensure that CSRBB exposures are identified and assessed adequately, monitored, and controlled.

CSRBB has been assessed as a material risk for Rabobank for which capital is allocated under the Pillar 2 framework as part of IRRBB. Currently, Rabobank follows a strategy towards CSRBB as a result of holding a liquidity portfolio (CSRBB as part of the liquidity buffer).

Risk Profile Performance

Against the backdrop of geopolitical tensions and high inflation, interest rates rose sharply in 2022. In line with Rabobank's IRRBB strategy, the sharp rise of interest rates has triggered increased IRRBB positioning and hence higher limit utilization to stabilize earnings on a higher interest rate level. Under revised adverse risk scenarios that reflect the larger downward shock potential of interest rates this has led to a Group risk appetite breach for Earnings at Risk. Earnings at Risk appetite for both Group and its underlying entities have been analyzed and (for 2023) increased modestly to reflect changed markets conditions and Rabobank strategy. Rabobank's CSRBB profile has been managed fairly stable and well within risk appetite.

Going forward, vigilance is required in view of a volatile interest rate environment affected by high inflation and recession fears. Effects on Non-Maturing Deposits (NMDs) and mortgage prepayment behavior are monitored and managed closely. Rapid interest rate increases also have an impact on the bank's economic value and earnings. While internal steering portfolios follow a pre-approved IRRBB strategy with potential increases of duration and mismatch position, the biggest risks in a volatile rate environment originate from Non-Maturing Deposits (NMDs) and prepayment behavior. Rabobank has invested its NMD's interest rates typically short. This is advantageous under rising rates where investments will closely follow the market. Increasing rates and a cooling housing market have adverse effects on the mortgage portfolio and funding costs. Prepayment risk assumptions and hedging are continuously being monitored and reviewed to reflect, among other things, recent swap rate movements and lower housing market activity. Lower prepayment incentives due to higher rates have reduced both the Constant Prepayment Rate (prolonging the portfolio) and new mortgage production volumes.

Operational Risk

Operational risk is the risk of financial, regulatory and reputational impact due to inadequate or failing processes, people, systems and /or external events. Exposure to operational risk is an inevitable part of Rabobank's business activities. Rabobank aims to manage this risk within the boundaries set by our risk appetite as appropriate to the complexity and size of our organization and to monitor the risk actively and take additional action where needed. Managing operational risks is an integral part of the way we do business and is supported by our risk and control activities.

Model Risk

Model risk is defined as the potential loss or other adverse consequences an institution may incur, as a consequence of wrong decisions based on the output of models, due to errors in the development, implementation or use of such models. Rabobank applies a comprehensive Model Risk Management approach to model development, validation, approval and use of models. Further substantial efforts are being undertaken to improve and mitigate model risk and build towards regulatory compliance. However, there are still considerable challenges with respect to data quality, getting all KYC models validated and return to compliance regarding the credit models. Another key element in the outlook for 2023 is the integration of the upcoming European Artificial Intelligence (AI) Act in Rabobank's Model Risk Management practice.

Transformation Risk

Transformation risk within Rabobank refers to the risk of not meeting change objectives as well as the risk of putting too much strain on the change capacity of the organization. Given that Rabobank has an ambitious change agenda that impacts most areas within the bank therefore transformation risk is ever present. The large delivery calendar puts strain on people, processes and IT. To improve prioritization and focus, the Management Board has defined critical priorities for which the progress is centrally monitored.

Product Governance

Providing the right products and services to our clients is key. Our products must fit the needs of our clients and adhere to regulatory and internal requirements. We are strengthening our product governance and implementing a consistent process across the bank in which product owners take a forward-looking view, as well as a broad business-environment view.

Information Technology

Technological developments change the way clients pay and do their banking activities. Rabobank has a strong customer focus and innovates by creating financial solutions leveraging modern technology. By continuously renewing information systems and infrastructure components, Rabobank increases agility of IT, thereby reducing the time-to-market for innovations. The main challenge is to find a balance between long lasting decommissioning programs and fast changing IT requirements. Modern cloud technology is a cornerstone to deliver flexible and secure IT solutions. Decommission of end-of life systems and the volume of patches to solve software vulnerabilities, increase risks. This is partly offset by our Agile way of working in which smaller changes have lower impact and are more easy to manage.

1 In the EBA Consultation paper (EBA/CP/2021/26) on common procedures and methodologies for the SREP and supervisory stress testing under Directive 2013/36/EU and EBA Consultation paper (EBA/CP/2021/37) on draft Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying aspects of the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities.

Information Security / Cybercrime

Cyber risk continues to represent a considerable challenge as technology becomes more complex, more interconnected and more intertwined. We are constantly improving processes and technology to counter existing and future attack methods by developing our knowledge and expertise. As technology is becoming more complex, digital operational resilience is becoming more important. Rabobank delivers secure banking services and continuously maintains our security levels, in order to keep the trust of our customers. Rabobank is co-founder of the Circle of Trust (CoT), which is an initiative in which the Chief Information Security Officers of the 10 largest organizations in the Netherlands share threat intelligence information and help each other to become even more cyber-resilient. In addition, Rabobank is closely engaged with the Dutch National Cyber Security Centre to be informed with emerging threats, to continuously strengthen security measures. In 2022, our security capabilities are further improved, for example related to the protection of information, detection of anomalies and adequate recovery.

Third Party risk / Outsourcing

The use of third-party vendors and outsourcing parties within Rabobank is still growing. Rabobank is using a solid design for managing third-party risk and revised the governance structure including the bank-wide implementation of a tool to monitor the workflow of third parties.

Data Management risk

There has been an increased focus on Data Management over the last couple of years and it has been identified as a critical priority for the bank. Focus is on strengthening the data management capabilities, including KYC models, Risk Models, Sustainability and Reporting (BCBS239). To further enhance controls to monitor the risk profile, Rabobank has updated the risks andcontrols for data quality in 2022. Enterprise-wide implementation of this updated framework has been finalized and second line involvement has increased. Despite all our efforts and achievements in 2022, Rabobank maintains the ambition to mature its data management capabilities further during 2023. Focus will be on improving data quality of (historical) data for KYC models, risk models and reporting.

Compliance Risk

We want to be compliant with applicable laws and other regulatory requirements. We also want to operate in the spirit of the law and act in the best interests of our clients. To support this ambition, we have implemented a robust Compliance framework.

Financial Economic Crime

As a gatekeeper to the financial system, Rabobank plays an important role in detecting and preventing financial economic crime. Rabobank is committed to take all necessary measures to prevent that products and services of Rabobank are used for money-laundering, financing of terrorism or breach sanctions. With this, Rabobank wants to prevent that through its products and services the financial system is used for harmful behavior impacting our clients and society. We are committed to comply with all applicable laws and regulations.

DNB instruction and remediation

On 23 December 2021, Rabobank received an Instruction (*aanwijzing*) from the Dutch Central Bank (DNB). DNB ordered Rabobank to remedy deficiencies regarding its Dutch retail division's compliance with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financieren van terrorisme, Wwft*) by 15 December 2023. On 22 September 2022, DNB allowed Rabobank for an extension until (and including) 31 December 2024. The deficiencies mainly concern the execution, recording and outsourcing of client due diligence, transaction monitoring and reporting of unusual transactions. The remediation plan that was sent to DNB at the end of June 2022 addresses these deficiencies and aims to further enhance processes and supporting systems to prevent and detect money laundering and financing of terrorism. Furthermore, additional resources are trained and allocated to ensure that all documentation on client due diligence and transaction monitoring of existing and former clients and related transactions, as included in the plan, comply with Wwft-requirements, for which a provision of EUR 146 million is included in Rabobank's 2022 Financial Statements (which provision amounted to EUR 249 million in the 2021 financial statements). To execute the plan, the group's worldwide FEC workforce expanded to over 7,000 FTEs in 2022 compared to approximately 4,650 FTEs) in 2021. Rabobank also continued to invest in automation and innovation of processes and technology, such as artificial intelligence and robotics. In 2022, Rabobank spent approximately EUR 735 million on FEC compliance (including DLL and Obvion). Due to additions and usage of the provision the expenses charged to the statement of income in 2022 are EUR 632 million.

In 2022, we enhanced our annual Systematic Integrity Risk Analysis (SIRA), which assesses inherent and residual integrity risks related to FEC and the effectiveness of relevant processes and controls that Rabobank has in place. The SIRA provides insight into the FEC risks that Rabobank is exposed to, so we can appropriately manage these risks within our risk appetite. We monitor our FEC compliance and related risks on an ongoing basis against a set of qualitative and quantitative key risk indicators.

While Rabobank has made improvements and continues to do so, the bank acknowledges that at this point in time it has not yet remedied the identified deficiencies. Rabobank will therefore continue its efforts and investments in the required expertise, technology and systems to build a robust and sustainable FEC organization that ensures that Rabobank adequately meets the requirements of the Wwft.

Rabobank's remediation program is executed under the direct responsibility of the Managing Board. In 2022, a new board position has been created with a specific focus on FEC remediation and management. As of October 1, 2022, Mr. Philippe Vollot started as Chief Financial Economic Crime Officer at Rabobank (CFECO).

The Supervisory Board will continue to oversee the remediation program, amongst others by means of a dedicated (temporary) committee. Rabobank remains in constant dialogue on progress of the remediation program with DNB.

Dutch Public Prosecution Service

On 7 December 2022 Rabobank announced that the Dutch Public Prosecution Service considers Rabobank a suspect in connection with the violation of the Wwft and that an investigation is ongoing. This follows the earlier announcement by DNB to Rabobank in 2021 (communicated by Rabobank on 15 November 2021) that a punitive enforcement procedure will be started. Rabobank is fully cooperating with this investigation. It is currently too early to determine the timeframe or potential outcome of the ongoing investigation. The nature and materiality of subsequent fines, penalties or other related actions cannot be reliably estimated either, other than stating these have the potential to be significant.

Collaboration

Notwithstanding our responsibility to adequately meet the requirements of the Wwft, ensuring the integrity of the financial system requires effective collaboration of gatekeepers, Financial Intelligence Unit (FIU), law enforcement, legislators and supervisors. Rabobank will continue to promote close collaboration between banks and the various parties in the public sector. Transaction Monitoring Netherlands (TMNL), in which certain transactions of five Dutch banks are monitored collectively, is a first important step to further improve effective prevention and detection of money laundering. When passed, the draft legislation at national level (in Dutch: *Plan van Aanpak Witwassen*) and at EU level (AMLR) will assist in embedding a legal basis and enhance collaboration when passed. Local and international cooperation is of the utmost importance to prevent large, internationally operating criminal organizations from misusing the financial system. It is our strong belief that in a better world there is no place for criminal money obtained from activities such as drug trafficking, human trafficking, arms trafficking and child labor flowing through the financial system.

European Union Competition Law Proceedings

As announced by the European Commission on 6 December 2022 by means of a press release, the Commission has initiated antitrust proceedings against Rabobank and one other bank. These proceedings relate to conduct on the secondary market for Euro-denominated "Sovereign, SSA (Supra-Sovereign, Foreign Sovereign, Sub-Sovereign/Agency), Covered and Government Guaranteed bonds." In these proceedings, the Commission is investigating bilateral contacts between certain traders at Rabobank and the other bank in Europe in the period between 2005 and 2016 that the Commission is concerned may have infringed EU competition law. Rabobank is cooperating with this investigation.

Currently, the Commission has issued a statement of objections (SO) informing the parties of the objections raised against them. The SO reflects the Commission's preliminary views on the matter and does not prejudge the outcome of the investigation. Consequently, the parties can examine the documents in the Commission's investigation file, reply in writing and request an oral hearing. If the Commission, after having heard the oral and written replies from the parties, concludes that there is proof for an infringement, it can adopt a decision prohibiting the conduct and imposing a fine. There is no legal deadline for the Commission to complete its investigation. The duration of such investigation depends on a number of factors, including the complexity of the case. The parties have a right to appeal the Commission's decision before the court.

Rabobank does not admit the preliminary allegations raised by the Commission and intends to strongly defend itself against these objections. Without acknowledging any liability, Rabobank considers the probability of an outflow of funds as a consequence of the Commission's investigation more likely than not given the Commission's past practice of issuing a fining decision following this phase of the procedure. Against this background, Rabobank has recognised a provision.

Relatedly, a putative class action suit was brought against Rabobank and the other bank by civil plaintiffs before the United States District Court for the Southern District of New York on 9 December 2022. These civil proceedings are at an early stage and no claim for damages has been quantified as yet. Rabobank takes the stance that it has substantive and convincing legal and factual defenses against the claims made, and Rabobank intends to continue to defend itself against these claims. Rabobank has not taken a provision in respect of these civil proceedings as the bank considers the outflow of funds more than remote but less than likely. As it is currently difficult to predict an eventual outcome Rabobank is not able to quantify this contingent liability.

Sanctions

Rabobank adheres to sanction regulations in the provision of services and in all other activities undertaken. The bank has policies, procedures, and internal controls in place to comply with sanctions imposed by the various international and local bodies and ensures proper reporting to DNB and/or the Financial Intelligence Unit (FIU) and other local competent authorities. Rabobank ensures to implement all applicable sanction regulations.

Fraud

The majority of fraud loss events in 2022 continue to relate to external fraud with cards and electronic fund transfers. The number of incidents and the amount of fraud losses is still substantial. The focus of mitigating measures is mainly on (client) awareness, detection, optimizing processes and collaborations with other banks and government bodies. Criminals tend to seek more different modus operandi to defraud our clients. They are increasingly moving toward boiler room and advance fee scams which are beyond the grasp of the bank. Through awareness campaigns, banks in the Netherlands attempt to prevent clients from becoming a victim of fraud. From a bank's perspective it is very difficult to mitigate non-banking fraud as it is near to impossible to control our clients' actions outside the bank environment. Creating awareness among our clients is key and that is exactly what Rabobank tries to accomplish via its payment products, social media platforms and interbank collaborations. Recently the Dutch Banker's Association (NVB) launched an awareness campaign to combat fraud incidents in the Netherlands.

Anti-Corruption and Anti-Bribery

We are committed to applying high standards of honesty and integrity consistently across our global operations and in all our business dealings. Rabobank has zero tolerance towards and is committed to fighting corruption and bribery. We implemented controls on background screening to mitigate the risk of corruption when entering into, and throughout the relationship with a client, business partner and/or employee.

We encourage our staff to report any suspicion of bribery or other form of corruption. Our policies prescribe that when bribery or other forms of corruption come to our attention, we will engage with the customer, business partner or employee and take adequate measures.

Transaction Reporting

With the aim of obtaining better insight into trading activities, supervisors are continuously stepping up transaction reporting requirements for transactions in financial instruments worldwide. Banks have the regulatory obligation to report on all Over the Counter (OTC) trades, across a wide range of financial instruments within a given time frame. Rabobank has to comply with transaction reporting requirements in multiple jurisdictions. We aim to ensure the adequacy, accuracy and timeliness of transaction reporting. In 2022, we focused on the delivery of an enhanced IT reporting solution and other structural improvements regarding risks and controls including enhancement of action management. Rabobank expects to have its transaction reporting risks on an adequate level in 2023.

Data Privacy

Managing confidentiality of data is a prerequisite for safeguarding the privacy of clients and employees. In 2022, Rabobank made good progress in ownership of data privacy, setting clear milestones and timelines for key issues and improved steering. Furthermore, Rabobank focused on the implementation of revised Global Standards on Privacy by Design and Data Breach Management and the Schrems II project (including Data Transfer Impact Assessments). We further strengthened our privacy governance and established a new Data Protection Committee. Testing shows that the effectiveness of data privacy controls should be further improved. Challenges also remain regarding the information security. Data privacy will remain an important risk to be monitored closely over the coming years, due to the challenging privacy landscape. New EU regulations are expected, as well as developments in EU and US negotiations regarding data transfers and Data Privacy Act (DPA) guidance. In 2023, data privacy remains one of the critical priorities for Rabobank.

Treating Clients Fairly

External developments underpin the importance of our daily focus on client care and on continuously serving our clients, more specifically those in financial distress. Our main risks relate to suitable advice, providing information and relationship management.

During 2022 we improved our accessibility for our clients with frequent reviews and adjustments of our products, services, and acceptance criteria. We further digitalized our main processes to be able to respond quickly to the needs of both our private- and business clients. These measures will be continued in 2023, bearing in mind the insight that what was normal yesterday triggers discussion today and needs to be adjusted tomorrow.

Risk Profile Performance

The operational risk profile, including compliance risk profile, remains high and above risk appetite levels. This includes model risk for compliance (KYC) and credit risk models. Most of Rabobank’s operational losses materialized in conduct, external fraud and process execution failures. Compliance related risks are mainly driven by FEC and conduct (including Treating Clients Fairly and Data Privacy). Remediation programs are continuing to lower the operational risk profile to accepted levels. Looking forward, the battle for talent is expected to increase and steps have been taken to attract and retain talent and to retain current staff.

Climate-related Financial Disclosures and EU Taxonomy

At Rabobank, sustainability is an integral part of our corporate mission: "Growing a better world together." We are committed to making a difference as a cooperative, client-driven, all-finance bank. We want to contribute to feeding the world sustainably, transforming the way we produce and consume energy, and to fostering well-being and prosperity in the communities in which we are active. We aim to be a responsible bank, addressing issues that have a major impact on society, the environment, and on our clients. This is why we actively engage in facilitating transitions which matter to us and our stakeholders now and in the future: the Food Transition, the Climate and Energy Transition, and the Transition to a More Inclusive Society.

In line with the recommendations (2017) of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose information relating to the potential financial impact of climate change. Next to that we disclose our EU Taxonomy eligible assets.

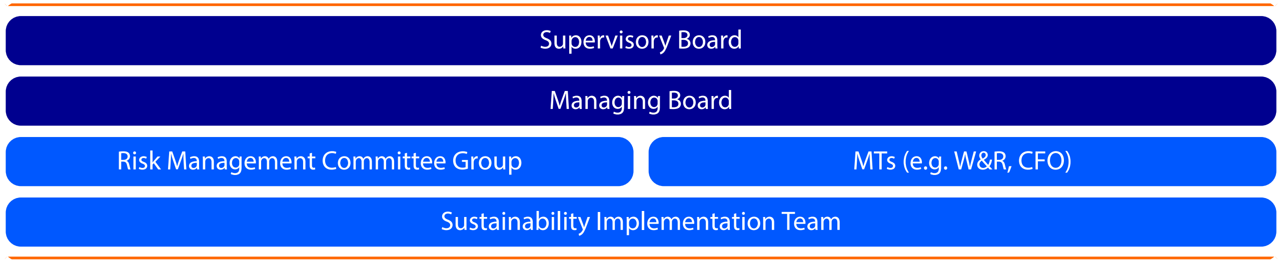
Governance

Supervisory Board

The Supervisory Board is responsible for oversight, including oversight of climate-related and ESG matters. For more detail, see the report of the Supervisory Board. The Supervisory Board receives regular updates from the Managing Board on sustainability strategy, impact, risks, reporting and in specific urgent cases, such as nitrogen.

Managing Board

The Managing Board (MB) sets Rabobank's sustainability ambition and is accountable for the group sustainability strategy and roadmap. The Chief Sustainability Officer reports to the Chair of the MB. The MB approves the sustainability strategy/ roadmap, ensures that sufficient resources are available for sustainability initiatives, and receives monthly progress updates on the key (strategic) sustainability initiatives. If needed, the MB will take corrective action. In addition, the MB members responsible for the business lines are ambassadors for the Food Transition, Energy Transition, and the Transition to a More Inclusive Society.



Risk Management Committee Group

The Risk Management Committee at Rabobank Group level is mandated by the MB to oversee the implementation of the risk management framework, perform risk monitoring and reporting, and perform oversight of new risk regulation including climate-related and ESG risks. The RMC Group is chaired by the Chief Risk Officer (CRO) and includes members of senior management. The RMC Group provides oversight of the firm’s Risk Appetite Statement, which describes the levels and types of risks that Rabobank is willing to accept in order to achieve its strategic goals while remaining in compliance with regulatory requirements, including climate-related and ESG risk guidance. As part of its oversight, the RMC Group receives updates on our risk management approach to climate risk, including our approaches to stress testing and our integration into existing risk management processes.

Sustainability Implementation Team

The Sustainability Implementation Team (IMT) consists of senior management representatives of the key domains and is chaired by the Chief Sustainability Officer. The IMT ensures the implementation of sustainability decisions across the bank and in their own domains, and approves implementation plans for key sustainability topics.

It also provides recommendations to the MB on decision making regarding sustainability strategy, ambitions, and resources (e.g. FTEs). The IMT is mandated to guide and align the different sustainability activities within Rabobank. The approval of our (sustainability) policies is not in scope of the IMT. The approval of sustainability policies follows the regular governance, which runs through the Management Teams (MTs), MB, and Risk Management Committee Group.

The ESG governance structure comprises the Sustainability Implementation Team (meeting bi-weekly), supported by a Sustainability Focus Group, a Technical Review Committee, and a Sustainability Data and IT Committee. The mandate, and roles and responsibilities of the IMT and the supporting committees are detailed in the Terms of Reference (ToR) of each committee. These are discussed and approved by the IMT, with the exception of the ToR of the IMT, which is approved by the MB.

KPIs and Remuneration

Integrating climate-related and ESG matters into our business activities is of the utmost importance to our sustainability ambitions. Based on our strategic direction, we develop appropriate business plans with targets that are aligned with or aggregated in the KPIs of the MB. Our business entities work closely with the Sustainability Department in setting our sustainability ambitions and goals. Our performance targets include (where relevant) the bank's ESG objectives. All members of the MB have a shared KPI set with three sustainability KPIs with regard to products and services, customer performance, and carbon footprint. One of the KPIs is a CO2 emission reduction target for our own business operations. At least half of the performance management indicators are linked to non-financial KPIs. For more details on remuneration please refer to the Remuneration section.

Climate Strategy

Our three transitions are multifaceted and incorporate several sustainability issues, including climate change, biodiversity, water management, and pollution. In our Impact Report, we give a more comprehensive view of our target strategy, approach, and progress on these transitions. "Our Road to Paris" report zooms in on our approach to climate change, which cuts across all three transitions and is our primary focus at the moment. The sector/region transition plans in "Our Road to Paris" report provide more detail on our ambitions.

Climate Risk Management

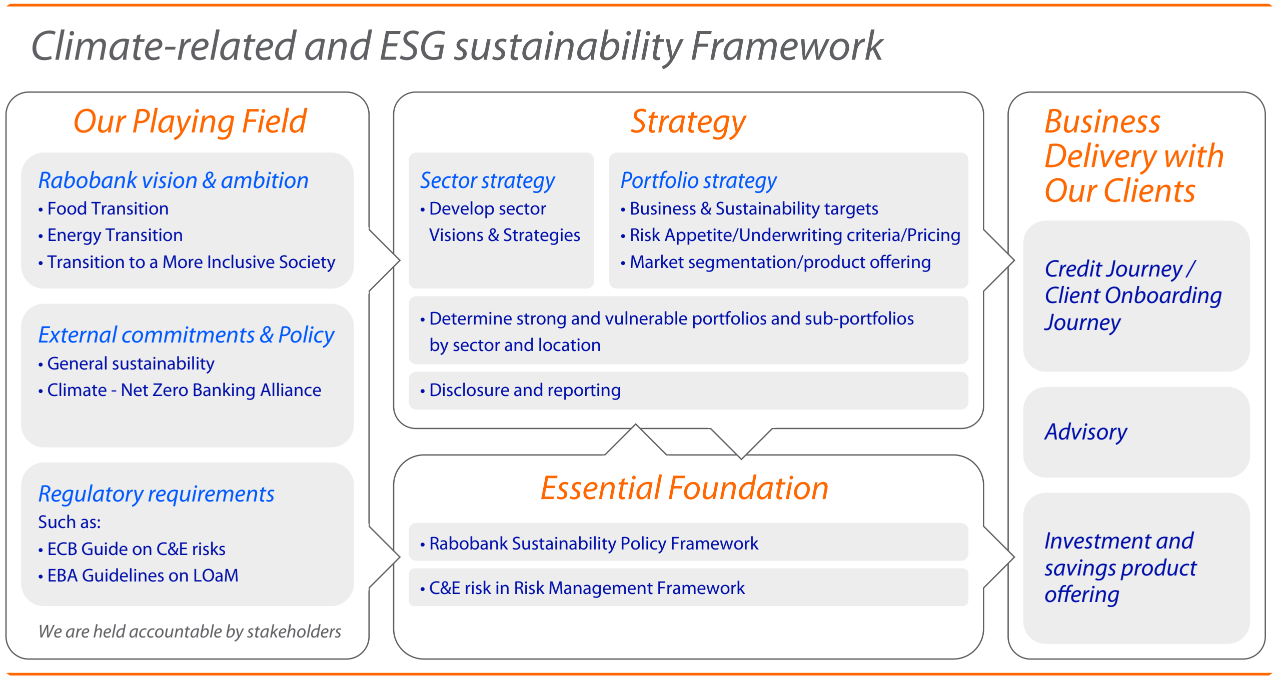
Our Approach to Climate Risk

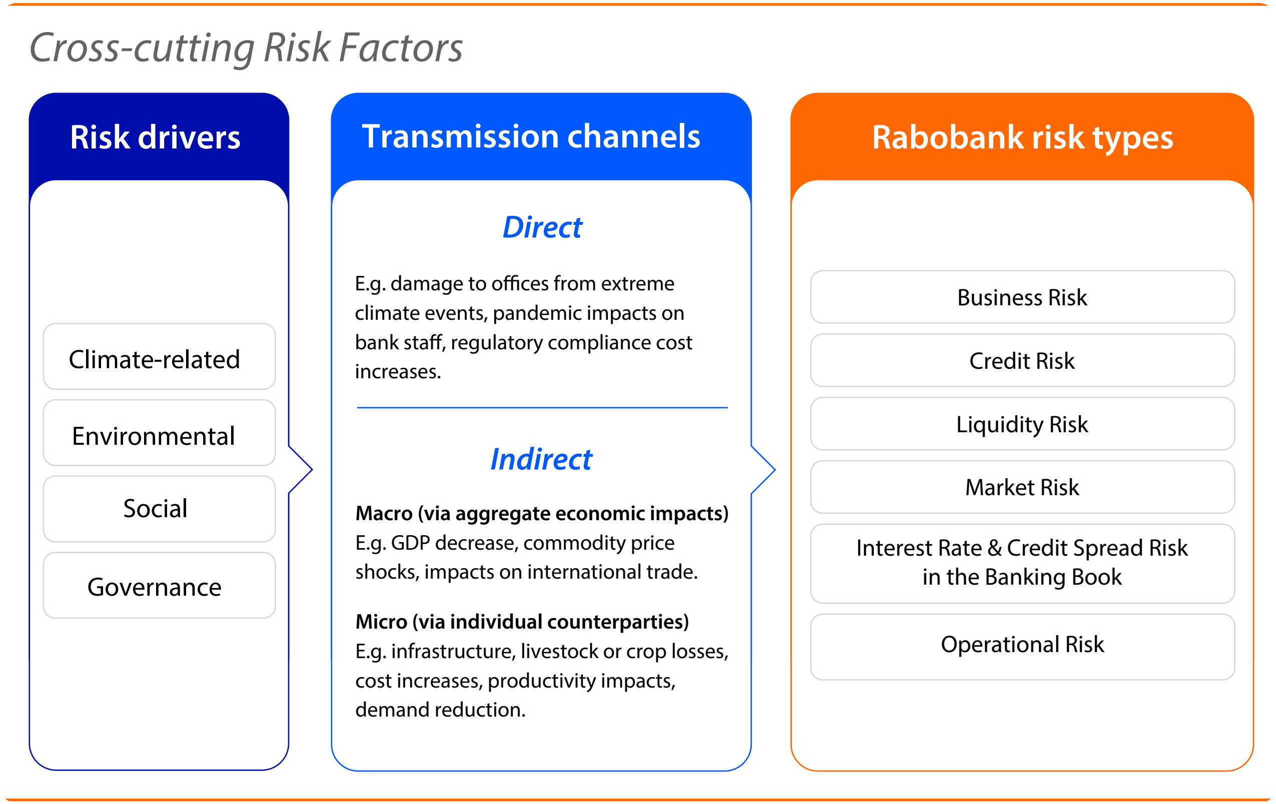
The impacts of climate change, such as increasing frequency and severity of flood and bush fire, can affect our portfolio. Changing societal expectations, technological innovation and increased regulatory focus could challenge both our customers’ and our own business models.

Climate-related and ESG risk is recognized as a strategic risk for Rabobank. This acknowledges that climate risks, which include the physical and transition risks of climate change, represent drivers of material risks to the bank. This year, we have continued to mature our approach to assessing the risk of climate change by developing climate risk management tools, processes and capabilities. We have further detailed climate-related and environmental risk heatmaps (C&E risk heatmaps) and conducted climate scenario analysis to stress test physical and transition risks. The C&E risk heatmaps and the Sustainability heatmaps are input for our sector outlooks, vulnerable and sensitive sector portfolio’s and for risk assessments on client level. To better understand transition plans and key physical risks experienced by our customers, we will further review the transition readiness of our customers and physical risks they experience or might experience in the future.

Further progress in assessing transition readiness and physicals risk will allow us to continue developing quantitative metrics to assess our credit exposure resulting from physical and transition risks, some of which have been incorporated into our risk monitoring. This includes establishing Risk Appetite Statement (RAS) indicator for our loan portfolio. Our credit approval process establishes decision-making based on our risk appetite and risk indicators for ESG risks. In line with all our material risk types, climate change risk is subject to oversight by Group Risk Management Committee and the Managing Board. This focus supports us to deliver on our strategy to play a leadership role to a more modern, resilient and sustainable economy.

The diagram on the next page illustrates how climate risk is incorporated into our climate-related and ESG sustainability framework.





Risk Taxonomy

We classify the risk related to our strategy and business model into six main risk types: business risk, credit risk, liquidity risk, market risk, interest rate & credit spread risk in the banking book, and operational risks (which includes reputational impact). Next to that, we also identify more overarching, or cross-cutting, strategic risks, such as Environmental Social Governance (ESG) risks. ESG risks refers to risk factors (e.g. drought) that act as a driver or amplifier of the existing material risk types. ESG risks impact the material risk types through so-called direct and indirect transmission channels. As an example: there is impact of climate-related and ESG risks on credit risk (e.g. payment capacity and collateral value), on market risk (through the value of securities impacted by climate-related and other ESG risks) and on operational risk (through damage to physical assets from extreme weather or compliance with duty of care regulation for wealth management clients investing in securities impacted by climate-related and ESG risks).

As a large F&A bank, Rabobank is exposed to both the physical and transition risks associated with climate change:

- Physical risks: risks arising from damages or reduced asset values caused by extreme weather events such as floods, bush fires, storms and cyclones (acute risk), and longer-term shifts in climate patterns (chronic risk).
- Transition risks: risks arising from transitioning to a net zero emissions economy due to changes in domestic and international policy and regulation, technological innovation, social adaptation and market changes.

Managing C&E Risks

In 2021, we developed a roadmap to embed C&E risk in the banks' business environment, business strategy, governance and risk appetite, risk management and disclosure to comply with the ECB Guide on climate-related and environmental risks, see also the Risk Management section. Next to that in 2022 we a developed a ESG risk model vision roadmap. A model vision is needed to have a plan on how we are going to consider ESG risks in our model framework. The actions described in this ESG risk model vision, are clustered in the following themes:

1. **C&E risk assessment –** is input for the models in scope of the model vision. The ESG risk assessments, consist of the C&E risk and Sustainability heatmaps, Road to Paris alignment and scenario analyses. They determine the level of risk based on country, sector, time horizons (short, medium, long) and events. Also a client ESG risk score will be developed.
2. **Sector strategy -** Rabobank's sector visions and strategies are made ESG risk sensitive using the C&E risk heatmaps as input. The enhanced sector visions and strategies (vulnerable sectors) in turn can provide input for the client credit journey and for determining (additional) provisioning.
3. **Credit risk assessment** - covers client credit journey, provisioning, forecasting and stress testing activities. For the client credit journey, ESG risk assessments (heatmaps, scenario analyses, ESG risk score) and vulnerable sectors serve as input for quantifying ESG risk.
4. **Portfolio strategy** – incorporate C&E risk in various pricing frameworks.

We expect the largest impact of climate risk on the credit risk profile. Consequently, we have focused primarily on the impact that climate-related and ESG risks have on our clients' credit risk in our climate risk management efforts. The impact on operational risk is also deemed material. For market risk, liquidity risk, market risk and interest rate & credit spread risk in the banking book, the impact of ESG risks are assessed to be currently not material. To manage climate risk we are working to structurally embed these risks in the credit risk framework, which includes the business strategy, risk identification, stress testing and the determination of provisioning, capital, and consequently pricing.

In "Our Road to Paris" report we describe the current status of climate-related risk identification and scenario analysis and how we progress to individual client risk assessment.

C&E Risk Heatmaps

Our climate risk identification strategy starts with a broad scan for climate-related and environmental risks. These are summarized in C&E risk heatmaps which show the threat level (a combination of the likelihood and intensity) and the event impact on our clients for a combination of geographic location, sector and time horizon (from 2 to 30 years). This is combined with our credit exposure to the relevant sector and geographical region to identify concentrations of inherent risk in our portfolio. Inherent (or gross) risk refers to risks before taking into account actions by our clients to mitigate these risks. In the C&E risk heatmaps (see also "Our Road to Paris" report), we have classified the exposure for each physical and transition risk event in low, medium and high.

Several sectors have a large exposure and a greater share of exposure classified as high climate risk. For us, this includes Animal protein, Dairy, Commodities. For Energy, the exposure is mainly in Trade and Commodity Finance, which includes most of the climate risk, due it being the transport of the energy products that is being financed. Two important elements are to be included in our risk events are biodiversity loss and nitrogen, as they are particularly relevant for our sizable agriculture portfolio.

Scenario Analyses

The outcome of the heatmap and concentration risk analysis is used to prioritize more detailed scenario analyses. Scenario analyses as well as stress testing give an indication of the materiality of a climate risk event. In 2022 three scenarios are performed in response to the outcome of the heatmaps: flood risk for mortgages in the Netherlands, water scarcity risk for the grain and oilseed sector in California, and a description of a carbon tax scenario analysis to share our progress on quantifying transition risk. These are our first attempts at quantifying these risks and the underlying methodology will be refined going forward. See Road to Paris report for description and results.

Sector Strategy

In 2022, the outcome of the heatmaps was considered to determine whether a specific sector is "ESG sensitive" or a "vulnerable sector". (see also Credit Risk section in Risk Management chapter). Clients in vulnerable sectors are deemed to have a "significant increase in credit risk" (stage 2 under IFRS9) which impacts provisions. With regards to sector vulnerability of EUR 84 million has been included in the credit risk allowances due to "Nitrogen", related to clients operating near natura-2000 areas, based on the estimated distance. A C&E backstop (provision) for Seaboard Floodings in Australia was booked for EUR 2 million. A C&E provision was considered for draughts in California but concluded as immaterial. The sensitive and vulnerable sectors are subsequently input for sector outlooks. These sector outlooks are input for client credit level assessment. In the client risk assessment we will review the transition readiness and key physical risks experienced by our clients.

Climate Change Transition Risk: Credit Quality of Exposures by Sector (as at December 31, 2022)

Amounts in EUR millions

Exposures towards sectors that highly contribute to climate change	
Agriculture, forestry and fishing	71,422
Mining and quarrying	1,726
Manufacturing	39,364
Electricity, gas, steam and airconditioning supply	6,224
Water supply; sewerage, waste management and remediation	743
Construction	7,004
Wholesale and retail trade; repair of motor vehicles and motorcycles	36,173
Transportation and storage	6,714
Accomodation and food sevice activities	5,097
Real estate activities	17,822
Exposures towards sectors other than those that highly contribute to climate change	
Financial and insurance activities	1,338
Other	24,893
Total	**218,520**

Climate Change Physical Risk: Exposures Subject to Physical Risk (as at December 31, 2022)

Amounts in EUR millions

Geographical area subject to climate change	**Gross carrying amount**	**of which exposures sensitive to impact from acute climate change events**
Netherlands	89,469	6,447
United States	39,062	9,654
Australia	18,835	11,802
Brazil	10,568	3,342
New Zealand	9,388	3,585
Rest of EU	19,607	3,388
Asia	5,711	80
Rest of America	10,447	1,528
Other countries	15,434	599
Total	**218,520**	**40,425**

Client Journey

Our credit approval process establishes decision-making based on our risk appetite (RAS) and risk indicators for ESG risks. Our requirements for client acceptance include the following considerations that are taken into account in the assessment of whether or not to accept a new client or to continue an existing relationship:

1. Strategic fit: with our mission, strategy and within risk appetite;
2. Customer Due Diligence: sound reputation and acceptable integrity profile;
3. Transparency and Treating Clients Fairly: products that are suitable to our clients;
4. Sustainability: social responsibility and sustainability risks;
5. Ethical behavior and reputational risk: clear business purpose and economic substance;
6. Risk/Return Profile: realizing a risk/return balance which is fair, explainable and transparent towards our clients.

We measure the performance of our potential and current business clients with an exposure > EUR 1 million through the Client Photo. We assign categories through a qualitative process in which client metrics are taken into account and benchmarked with industry/sector specific indicators, followed by professional judgment. Clients receive a score (D-non-compliant). The Client Photo has allowed us to obtain an indication of the sustainability performance of our clients, and functions as a robust check on whether clients are compliant with our policies.

Pricing

The translation of ESG risk pricing in to loans, products and service is part of the ESG Risk Model Vision Roadmap and will develop over time.

To encourage our clients to make the transition, we have put pricing incentives in place in the form of lower interest rates. for clients with certain eco-labels (Impact Loan), sustainability KPIs (Sustainability-linked loans) or with concrete sustainability investments (Green Loan). For the Dutch dairy sector, we have taken this a step further by introducing a pricing incentive applicable to all financing products for sustainable clietnsin the Dutch dairy sector. We will expand this incentive to lower interest rates for frontrunners and higher rates for “laggards” for a broader group of clients starting with other Food and Agriculture (F&A) sectors and for Industry, Transport and Commercial Real Estate sectors in 2023. Next to the afore mentioned pricing incentives, we will continue to engage in an active dialogue with our clients to support them in staying, or getting, their businesses aligned with 1.5°C pathways. For residential mortgages, differentiated pricing is also in place: houses with a high sustainability label qualify for a lower interest rate.

Risk Appetite Statement
We have also reviewed our risk appetite to reflect the risks from climate change, setting out the measures we intend to take to support our climate ambition and our commitments to regulators, investors and stakeholders. We are introducing a number of new C&E indicators, including more general indicators on physical risk and financed emissions on group level, complemented by a set of sector and/or portfolio specific indicators, such as energy performance targets on buildings or the share of wholesale clients active in high emitting sectors as defined by the Net Zero Banking Alliance that have science-based carbon emissions targets in place for 2030 and beyond and that are aligned with a pathway to net-zero. Finally we included KPIs related to data quality of financed emissions, such as the number of rural clients to be covered by a carbon calculator.

Climate Stress Test
In "Our Road to Paris" report the ECB Stress Test and the Internal Firm-wide Climate Scenario Analysis are shown. The impact and transition risk outcomes of the Climate Scenario Analyses show that Rabobank is facing a challenge in reducing financed emissions owing largely to our agriculture loan portfolio which will have residual emissions. We see a large dependency on the decarbonization success of our clients. If the world enters in a hot house scenario, achieving our 2050 commitments to be net-zero will be challenging.

Next steps and future priorities
Making projections for a time period of around 30 years ahead is challenging, but it is a necessity if we want to understand how our clients may be impacted on the journey to achieving the Paris goals. We expect the following developments towards further sharpening our insights in future iterations:

Build leading climate risk management practices
- Continue to regularly conduct scenario analyses, including the evolving scope and coverage, and translate insights into decision full indicators.
- Improvie sector based modeling and structural implementation of climate features and in our stress testing modeling landscape.
- Develop our C&E risk assessments on client level to monitor the risks.
- Provide a better reflection of the impact of physical risks by using the Version 2022 (Phase III) of the NGFS scenarios
- Provide ongoing training to enhance our employees' capabilities.

Develop our management information and reporting capabilities
- Enhance RAS indicators and underwriting criteria over time
- Enhance vulnerable and sensitive sectors

Metrics and Targets

Managing Board Key Performance Indicators
As of 2022, our Paris Alignment objectives have also been directly linked to the performance evaluation of MB members. As a group, the MB has three key climate impact indicators included in its KPIs. In addition, individual MB members have also been assigned specific Paris Alignment KPIs related to their domains.

KPIs	2022 target
Progress to Paris: % of total assets with carbon footprint/financed emissions measured	70%
Progress to Paris: % of total assets with Paris Aligned targets	35%
Progress to Paris: number of Business Units with Paris Alignment plan (including portfolio steering)	4

EU Taxonomy

EU Taxonomy Mandatory disclosure under Article 8 delegated act:
The EU Taxonomy is a classification system, establishing a standardised list of eligible, environmentally sustainable economic activities. Financing of these activities may qualify as aligned with the Taxonomy. The purpose of this system is to facilitate sustainable investments, prevent greenwashing and help reporting companies to not just report but also increase their focus and steering on sustainability.

In 2022, Rabobank is required to disclose Taxonomy eligibility. Eligibility indicates that an activity is in scope for screening under the Taxonomy regulation. In the future eligible activities will be tested using the Technical Screening Criteria to determine Taxonomy alignment.

The eligibility of our portfolio in 2022 follows a similar pattern to the eligibility reported for 2021. The mortgage portfolio is our largest source of eligible assets. Our business lending only accounts for a small fraction. This fraction has, however, increased due to more available data on the eligibility of our clients.

We perform the eligibility assessment on our portfolio with the scope of the full consolidated statement of financial position for Rabobank.

Taxonomy Eligibility Assessment 2022[1]

Amounts in EUR millions	Total gross carrying amount	% coverage GAR assets	% coverage total assets
Exposures to Taxonomy-eligible economic activities	194,812	41%	30%
Exposures to Taxonomy-ineligible economic activities	265,886	56%	41%
of which: Exposures to non-NFRD undertakings	237,701	50%	37%
On demand intrabank loans	907	0%	0%
Derivatives	595	0%	0%
Other non-eligible assets	11,491	2%	2%
GAR assets	**473,692**	**100%**	**74%**
Trading portfolio	29,012	-	5%
Total exposure to central governments, central banks and supranational issuers	138,419	-	22%
Total assets	**641,123**	**-**	**100%**

1 Taxonomy eligible economic activities are defined within the regulatory reporting scope, e.g. NFRD companies. It is noted that Rabobank has significant exposures to Taxonomy eligible activities outside the NFRD scope.

Taxonomy Eligibility Assessment 2021[1]

Amounts in EUR millions	Total gross carrying amount	% coverage GAR assets	% coverage total assets
Exposures to Taxonomy-eligible economic activities	192,712	40%	30%
Exposures to Taxonomy-ineligible economic activities	269,359	56%	42%
of which: Exposures to non-NFRD undertakings	250,341	52%	39%
On demand intrabank loans	993	0%	0%
Derivatives	1,855	0%	0%
Other non-eligible assets	18,840	4%	3%
GAR assets	**483,759**	**100%**	**76%**
Trading portfolio	23,600	-	4%
Total exposure to central governments, central banks and supranational issuers	131,682	-	21%
Total assets	**639,041**	**-**	**100%**

1 Taxonomy eligible economic activities are defined within the regulatory reporting scope, e.g. NFRD companies. It is noted that Rabobank has significant exposures to Taxonomy eligible activities outside the NFRD scope.

We note that that the composition of our portfolio has remained stable in 2022, with no significant changes to the relevant ratios for the EU Taxonomy.

We have made an adjustment to the derivatives balance noted in the table for 2021 and 2022. In prior annual report we reported a balance of 5.264, which mostly consists of the hedge accounting adjustment applied to our lending portfolio. In the current year, we consider this not to be part of our reported gross carrying amount which is more in line with the gross carrying amounts reported in our financial statements. We have adjusted the derivatives line items and total asset base for the Taxonomy accordingly. Any derivatives not used for hedge accounting are classified in our trading portfolio (EUR 26.2 billion for 2022, EUR 21.1 billion in 2021)

We have performed this assessment using gross carrying amounts based on regulatory reporting data. The use of gross carrying amounts is required under Taxonomy regulations. In the financial statements, net amounts are presented which reconcile on an underlying basis with the table above.

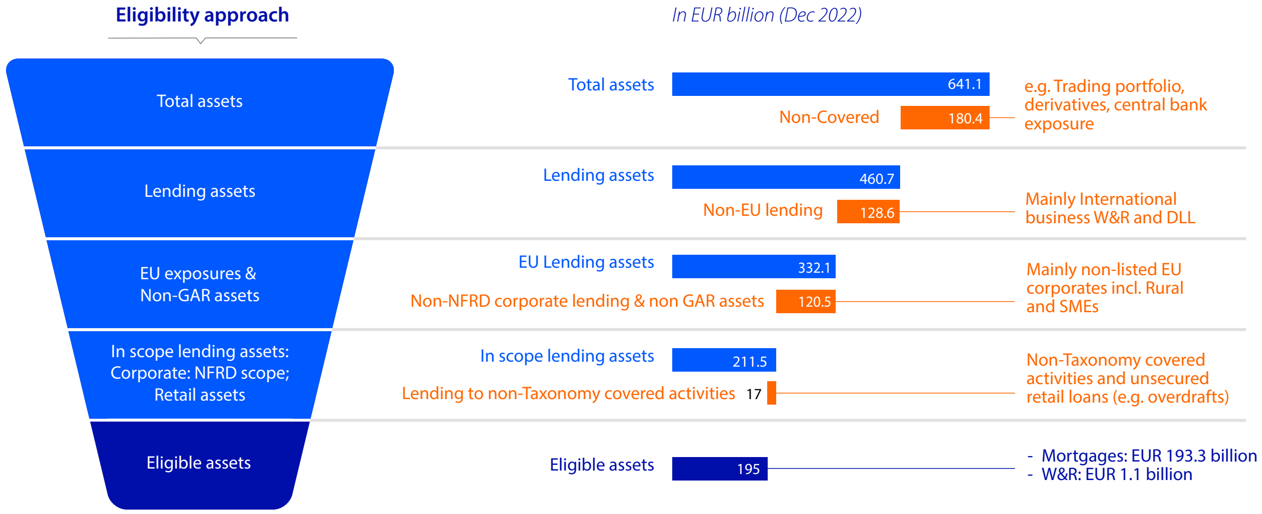
Eligible exposures are expressed as a percentage of total assets with certain asset categories excluded to arrive at Taxonomy covered assets. These exclusions from the denominator are the trading portfolio, exposures to central governments, central banks and supranational issuers

Eligibility-related mandatory disclosures of financial undertakings must be based on actual information. Our clients have disclosed their Taxonomy-eligibility for the first time in 2022. We base our mandatory eligibility disclosure on these disclosures. Our eligible portfolio consists of our Dutch mortgage portfolio and our financing towards the eligible economic activities of our Non-financial Reporting Directive (NFRD) clients as these are the only counterparties for which the required information is available.

This process yields the results as shown in the table on the next page.

Eligibility methodology

Eligibility largely driven by mortgages; W&R eligibility limited as a result of regulatory scoping



Source: eligibility mock-up report Dec 2022 using Corep/Finrep data also used for Covid-19 reporting to regulator

As can be observed, the eligibility of our business portfolio is limited. Currently only EUR 1.1 billion in terms of turnover of this portfolio is eligible. Consistent with 2021, we have opted to reflect eligibility on client turnover as this provides the more consistent indication. A number of reasons for the limited portion of assets that are eligible can be identified:

- A significant portion of our exposures are with corporate clients that do not reside in the EU. These clients will not be subject to Taxonomy reporting requirements.
- A further portion of our exposures within the EU are not with entities that are required to report under the Non-Financial Reporting Directive (NFRD). This EU Taxonomy regulation implies direct reporting obligations only for the large public-interest EU companies with over 500 employees, which is a small portion of our corporate portfolio.
- As a final point, we note that under the current objectives in scope of the EU Taxonomy, climate change mitigation and adaption, a large portion of our exposures is with counterparties whose economic activities are not yet described in the EU Taxonomy regulation. For example, Rabobank has a significant portfolio in the agricultural sector, for which no screening criteria are currently described. Due to this, these sectors are also not currently eligible under the EU Taxonomy.

As a result of the Delegated Act amending the EU Taxonomy and the subsequent (draft) Commission Notice as regards economic activities in certain energy sectors, additional disclosure requirements were introduced with respect to nuclear energy and fossil gas. This includes an initial expectation towards financial institutions to include indicators of involvement with the relevant sectors and eligible exposures on a mandatory basis for the year 2022.

For the clients in scope of our mandatory disclosure, we have evaluated exposures to the nuclear energy and fossil gas sectors on the basis of the NACE codes covered in the Complementary Delegated Act and on the basis of NAICS codes corresponding with the activities described. For this scope of reporting, exposures are not significant. We continue to monitor the developments with regards to these sectors and the EU Taxonomy criteria.

Under the current status of the Taxonomy regulation, Rabobank is not required to disclose quantitative information on the trading portfolio. Based on our regulatory reporting, the main components of the Rabobank trading portfolio are derivatives and debt securities held with central government and credit institution counterparties. As such, the trading portfolio is not materially in scope for alignment assessment under the Taxonomy.

Outlook

Over the coming year, we will continue our work towards disclosing Taxonomy alignment of our portfolio. This will entail improving data quality and availability to overcome the limitations noted above and to acquire the data required to determine the alignment of our eligible clients. We have taken the first steps towards determining the alignment of our mortgage portfolio. Stimulating sustainable living is a key part of our strategy concerning the Energy transition. We do so by offering knowledge and financing opportunities that will help our clients in the transition to a more sustainable residence. This strategy correlates directly with increasing the alignment of our mortgage portfolio.

As can be observed in the key figures table of this annual report and related methodologies, Rabobank is moving to a more strict definition for sustainable finance. In doing so, we aim to follow the evolving landscape of external standards. As alignment information becomes available, more technical screening criteria are drafted, and more counterparties become required to report under the Taxonomy, we gain more information and insights to steer our portfolio towards further Taxonomy alignment.

Our Progress

The following table summarizes how we adhere to the 11 TCFD recommendations and where additional information can be found.

Governance

	Response	*Disclosure location*
A. Describe the Board's oversight of climate-related risks and opportunities		
Process, frequency and training	• The Managing Board is responsible for our climate ambition and strategy and receives climate related updates which are discussed in Board meetings on a monthly basis in order to manage progress. These meetings are on a monthly basis. • Periodically the Managing Board participates in ESG-related training.	Paragraph Management Board
Board and/or board committees review role	• The Managing Board is supported by the Sustainability Implementation Team, a team of senior management, and chaired by our Chief Sustainability Officer. • The Group Risk Committee exercises oversight of climate risks. • The Supervisory Board is responsible for oversight, including oversight of climate-related matters.	Paragraph Governance
Monitoring goals and targets	• On a monthly basis the progress of relevant climate-related metric and targets are discussed in the Managing Board. • In November 2022, we made an important step as part of our ambition to becoming net zero, by publishing 'Our Road to Paris' report. In this report we identify decarbonization pathways and set our initial GHG emission reduction targets for 12 high-emitting sector/region combinations accounting for EUR 254 billion in exposure and 70% of our reported financed emissions.	Paragraph Management Board Our Road to Paris
B. Describe management's role in assessing and manging climate-related risks and opportunities		
Climate-related responsibilities	• The Managing Board is responsible for our climate ambition and strategy with management responsibilities tailored into a governance with specific climate related committees and responsible functional roles throughout to the whole company. • The Chief Sustainability Officer holds responsibility for the Sustainability Implementation Team that supports senior management in the management of ESG risks and opportunities. The Chief Sustainability Officer reports to our Chief Executive Officer. • The Risk Management Committee oversees the implementation of the risk management framework, performs risk monitoring and reporting, and performs oversight of risk regulation including climate-related and ESG risks. The RMC Group is chaired by the Chief Risk Officer (CRO) and includes members of senior management.	Paragraph Governance
Reporting to the Managing Board	• The Managing Board receives monthly progress updates, by the Chief Executive Officer, Chief Sustainability Officer and Chief Risk Officer on the key sustainability & climate initiatives– and escalations in case impediments arise. If needed, the Managing Board will take corrective action.	Paragraph Governance
Monitoring climate-related issues	• The Chief Financial Officer provides a performance dashboard to the Managing Board with sustainability KPIs covering products and services, customer performance, and carbon footprint. One of the KPIs is a CO_2 emission reduction target for our own business operations. • Senior management is informed by specific performance dashboards and targets, that are aligned with the KPIs of the Managing Board.	Paragraph Governance Paragraph Managing Board Key Performance Indicators

Strategy

	Response	*Disclosure location*
A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term		
Process used to determine material risks and opportunities	• We use climate and environmental (C&E) risk heatmaps to identify C&E risk impact on our Credit Portfolio. The heatmaps show the threat level (a combination of the likelihood and intensity) and the event impact on our clients for a combination of geographic location, sector and time horizon (from 2 to 30 years). This is combined with our credit exposure to the relevant sector and geographical region to identify concentrations of inherent risk in the our credit portfolio. The C&E risk heatmaps are also input for our sensitive and vulnerable sector approach and sector- outlooks. • Scenario analysis help us to identify and understand climate-related risks further. • We are developing a client risk assessment as part of the independent credit review of risk, to understand the climate strategies and physical and transition risks of our clients. It also helps us to identify potential business opportunities to support the transition.	Paragraph C&E Risk Heatmaps Paragraph Managing C&E Risks Paragraph Managing C&E Risks
Relevant short, medium and long term horizons	• We consider short term to be less than one year, medium term to be by 2030 and long term to be by 2050. • We aim to achieve net zero by 2050.	Our Road to Paris
Physical and transition climate-related issues identified	• Transition or physical climate-related risk impacts may manifest in our Risk Taxonomy across all time horizons.	Paragraph Sector Strategy
Risks and opportunities by sector and/or geography	• In the paragraph 'Sector Strategy' we disclose our exposures towards sectors and geographical areas subject to climate change physical risk which are aligned with our Pillar 3 disclosures.	Paragraph Sector Strategy
B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
Impact on products and services	• Our ambition for the majority of our portfolio is to be compliant with a <1.5°C warming scenario by 2030. • Our focus on sustainability is an integral part of our corporate mission: "Growing a better world together." We want to make a substantial contribution to feeding the world sustainably, transforming the way we produce and consume energy, and to fostering well-being and prosperity in the communities in which we are active. This is why we actively engage in facilitating transitions which matter to us and stakeholders now and in the future: the Food System Transition, the Energy Transition, and the Transition to a More Inclusive Society. • Due to transitional challenges, including data and system limitations, we do not currently fully disclose the way in which climate-related issues have affected our financial planning and performance. In the future we aim to disclose more on which climate-related issues have affected our financial planning and performance.	Our Road to Paris Our Road to Paris
Impact on adaptation and mitigation activities	• Despite the progress we have made in reducing our own operational emissions and our continuing efforts to further reduce them, residual emissions remain. And are unlikely to be reduced to an absolute zero in the near future. Therefore, we will rely to some extent on offsetting to "neutralize" these remaining emissions to achieve our net-zero ambition. Our ambition is in 2030 is to increase the share of permanent removal credits of our total carbon offset to 100%.	Our Road to Paris
Impact on operations	• Our real estate and mobility activities (in the Netherlands) are currently on the right track to comply with a <1.5°C warming scenario.	Our Road to Paris
C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
Potential impact of climate-related issues on financial performance and financial position	• Clients in vulnerable sectors are deemed to have a "significant increase in credit risk" (stage 2 under IFRS9) which impacts provisions. With regards to sector vulnerability the C&E impact was EUR 84 million.	Paragraph Vulnerable Sector and Client Journey

Risk Management

	Response	*Disclosure location*
A. Describe the organisation's processes for identifying and assessing climate-related risks		
Traditional banking risk types considered	• Risks related to our strategy and business model are classified into six material risk types: credit risk, market risk, liquidity risk, interest rate risk in the banking book, business risk, and operational risks (which includes reputation risk). • ESG risks impact the material risk types through so-called direct and indirect transmission channels. • We tailor our underlying policies and controls to manage the different risks and exposures.	Paragraph Group Risk Appetite Statement Paragraph Group Risk Appetite Statement Paragraph Risk Appetite
Process	• The process of identification and assessment of climate risk differs according to risk type, taking into account material risk drivers. We use heatmaps and scenario analysis to assess our portfolio's exposure.	Paragraph Climate-related and ESG Risk (C&E Risk)
Integration into policies and procedures	• We are integrating climate risk into the supporting policies, processes and controls for our key climate risks and we will continue to update these as our climate risk management capabilities mature over time.	Paragraph Climate-related and ESG Risk (C&E Risk)
B. Describe the organisation's processes for managing climate-related risks		
Process and how we make decisions	• The Group Risk Management Committee receives scheduled updates on climate risk, and receives regular updates on our climate risk appetite. • Our developing climate risk appetite metrics aim to support the oversight and management of the financial and non-financial risks from climate change. • Our approach to climate risk management is developing and managing these risks will vary by risk type. We will continue to align to our risk management framework when determining the materiality of our exposure to climate-related risks..	Paragraph Risk Management Committee Group Paragraph Climate-related and ESG Risk (C&E Risk) Paragraph Climate-related and ESG Risk (C&E Risk)
C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management framework		
How we have aligned and integrated our approach	• Our approach to climate risk management is aligned to our Group-wide risk management framework and three lines of responsibility model.	Paragraph Risk Governance
How we take into account interconnections between entities, functions	• Our dedicated sustainability roadmap programme continues to accelerate the development of our climate risk management capabilities, taking into account relevant interconnections within global businesses, functions and entities.	Paragraph Sustainability Implementation Team

Metrics and targets

	Response	*Disclosure location*
A. Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process		
Metrics used to assess the impact of climate related risks on our loan portfolio	• We have determined the baseline financed emissions for an estimated 85% of our climate-material portfolio.	Our Road to Paris
Metrics uses to assess progress against opportunities	• We track our net zero progress using multiple metrics. • We currently do not fully disclose the proportion of revenue or proportion of assets aligned with climate related opportunities, due to transitional challenges and data and system limitations.	Our Road to Paris
Board or senior management incentives	• As of 2022, our Paris Alignment objectives have also been directly linked to the performance evaluation of Managing Board members. The Managing Board has three key climate impact indicators included in its KPIs. In addition, individual Managing Board members have also been assigned specific Paris Alignment KPIs related to their areas of responsibility.	Our Road to Paris
B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks		
Our own operations	• We disclose the emissions that are directly (scope 1) and indirectly (scope 2) associated with our business operations, and key elements of our supply chain emissions (scope 3).	Our Road to Paris
Measuring our on-balance sheet financed emissions	• We have determined the baseline financed emissions and updated our financed emissions in the 'Our Impact in 2022' report.	Our Impact in 2022
C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		
Details of the targets to manage climate related risks and opportunities and performance against targets	• We rapidly want to reduce our climate impact to get it in line with pathways limiting global warming to 1.5°C. Therefore we have set reduction 2030 targets and transition plans for our own operational emissions and for financed emissions from 12 sector/region combinations accounting for approximately 70% of our climate material loan portfolio. Due to transitional challenges and data limitations our 2030 intermediate targets are a combination of absolute emissions reduction targets and physical intensity reduction targets. • By training our mortgage advisers and developing supporting products and services, we have integrated these building blocks into our regular mortgage journey. Through this approach, in 2022, 36% (2021, 25%) of our new mortgage contracts included an average of EUR 14,500 in financing for energy-saving measures.	Our Road to Paris
Other key performance indicators used	• We also use other indicators to assess our progress including and Paris Alignment key climate impact indicators and indicators to manage our fossil fuels portfolio.	Our Road to Paris

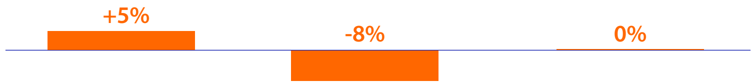
Segment Reporting

Domestic Retail Banking

Highlights

In the Netherlands, Domestic Retail Banking (DRB) is a leading player in providing loans in the residential mortgage market and offering products and services in savings, payments, investments, and insurance. DRB is market leader in the SME and Food & Agri markets. Net interest income increased by 5% compared to 2021, mainly driven by increasing interest rates over the course of 2022. As in 2021, impairment charges on financial assets recorded a release in 2022 as the credit quality of our loan portfolio held up well. In 2022 deposits from customers increased significantly by EUR 20.0 billion, while the private sector loan portfolio remained stable. Our mortgage loan portfolio stayed flat at EUR 193.0 billion as repayments were offset by an increase in new mortgage origination.

Total Income	Total Operating Expenses	Mortgage Loan Portfolio
€ 6,375 million	€ 3,706 million	€ 193.0 billion
2021: EUR 6,086 million	*2021: EUR 4,014 million*	*2021: EUR 192.5 billion*



Financial Results

Results			
Amounts in millions of euros	*12-31-2022*	*12-31-2021*	*Change*
Net interest income	4,739	4,520	5%
Net fee and commission income	1,576	1,490	6%
Other results	60	76	-21%
Total income	**6,375**	**6,086**	**5%**
Staff costs	2,663	2,529	5%
Other administrative expenses	942	1,359	-31%
Depreciation and amortization	101	126	-20%
Total operating expenses	**3,706**	**4,014**	**-8%**
Gross result	**2,669**	**2,072**	**29%**
Impairment charges on financial assets	(91)	(444)	-80%
Regulatory levies	392	441	-11%
Operating profit before tax	**2,368**	**2,075**	**14%**
Income tax	623	551	13%
Net profit	**1,745**	**1,524**	**15%**
Impairment charges on financial assets (in basis points)	(3)	(16)	
Ratios			
Cost/income ratio including regulatory levies	64.3%	73.2%	
Underlying cost/income ratio including regulatory levies	64.4%	65.6%	
Balance Sheet			
Amounts in billions of euros			
External assets	277.0	277.3	0%
Private sector loan portfolio	274.0	274.0	0%
Deposits from customers	320.1	300.1	7%
Number of internal employees (in FTEs)	22,159	20,504	8%
Number of external employees (in FTEs)	7,149	5,517	30%
Total number of employees (in FTEs)	29,308	26,021	13%

Notes to the Financial Results

Development of Underlying Profit Before Tax			
Amounts in millions of euros		*12-31-2022*	*12-31-2021*
Income		**6,375**	**6,086**
Operating expenses		**3,706**	**4,014**
Adjustments to expenses	*Restructuring expenses*	*(54)*	*(121)*
	Provision variable interest	*9*	*333*
	Extraordinary KYC costs	*39*	*249*
Underlying expenses		***3,712***	***3,553***
Impairment charges on financial assets		(91)	(444)
Regulatory levies		392	441
Operating profit before tax		**2,368**	**2,075**
Total adjustments		***(6)***	***461***
Underlying operating profit before tax		**2,362**	**2,536**

Lower Underlying Performance

In 2022, the underlying operating profit before tax amounted to EUR 2,362 million, compared to EUR 2,536 million in 2021. Net interest income increased as a result of higher average margins on savings and current accounts. Partly as a result of additional staffing for KYC and IT, underlying operating expenses were higher. The credit quality of our loan portfolio remained strong despite the challenging market conditions. In addition, the effects of Covid-19 were less negative as anticipated. These factors resulted in a net release of impairment charges of EUR 91 million, although this is less than the exceptional level that we observed in 2021 (a release of EUR 444 million).

Income 5% Higher

Total income increased to EUR 6,375 (2021: 6,086) million. Net interest income was higher, partly due to higher volumes. Furthermore, average margins on savings and current accounts improved, due to increasing interest rates. On the other hand, margins on mortgage production and new business loans were lower, because of higher funding costs. Total net interest income amounted to EUR 4,739 (2021: 4,520) million. Net fee and commission income was higher at EUR 1,576 (2021: 1,490) million. Higher operational costs for current accounts were (partly) translated into higher fees, but the number of foreign transactions also increased as most Covid-19 measures were lifted. Driven by the negative stock market development of 2022, the average volume of assets under management was lower than in 2021 (approximately EUR 8 billion). Other results landed at EUR 60 (2021: 76) million.

Operating Expenses Down by 8%

Total operating expenses were 8% lower compared to last year and amounted to EUR 3,706 (2021: 4,014) million. Staff costs increased to EUR 2,663 (2021: 2,529) million, mainly the result of a higher average workforce as a consequence of additional staffing for KYC. Part of the costs related to this higher staffing was covered by the KYC provision taken last year to resolve backlogs. Furthermore, staff costs were impacted by CLA increases. Other administrative expenses decreased to EUR 942 (2021: 1,359) million in 2022 due to the absence of several one-off items. In 2021 expenses were negatively impacted by the aforementioned KYC provision and a provision to compensate some of our customers who have consumer credit products with a variable interest rate. On the other hand, at minus EUR 54 (2021: minus 121) million, releases of restructuring provisions were lower than in 2021. Depreciation and amortization also decreased to EUR 101 (2021: 126) million. Fewer offices and rental contracts had a downward effect on the level of depreciation.

Release of Impairment Charges on Financial Assets

The anticipated deterioration of the credit quality of our loan portfolio following the Covid-19 pandemic has not materialized. Unused Covid-19 provisions were therefore largely released, which resulted in impairment charges of minus EUR 91 (2021: minus 444) million, or minus 3 (2021: minus 16) basis points of the average private sector loan portfolio, which is well below the long-term average of 15 basis points.

Loan Portfolio Stable

In 2022, customers' extra mortgage repayments – all those on top of the mandatory repayments – totaled approximately EUR 20.8 (2021: 23.0) billion. Of this amount, EUR 3.8 (2021: 4.4) billion related to partial repayments and EUR 17.1 (2021: 18.6) billion to mortgages that were paid off in full (partly because of customers moving to new homes). The total volume of our residential mortgage loan portfolio was EUR 193.0 (2021: 192.5) billion on December 31, 2022. The figure includes Obvion's loan portfolio of EUR 34.2 (2021: 32.3) billion. The total DRB portfolio (including business lending) was stable at EUR 274.0 (2021: 274.0) billion.

Loan Portfolio by Sector		
Amounts in billions of euros	*12-31-2022*	*12-31-2021*
Volume of loans to private individuals	202.6	203.4
Volume of loans to Trade, Industry & Services	48.9	48.2
Volume of loans to Food & Agri	22.5	22.4
Private sector loan portfolio	**274.0**	**274.0**

Mortgage Loan Portfolio

Rabobank's share of the Dutch mortgage market decreased to 16.9% (2021: 20.8%) of new mortgage production in 2022.[1] Our residential mortgage loan portfolio remained flat at EUR 193.0 (2021: 192.5) billion. The non-performing loans, which account for 0.46% of the mortgage loan portfolio, were higher than in 2021. Financing backed by the National Mortgage Guarantee (Nationale Hypotheek Garantie (NHG)) decreased to 15.5% (2021: 16.3%). The weighted-average indexed LTV of the mortgage loan portfolio was 51% (2021: 53%) on December 31, 2022.

Residential Mortgage Loans

Amounts in millions of euros	*12-31-2022*	*12-31-2021*
Mortgage portfolio	192,986	192,450
Weighted-average LTV	51%	53%
Non-performing loans (amount)	888	642
Non-performing loans (in % of total mortgage loan portfolio)	0.46%	0.33%
More-than-90-days arrears	0.14%	0.09%
Share NHG portfolio	15.5%	16.3%
Impairment allowances on financial assets	168	110
Coverage ratio non-performing loans	9%	8%
Net additions	61	(42)
Net additions (in basis points)	3	(2)
Write-offs	(4)	(14)

Deposits from Customers Increased by EUR 20 Billion

The private savings market in the Netherlands grew by 6% to EUR 431.0 (2021: 407.2) billion on December 31, 2022. Our market share was 35.0% (2021: 34.9%).[2] Deposits from customers rose by 7% to EUR 320.1 (2021: 300.1) billion. Retail savings deposited at DRB increased by EUR 8.7 billion to EUR 152.9 (2021: 144.2) billion. Other deposits from customers went up by EUR 11.3 billion to EUR 167.2 billion mainly due to an increase in current accounts.

1 Source: Dutch Land Registry Office (Kadaster)

2 Source: Statistics Netherlands (Centraal Bureau voor de Statistiek)

Wholesale & Rural

Highlights

The Wholesale & Rural (W&R) segment operates in five regions: Europe & Africa, North America, South America, Australia & New Zealand, and Asia. Our Banking for Food and Banking for the Netherlands strategies drive the W&R portfolio. W&R's net profit in 2022 was 7% lower than the very strong performance in 2021, which benefited from favorable market circumstances. Impairment charges on financial assets were higher than in 2021. The release of unused Covid-19 provisions was offset by increasing impairments in both Wholesale and Rural. Income increased by 7%, driven by higher net interest income as a result of higher volumes with resilient margins.

Total Income

€ 3,766 million

2021: EUR 3,524 million

+7%

Total Operating Expenses

€ 1,921 million

2021: EUR 1,765 million

+9%

Loan Portfolio

€ 119.8 billion

2021: EUR 108.7 billion

+10%

Financial Results

Results			
Amounts in millions of euros	*12-31-2022*	*12-31-2021*	*Change*
Net interest income	2,857	2,447	17%
Net fee and commission income	426	433	-2%
Other results	483	644	-25%
Total income	**3,766**	**3,524**	**7%**
Staff costs	1,450	1,288	13%
Other administrative expenses	358	379	-6%
Depreciation and amortization	113	98	15%
Total operating expenses	**1,921**	**1,765**	**9%**
Gross result	**1,845**	**1,759**	**5%**
Impairment charges on financial assets	170	41	315%
Regulatory levies	220	218	1%
Operating profit before tax	**1,455**	**1,500**	**-3%**
Income tax	426	397	7%
Net profit	**1,029**	**1,103**	**-7%**
Impairment charges on financial assets (in basis points)	14	4	
Ratios			
Cost/income ratio including regulatory levies	56.9%	56.3%	
Underlying cost/income ratio including regulatory levies	56.7%	56.8%	
Balance Sheet			
Amounts in billions of euros			
External assets	154.2	140.3	10%
Private sector loan portfolio	119.8	108.7	10%
Number of internal employees (in FTEs)	9,011	8,648	4%
Number of external employees (in FTEs)	1,420	1,422	0%
Total number of employees (in FTEs)	10,431	10,070	4%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*12-31-2022*	*12-31-2021*
Income		**3,766**	**3,524**
Adjustments to income	*Fair value items*	*10*	*(34)*
Underlying income		***3,776***	***3,490***
Operating expenses		**1,921**	**1,765**
Adjustments to expenses	*Restructuring expenses*	*0*	*(6)*
Underlying expenses		***1,921***	***1,771***
Impairment charges on financial assets		170	41
Regulatory levies		220	218
Operating profit before tax		**1,455**	**1,500**
Total adjustments		**10**	**(40)**
Underlying operating profit before tax		**1,465**	**1,460**

Strong Underlying Performance

W&R's business performance in 2022 was particularly strong. The results are in line with those of 2021 when the business benefited from a strong rebound after Covid-19. The underlying operating profit before tax in 2022 amounted to EUR 1,465 million compared to EUR 1,460 million in 2021. W&R business showed a solid performance across all regions. Performance of the event-driven business and Rabo Investments was strong but lower than the exceptionally high results in 2021. Impairment charges were higher but remained below the long-term average of 42 basis points.

Income 7% Higher

W&R's total income increased to EUR 3,766 (2021: 3,524) million in 2022. Net interest income grew by 17% to EUR 2,857 (2021: 2,447) million of which approximately 30% was related to FX effects. The increase in net interest income was driven by higher outstanding loan volumes throughout most of 2022 and slightly higher margins. In addition, capital income increased due to global interest rates increases. Net fee and commission income was slightly lower and amounted to EUR 426 (2021: 433) million, due to a satisfying, but slightly reduced level of activity in the M&A market and our Capital Markets division. Other results decreased by EUR 161 million to EUR 483 (2021: 644) million. The results of Rabo Investments remained strong, but were below those of 2021 as a result of less favorable market conditions in 2022.

Higher Operating Expenses

Operating expenses were higher in 2022, amounting to EUR 1,921 (2021: 1,765) million. About half of the increase was driven by FX effects. Average staff numbers at W&R showed an increase, which can be explained by additional staff related to structural investments in IT infrastructure and compliance. Driven by the higher average staff level, staff costs increased to EUR 1,450 (2021: 1,288) million. Other administrative expenses decreased to EUR 358 (2021: 379) million, among others as a result of a one-off VAT refund for previous years in 2022. Depreciation and amortization increased to EUR 113 (2021: 98) million.

Low Impairment Charges on Financial Assets

Impairments were higher than in 2021 as releases of the Covid-19 provisions were offset by increasing impairments in the Wholesale lending business in Europe and Rural North & South America. Total impairment charges on financial assets amounted to EUR 170 (2021: 41) million or 14 (2021: 4) basis points of the average private sector loan portfolio, which is well below the long-term average of 42 basis points.

Loan Portfolio Increased by 10%

In 2022, W&R's total private sector loan portfolio increased to EUR 119.8 (2021: 108.7) billion. The volume of lending to the Food & Agri sector increased to EUR 76.2 (2021: 67.7) billion, which accounted for 63% (2021: 62%) of W&R's total loan portfolio. Loans to the Trade, Industry, and Services (TIS) sectors increased to EUR 43.1 (2021: 40.4) billion.

Dutch and International Wholesale

The Wholesale portfolio totaled EUR 80.7 (2021: 71.4) billion in 2022. Excluding FX effects, the Wholesale portfolio increased by approximately EUR 8.2 billion. Lending to the largest Dutch companies increased in 2022 to EUR 34.3 (2021: 30.1) billion. The size of the Wholesale loan portfolio granted to clients outside the Netherlands was EUR 46.4 (2021: 41.3) billion on December 31, 2022. Wholesale growth outside the Netherlands was highest in firstly North America to EUR 17.6 (2021: 15.9) billion, and secondly in South America to EUR 7.9 (2021: 6.4) billion.

International Rural Banking

Lending to Rural clients amounted to EUR 38.0 (2021: 34.7) billion. Excluding FX effects, the Rural portfolio increased by approximately EUR 2.5 billion. The main markets for Rural Banking are Australia, New Zealand, the United States, and Brazil, and we are also present in Chile, Peru, and Argentina. The loan portfolio in Australia totaled EUR 12.0 (2021: 11.1) billion, in

New Zealand EUR 7.7 (2021: 7.3) billion, in the United States EUR 13.0 (2021: 11.9) billion, in Brazil EUR 4.2 (2021: 3.3) billion, and EUR 1.0 (2021: 1.1) billion in Chile, Peru, and Argentina in aggregate.

Deposits at RaboDirect Decreased by 26%

International Direct Banking (IDB) is our online savings bank. Deposits entrusted by clients to IDB are used for funding our international Rural banking business. In 2021, we announced our decision to discontinue our direct banking operations in Europe (outside of the Netherlands). Since the wind down of IDB in Belgium and Germany was completed in 2022, IDB only operates in Australia and New Zealand. Consequently, the savings balances of IDB further decreased to EUR 8.7 (2021: 11.8) billion on December 31, 2022. The number of online savings bank clients also declined, to approximately 210,000 (2021: 525,000).

Leasing

Highlights

As a global asset finance company, our leasing subsidiary DLL partners with equipment manufacturers, dealers, and distributors, as well as end-customers on a direct basis, to provide businesses with easier access to equipment, technology, and software. DLL provides financial solutions to the Agriculture, Food, Healthcare, Clean Technology, Construction, Transportation, Industrial, Office Equipment, and Technology industries in more than 25 countries. The decrease in DLL's net profit can be primarily attributed to higher impairment charges that were taken on DLL's Russian operations and linked to DLL's decision to exit the Russian market. The portfolio grew by 9% compared to 2021. On December 31, 2022, the Food & Agri share of the portfolio amounted to EUR 19.1 (2021; 16.5) billion, representing 47% (2021: 44%) of the total DLL portfolio.

Total Income

€ 1,712 million

2021: EUR 1,546 million

+11%

Total Operating Expenses

€ 917 million

2021: EUR 790 million

+16%

Portfolio

€ 40.6 billion

2021: EUR 37.4 billion

+9%

Financial Results

Results			
Amount in millions of euros	*12-31-2022*	*12-31-2021*	*Change*
Net interest income	1,259	1,147	10%
Net fee and commission income	107	105	2%
Other results	346	294	18%
Total income	**1,712**	**1,546**	**11%**
Staff costs	638	562	14%
Other administrative expenses	253	202	25%
Depreciation and amortization	26	26	0%
Total operating expenses	**917**	**790**	**16%**
Gross result	**795**	**756**	**5%**
Impairment charges on financial assets	267	(74)	-461%
Regulatory levies	43	46	-7%
Operating profit before tax	**485**	**784**	-38%
Income tax	150	209	-28%
Net profit	**335**	**575**	-42%
Impairment charges on financial assets (in basis points)	68	(21)	
Ratios			
Cost/income ratio including regulatory levies	56.1%	54.1%	
Underlying cost/income ratio including regulatory levies	55.0%	53.8%	
Balance Sheet			
Amounts in billions of euros			
Lease portfolio	40.6	37.4	9%
Number of internal employees (in FTEs)	5,273	5,155	2%
Number of external employees (in FTEs)	263	333	-21%
Total number of employees (in FTEs)	5,536	5,488	1%

Notes to the Financial Results

Development of Underlying Profit Before Tax			
Amounts in millions of euros		*12-31-2022*	*12-31-2021*
Income		**1,712**	**1,546**
Operating expenses		**917**	**790**
Adjustments to expenses	Restructuring expenses	18	*4*
Underlying expenses		***899***	***786***
Impairment charges on financial assets		267	(74)
Regulatory levies		43	46
Operating profit before tax		**485**	**784**
Total adjustments		***18***	**4**
Underlying operating profit before tax		**503**	**788**

Income Increased by 11%

Total income of the Leasing segment increased by 11% to EUR 1,712 (2021: 1,546) million in 2022, of which approximately 65% driven by FX impacts. Net interest income increased by 10% to EUR 1,259 (2021: 1,147) million in line with portfolio development. Nonetheless, new business margins decreased compared to 2021, due to rising funding costs and the fact that pressure on new business volumes were under pressure as supply chain disruptions and product shortages delayed the activation of lease contracts. Net fee and commission income was relatively stable at EUR 107 (2021: 105) million. Other results, mainly consisting of income from operating leases and sales on end-of-lease assets, increased by 18% to EUR 346 (2021: 294) million, where strong demand on the market for second-hand equipment positively impacted our end-of-lease results.

Operating Expenses Higher

Total operating expenses in the Leasing segment increased by 16% to EUR 917 (2021: 790) million, of which approximately 35% due to FX impacts. Staff costs increased by 14% to EUR 638 (2021: 562) million, while staff numbers increased by 48 FTEs to 5,536 FTEs in 2022. The growth in FTEs was required by the net effect of needing both more FTEs to support the growth of our business and fewer FTEs due to the sale of portfolios in India and Russia. Other administrative expenses were 25% higher at EUR 253 (2021: 202) million, driven by higher investments in IT infrastructure, risk modeling, and digital solutions to further enhance the customer experience. Higher restructuring expenses also contributed to this increase. The total amount for depreciation and amortization was stable at EUR 26 (2021: 26) million.

Impairment Charges on Financial Assets

Impairment charges were significantly higher in 2022 and primarily attributable to the decision by DLL to exit the Russian market. This resulted in EUR 267 (2021: minus 74) million impairment charges on financial assets, corresponding to 68 (2021: minus 21) basis points of the average loan portfolio and well above DLL's long-term average of 44 basis points.

Higher Portfolio

The portfolio grew by 9% to EUR 40.6 (2021: 37.4) billion, or by around 6% excluding FX impacts. In 2022, the Food & Agri share of the portfolio increased to EUR 19.1 (2021: 16.5) billion, representing 47% (2021: 44%) of the DLL portfolio.

Property Development

Highlights

The Property Development segment is mainly composed of the activities of Bouwfonds Property Development (BPD), which operates in the Netherlands and Germany. In 2022, the housing market remained strong but development activity is decreasing due to higher building costs and increasing interest rates. The commercial results at BPD were lower than in 2021 as a result of lower sales volumes.

Total Income

€ 297 million

2021: EUR 378 million

Total Operating Expenses

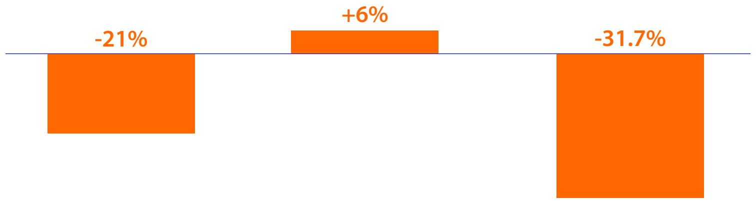
€ 147 million

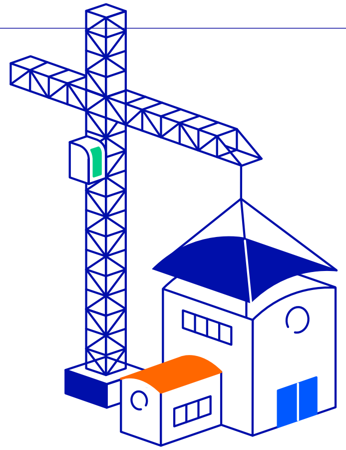
2021: EUR 139 million

Property Transactions

6,081

2021: 8,903





Financial Results

Results			
Amount in millions of euros	*12-31-2022*	*12-31-2021*	*Change*
Net interest income	-	(23)	100%
Net fee and commission income	-	-	
Other results	297	401	-26%
Total income	**297**	**378**	**-21%**
Staff costs	110	102	8%
Other administrative expenses	27	28	-4%
Depreciation and amortization	10	9	11%
Total operating expenses	**147**	**139**	**6%**
Gross result	**150**	**239**	**-37%**
Impairment losses on goodwill and associates	(5)	-	
Impairment charges on financial assets	-	-	
Regulatory levies	2	2	**0%**
Operating profit before tax	**153**	**237**	**-35%**
Income tax	36	51	-29%
Net profit	**117**	**186**	**-37%**
Ratios			
Cost/income ratio incl. regulatory levies	50.2%	37.3%	34%
Balance Sheet			
Number of property transactions	6,081	8,903	-32%
Amounts in billions of euros			
Loan portfolio	0.1	0.1	0%
Number of internal employees (in FTEs)	719	711	1%
Number of external employees (in FTEs)	73	95	-23%
Total number of employees (in FTEs)	792	806	-2%

Notes to the Financial Results

Income Down by 21%

The Property Development segment's total income decreased to EUR 297 (2021: 378) million. Sales volumes in the Netherlands and Germany have decreased, as the number of new projects that can be initiated is lagging due to higher building costs and increased mortgage rates. The German market is especially slow because of higher interest rates and uncertainties due to the Russia-Ukraine war. For example, the war causes (potential) buyers affordability concerns due to the energy crisis. The financial impact is still limited, but lagging markets could negatively impact income in 2023 and 2024.

Operating Expenses 5% Higher

Total operating expenses were higher at EUR 147 (2021: 139) million. Higher average staff numbers at BPD required to support business growth resulted in an increase in staff costs of EUR 8 million compared to the same period in 2021, totaling EUR 110 (2021: 102) million. Other administrative expenses were stable at EUR 27 (2021: 28) million. Depreciation and amortization in 2022 were somewhat higher at EUR 10 (2021: 9) million.

Lower Number of Property Transactions

The number of residential property transactions decreased to 6,081 (2021: 8,903). The number of new projects that can be sold is lagging due to less favorable market conditions. In the Netherlands, the number of transactions amounted to 5,133 (2021: 6,376) and in Germany, the total number of transactions decreased to 948 (2021: 2,527) transactions. Especially in Germany, the Russia-Ukraine war is having a major impact on the market.

Outlook

The world in which we operate is changing. The banking sector is under pressure. Increased capital requirements and regulations, demand significant resources and management attention. Meanwhile, competition is growing with many new entrants turning to segmentation. Forcing banks to speed up the pace of digitalization even further.

Despite the intentions and ambitions of the Paris Climate Agreement, the world is warming up, which poses risks for the environment, and e.g. the food security of communities. We see climate change directly affect our banking business. We recognize the physical risks of climate change on our portfolio and the transition of our customers towards a more sustainable business model within increased transparency requirements on disclosure.

The invasion of Ukraine by Russia and the ensuing energy crisis was one of the big shocks that tainted the global economy in 2022. Global growth slowed from over 6% in 2021 to around 3% and inflation skyrocketed to multi-decade highs in many countries. That said, activity in many jurisdictions has slowed less sharply than had been feared at the onset of the Ukraine war, and by early 2023 there were even signs of a slight pickup in activity.

However, the smaller slowdown in activity adds to concerns of stubbornly high (core) inflation. And thus, central banks still have work ahead of them, despite the fact that they already tightened monetary policy at an unprecedented pace last year. Given that the impact of higher policy rates will only be felt with a delay, the interest rate environment is now one of the key risks for global economic activity and asset prices over the medium term.

Even as an increasing number of economies may have (just averted) recession, global growth is likely to be subdued this year, at around 2.5%, as many businesses face tight labor markets, rising (labor) costs and an increasingly challenging and uncertain geoeconomic environment in which government actions such as sanctions, protectionism or subsidy regimes could lead to renewed price volatility.

A Solid Bank

We will hold on to our mission, “Growing a better world together”. As a cooperative bank we aim to contribute to the transitions needed in society. What matters to our customers, matters to us. Our customers are united in the challenge to shape a sustainable tomorrow. As are we. We aim and to help our customers reach their ambitions. To feed the world sustainably and transform the way we produce and consume energy. In their best interest, an ours.

We are well positioned to do so. In the Netherlands, we service up to 9 million private and business customers of which more than 2 million have joined forces as a member. We offer them a wide range of financial services every day. At BPD we aim contribute to reducing the housing shortage, by building approximately nine thousand accessible homes every year.

Globally, we play a leading role in the global Food & Agri value chain and serve over 20,000 farmers in the major agricultural regions. We also leverage this knowledge and our network in the Netherlands to service more than 1500 wholesale customers. And DLL is a trusted partner for more than a million customers and a strong vendor network. Providing them tailored and integrated financial products and services that enable them to achieve growth.

To stay competitive and relevant, we need to optimize our products, services and platforms. Efficiency and deepen client relationships will create grow within our strong focus. The trust our clients is essential for Rabobank, also by remaining disciplined on a solid balance between risk, return, and impact. We will further step up in our role as steward of the financial eco system.

Our Strategic Focus

We have set ourselves the ambition to serve our customers best as the leading bank in the Netherlands, the Food and Agri bank of choice and the leading vendor finance partner globally. Helping both our private and business customers grow and manage the challenges they face by providing them knowledge, network and finance.

We aim for profitable and balanced growth. In a rapidly changing world we have to anticipate more swiftly on changing customer preferences and strive for operational excellence. We are committed to integrate sustainability in the way we operate.

We aim to strengthen our leading position in the Netherlands. As interaction is our lifeline, we strive for relevant and digital day-to-day client interaction. To strengthen the relationship with our clients and members. With additional attention during and after life events. Adaptivity and digital ease are prerequisites to meet continuously changing client expectations. We will digitize our core products as much as possible. This will also create room for high value advisory services. We focus on efficiency and transparent products, without losing our distinctive way of working.

As the bank of choice for the global Food and Agri sector, we facilitate and finance the growth and development of the food system. And help the sector transition and reduce their carbon footprint. Our deep knowledge in Food and Agri, the Netherlands and the Energy transition in combination with our network and client relationships is the basis of our success and this will create opportunities for growth.

Our ambition is to be the market leader in enabling sustainable business growth through point-of-sale financial solutions. By creating strong partnerships with leading vendors, our aim is to drive sustainable, profitable growth for DLL and our stakeholders. DLL is uniquely positioned in a growing market and can build on its solid foundation to address external trends such as digitalization and new business models, while navigating an uncertain economic and geopolitical environment.

Macroeconomic Outlook

High inflation is working its way through the global economy. Global GDP growth expected to reach a trough in 2023 after which a sluggish recovery is projected, as higher interest rates and tight labor markets continue to weigh on the near-term growth potential.

Covid-19 restrictions have weighed heavily on Chinese economy. The repealing of some of these raise the chances of a strong recovery in 2023. However, structural problems, high debt and the real estate crisis should keep a lid on growth. In the face of high inflation, the US economy and notably its labor market have proved more resilient than expected. This has led the Fed to tighten policy more aggressively than anticipated by the market and will probably push the economy into a mild recession in 2023, that could spill over into other economies In the Eurozone, a mild recession probably already started in Q4 2022 and a further slowdown should be felt in the first half of 2023. Government measures to mitigate impact of high energy prices should prevent a deeper recession. Unwind of measures and the lagged effect of higher interest rates could lead to a relatively slow growth recovery in 2024

The ECB is expected to hike rates to 3% in the first half of 2023 before it halts its tightening cycle. It will also soon embark on a gradual wind down of its asset purchase programme. A more aggressive approach in both areas could lengthen the slowdown and raise adverse credit and balance sheet effects on the economy.

Managing Board Responsibility Statement

The Managing Board of Cooperative Rabobank U.A. (Rabobank) hereby declares that, to the best of its knowledge:

- The Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of Rabobank, and the companies included in the consolidation;
- The Management Report gives a true and fair view of the state of affairs on the reporting date, and of the course of affairs during the financial year at Rabobank and those affiliated entities whose information is included in the Financial Statements;
- The Management Report gives sufficient insights into the shortcomings regarding the effectiveness of the internal risk and control systems;
- Information about internal control over financial reporting is provided in note 55 of the Consolidated Financial Statements;
- The Management Report describes the principal risks and uncertainties that Rabobank faces which may impact Rabobank's going concern in the coming 12 months and other future risks;
- Has ensured the integrity of the Management Report, which is presented in accordance with the <IR> Framework.

Managing Board
Stefaan Decraene, *Chair*
Bas Brouwers, *CFO*
Kirsten Konst, *Member*
Bart Leurs, *Member*
Mariëlle Lichtenberg, *Member*
Berry Marttin, *Member*
Janine Vos, *Member*
Philippe Vollot, *Member*

Management Report on Internal Control over Financial Reporting

The Managing Board of Rabobank is responsible for establishing and maintaining adequate internal control over financial reporting. Management is also responsible for the preparation and fair presentation of the Consolidated Financial Statements. At the end of the period covered by this Annual Report, Rabobank's management carried out an evaluation, under the supervision and with the participation of its Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the effectiveness of the design and operation of its internal control over financial reporting. Rabobank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for the preparation of its financial statements for external purposes in accordance with generally accepted accounting principles.All internal control systems, no matter how well designed, have inherent limitations. Due to these limitations, internal control over financial reporting may not prevent or detect misstatements. Also, future projections on the basis of any evaluation of the effectiveness of internal control are subject to the risk that the control measures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of Rabobank's internal control over financial reporting as of December 31, 2022 in accordance with the criteria set out in 2013 by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), as defined in the Internal Control - Integrated Framework.

Based on that assessment, the Managing Board of Rabobank concluded that it maintained effective internal control in all material aspects over financial reporting as of 31 December, 2022.

PricewaterhouseCoopers Accountants N.V., which audited the consolidated financial statements of Rabobank for the financial year ended December 31, 2022, also examined management's assessment of the effectiveness of the internal control over financial reporting in Rabobank . The assurance report of PricewaterhouseCoopers Accountants N.V. is included on page 257.

Stefaan Decraene and Bas Brouwers

Utrecht, March 2, 2023

The above statement on internal controls should not be construed as a statement in response to the requirements of section 404 of the US Sarbanes-Oxley Act.

Corporate Governance

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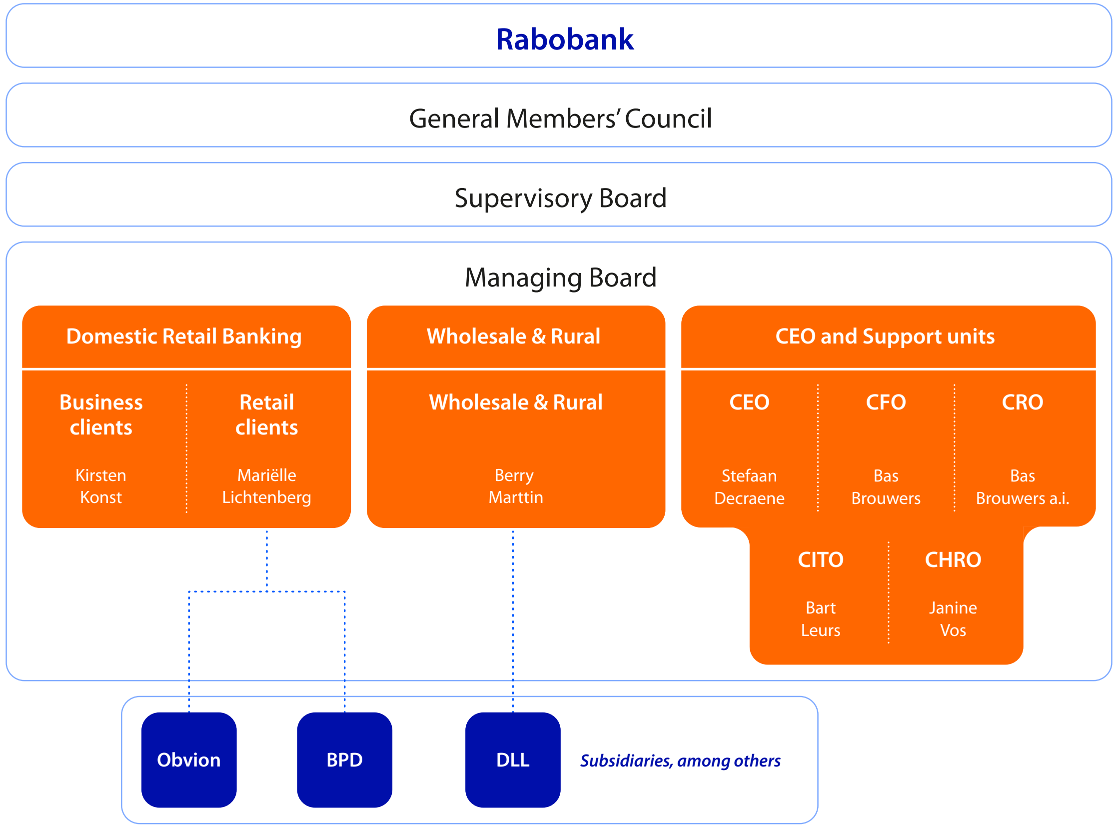
Corporate Governance

Our current governance structure has been in place since January 2016. Since the cooperative Rabobank was founded in the Netherlands at the end of the 19th century, Dutch member representatives have taken part in all formal governance bodies and act as owners of the entire Rabobank Group. All local Rabobanks in the Netherlands and Rabobank Group Organization operate as one cooperative bank with one banking license and one set of financial statements. In daily practice, the unique features of our member-based governance prove their value, strength, and flexibility. These include the bottom-up decision-making process, the associated focus on retail banking and its relatively stable income streams, and retained earnings as the primary source of capital building. Moreover, member representatives in formal governance bodies are the social capital of Rabobank. These representatives ensure valuable connections and relationships with society for local Rabobanks and Rabobank Group Organization. This cooperative governance structure safeguards Rabobank's special position in the financial sector, our long-standing focus on servicing the real economy, and last but not least, our ambition to contribute to the sustainable development of local communities.

Rabobank Organization Chart



The Governance Bodies in Short

The governance of Rabobank has always been adaptive. Since the establishment of the first credit cooperative in the Netherlands in 1895, Rabobank has been able to change in response to strategic considerations, to trends in society, and to developments in banking and regulation. As with previous governance regimes, the present governance structure is founded on a balanced system of closely interrelated and interacting bodies.

The governance structure underlines that member engagement and involvement are essential to a cooperative bank. These aspects are what set us apart from our competitors. The governance continuously triggers new initiatives to solidify cooperative aspects. Rabobank believes that permanent dialogues with members is very important for the future development of the bank. That is why Rabobank continuously organizes dialogue sessions with grass-root members to discuss ways to address major societal themes at the local and national level. For example, dialogues about dilemmas related to sustainable growth have taken place with member representatives using casuistry in 2022. These sessions provided relevant input to the organization as well as demonstrated their great value to the cooperative.

A defining feature of the governance is that the cooperative status is fully integrated with the tactical and operational banking business. Bottom-up decision-making entails that member representatives ultimately approve the bank’s strategic frameworks and safeguards its cooperative nature. In the following section, we will elaborate on the main roles and responsibilities of existing governance bodies and highlight recent salient developments and/or adaptations.

Cooperative Governance

Members

Cooperatives are distinguished by the fact that clients can become members, and members give cooperatives legitimacy. By year end 2022, the counter stood at around 2.2 million members. This member growth mirrors our intensified efforts to attract new members based on the recommendations of our cooperative renewal project. This project aims to give membership more substance and meaning. Currently, more than 25% of our clients are members of a local Rabobank. The member representatives in governance bodies exert an important influence on the course of the local Rabobank as well as of the entire organization. As a core feature of the cooperative governance, membership has always led to divergent internal dynamics and a different - strategic- orientation compared to financial institutions with different ownership structures.

Local Members’ Councils (LMC)

Members are divided into roughly 78 member departments at the local level. Within each department, members are organized into one or more delegates’ election assemblies, which appoint, suspend, or dismiss the members of the Local Members’ Councils (LMCs). These councils consist of 30 to 50 members. By end-October 2022, almost 2,400 members had a seat in a LMC. In 2022, new internal training courses for LMCs were developed to improve their functioning and knowledge level. By year end 2022, the number of local councils were 78. We are aiming to increase the membership numbers of LMCs to maintain and strengthen local social networks. The members serving on these councils bring the outside world to the table every day. They help keep the local Rabobank on a cooperative track and provide their opinion on the quality of financial services offered locally and/or digitally. LMCs have an important say in how cooperative funds are used. They are the "eyes and ears" and act as a sparring partner for banking directors of local Rabobanks. They also have a number of formal duties and responsibilities, such as the right to approve the merger or demerger of a local Rabobank or to advise the director of the local Rabobank on its members’ policy plan. LMCs monitor the overall performance of local Rabobanks, their local anchoring, the implementation of selected societal themes, as well as the supervision exercised by the members of the Local Supervisory Body (LSB).

Local Supervisory Bodies (LSB)

LSB members are appointed by and accountable to their LMCs and have to be members of Rabobank. An LSB does not derive its authority from the law. The Managing Board has instead delegated the LSBs specific local governance powers under the internal local Rabobank rules. By end-October 2022, LSB members totalled 353. LSB members are represented on various governance bodies. In order to spread the workload of these activities, LSB members usually agree upon a division of roles, with one LSB member acting as chair of the LMC and two others representing their local bank in either the Regional Council or General Members' Council.

LSB chairs are key players in the collective governance system as they represent members in the General Members’ Council. At the local level, the LSB supervises a wide range of aspects. In this light, the general state of affairs and the (cooperative and financial) performance of the local Rabobank must feature periodically on the LSB agenda. The first aspect includes an assessment of the extent to which the quality of the offered services meets the needs of clients and members. The LSB also judges the extent to which the local director and bank employees focus on clients’ long-term interests, contribute to the sustainable development of the local community, and strengthen the ties between the bank and the local community. The internal financial reporting system enables LSBs to monitor the performance of local banks. As a result of governance changes, risk and compliance aspects are no longer part of the LSBs’ responsibilities, but the focus has shifted to monitoring the quality of customer services, the banks’ social performance, and their cooperative identity.

From a cooperative perspective, the formal intermediary role of LSBs between the bank, its members, and society has grown in importance in recent years. This shift in emphasis requires more awareness of the importance of participating in various networks and stimulating a lively dialogue with grass-root members. Strong connections with local communities and members constitute the differentiating characteristic of a cooperative bank. LSBs have formal rights relating to appointing, assessing, and suspending the local banking director. As a result, LSBs have a tool to guarantee cooperative leadership at their bank. The LSB is also authorized to approve a number of important local decisions, i.e. local budget and local strategy as derivatives of the overarching budget and strategy of Domestic Retail Banking as agreed in the regional delegates' assembly and the GMC. Lastly, the LSB has an advisory role with regard to the local banking director.

In recent years, we developed and employed specific programs to stimulate the diversity of LSBs. It is important that the collective of local supervisors is an adequate reflection of our customer and member base. In 2022, we organized several smaller-scale inspiration and education sessions for LSB members. For example, innovations in banking and developments in HR, e.g., hybrid working, were topics of two sessions. Apart from these gatherings, tools are available to assess and improve the functioning of individual LSBs.

Regional districts and regional councils

Since 2021, local banks and departments are allocated into 14 regional districts. Each district operates with a regional council, an advisory council, and the overarching regional delegates' assembly. The regional council comprises one LSB member from each local bank in the region and addresses banking and cooperative issues in the district. The advisory council primarily focuses on the progress of the five selected societal themes. It consists of representatives from LMCs. The regional delegates' assembly has a basis in the Articles of Association and is important for the preparation for the General Members' Council (GMC). In this assembly, local general managers and LSB members from the same region meet each other. Regional delegates' assemblies are also responsible for strengthening their own relationships with Rabobank and for consulting on ways the local banks can cooperate to support society in the region. They discuss the interests of the local banks, the entire Rabobank organization, and the cooperative banking sector in general. However, the primary cooperative focus is and remains local in order to safeguard and strengthen valuable social networks as a distinguishing feature of Rabobank. A fully regional cooperative orientation would negate this unique feature.

Furthermore, Rabobank employees are on the payroll of the respective regional district. Regional Management Teams, comprising of all general managers of the local banks in that region, are responsible for Rabobank employees, who are on the payroll of that respective district. At the same time, the general managers at the local level have been endowed with important responsibilities to design and implement cooperative themes together with LMCs , LSBs, the regional council, and the advisory council in the respective regional district. In the governance structure, the general managers and all employees are entrusted with the important task of acting in harmony with the cooperative spirit, and of offering corresponding financial services. These managers are mandated by the Managing Board to safeguard their local orientation and firmly anchor their local Rabobanks in these communities. They can also transform the concept of cooperative identity from idea into reality at the local level. In this respect, local staff participate actively in social and virtual networks in order to maintain close ties with the local community.

General Members' Council

The GMC is the highest decision-making body in the Rabobank governance and consists of chairs of all LSBs. Although the LSB chairs participate in the GMC, they also take the local points of view into account. The GMC has around 80 members and convened 6 times in 2022. It focuses on the strategic framework and on the basic premises of the identity of Rabobank, from the cooperative to local Rabobanks and all other group entities. The GMC has three permanent committees: the Urgency Affairs Committee, the Coordination Committee, and the Committee on Confidential Matters. In 2022, a special committee presented its recommendations to increase the knowledge of the GMC members about the international activities of Rabobank Group. For instance, it was decided to include international business activities on a regular basis on the GMC's agenda as well as to establish a more coherent information sharing structure.

On behalf of the members, the GMC safeguards continuity while also acting as a custodian of collective values. The GMC evaluates the governance and the banking business based on commonly agreed strategic principles. In 2022, the GMC focussed particularly on an update of the bank's strategy, the impact of the Dutch nitrogen crisis on Rabobank and society, and a roadmap to further strengthen the internal governance. In addition, it adopted the report of the aforementioned Global Committee. Diversity and inclusion feature regularly on the agenda of the GMC, too. One of the identified points of attention is to further increase diversity in all member-based governance bodies, thus better reflecting the heterogeneity of the member base. This aspired transformation will be supported by a qualitative improvement in the training and education programs for all bodies.

To perform its functions, the GMC has several formal tasks and responsibilities. The GMC has the power to amend the Articles of Association or change Rabobank's legal status. It adopts the annual accounts and has advisory and approval rights for major decisions taken by the Managing Board. The GMC, for instance, has an approval right regarding the basic premises of Rabobank's identity and strategic frameworks and the main points of the annual strategy and budget. It also appoints members of the Supervisory Board of Rabobank on the recommendation of the Supervisory Board, which appoints the statutory members of the Managing Board. The Supervisory Board supervises the Managing Board. Both the Supervisory Board and the Managing Board are accountable to the GMC.

Corporate Governance Codes

The Dutch Corporate Governance Code

The Dutch Corporate Governance Code 2016 applies to listed companies and contains principles and best practice provisions for what is generally regarded as good corporate governance. Because of its cooperative structure, Rabobank is not required to comply with the Dutch Corporate Governance Code. Nevertheless, we have committed to comply with the code as much as possible. We depart from the code on just a few points, partly due to our cooperative structure. Please refer to www.rabobank.com for an overview.

The Dutch Banking Code

In 2009, the Dutch Banking Association adopted the Banking Code for Dutch banks in order to regain the public's trust in the banking sector. The Banking Code aims to ensure stable, service-oriented, and reliable banks for stakeholders by setting out principles of conduct for Dutch banks in terms of corporate governance, risk management, audit, and remuneration.

In 2013, the Committee on the Structure of Dutch Banks (the "Wijffels Committee") laid significant foundations for the further strengthening of Dutch banks.

In 2015, the Dutch Banking Association introduced a Social Charter, which includes an updated Banking Code, and implemented a bankers' oath (with the associated rules of conduct and a disciplinary system). By taking these actions, Dutch banks, including Rabobank, want to demonstrate what they stand for and what they want to be held accountable for in the ongoing renewal process as individual banks and as an industry at the heart of the community. The Social Charter, the Banking Code 2015 and the rules of conduct associated with the bankers' oath together form a package called "Future Oriented Banking." We have endorsed the package. For further information about our compliance with the Banking Code 2015, please refer to www.rabobank.com.

Governance Code for Cooperatives (NCR)

Rabobank is a member of the Dutch Cooperative council (NCR). In 2019, NCR thoroughly revised the Governance Code for Cooperatives with the aim of contributing to improving the level of cooperative entrepreneurship, member involvement, and the collective ethos and mutuality.

Cooperative entrepreneurship means that a cooperative is a form of association run as a business. The business works on behalf of its members and meets a common need. Cooperatives also focus on creating value for the long term. This principle is a key theme of Rabobank's cooperative renewal.

Member engagement means that all members are important, and that the organization is based on democratic member control and principles of mutual solidarity. The collective ethos and mutuality mean that all members are also customers. The relationship between the members is based on collaboration and solidarity.

An overview of the adherence to the NCR Code can be seen on www.rabobank.com. In conclusion, the bank adheres to all the principles and best practices taking into account the fact that the bank as a financial institution encounters limitations as well as assurances with respect to some best practices. For example, the rule in the Governance Code for Cooperatives stating that the cooperative has to create capital is a key, legal requirement for the bank as a financial institution.

Remuneration

Employee proposition

Rabobank as a favourite employer wants to attract, retain, develop and engage high performing talent. Our cooperative mission (which includes our environmental, social and governance goals - ESG) is central in our employee proposition whereby we want to empower our employees and stimulate diversity and inclusion. We offer our employees fair and competitive remuneration packages and an attractive working environment, a good pension structure and opportunities for personal growth. Our global performance management system GROW!, our worldwide education and training program and the provision of a personal development budget contribute to our employees' professional and personal development, enabling them to design their own careers, and contribute to the realization of strategic business goals and the transitions that are key to achieving our mission.

Sustainable Remuneration Policy

Rabobank Group has a sustainable remuneration policy that is aligned with our cooperative identity: we aim to reward at the median of the market; there is a limited role for variable pay where our Managing Board has no variable pay component; and our performance targets include (where relevant) the banks ESG goals. Our remuneration policy takes into consideration the international context of the markets in which Rabobank is active, and the public interest. It is also in line with Rabobank Group's risk appetite and supports robust and effective risk management focused on the long-term performance of Rabobank Group, including ESG risks. It focuses on the attention given to risks, discourages employees from taking undesirable risks (such as irresponsible sales practices), and it contributes to a strong capital position. The remuneration policy complies with the regulatory and legal requirements, taking into account the fact that Rabobank is a significant bank with an international scope and complex activities. The Group Remuneration Policy applies to all Rabobank Group employees at all levels and entities, is updated annually and approved by the Managing Board

The four basic principles underpinning our remuneration policy are: fairness and consistency; alignment with performance; the external perspective; and focus on total reward.

Fairness and consistency

The policy promotes fairness and consistency in our approach to remuneration. It promotes equal treatment of all employees and aims at rewarding equal work equally. This is achieved using a Hay job evaluation methodology, which analyzes and measures jobs, and assigns a job grade for each position. Each job grade is linked to a salary scale, which provides a range for the fixed remuneration.

Alignment with performance

The remuneration policy supports the business strategy and reflects the performance of the bank, while promoting the long-term interests of Rabobank Group as a whole and its ESG ambitions. By using a combination of key performance indicators (KPIs) -the 'what'- and behaviour and personal growth -the 'how'- we determine remuneration levels for each employee, and thus ensure a clear link between performance and remuneration. Our performance objectives consist of a balanced set of financial and non-financial criteria. At least half of the performance objectives must be non-financial. These are determined by collective and cascaded KPIs that are directly linked to the bank's long-term strategic priorities, including ESG goals.

External perspective

Rabobank aims at a median pay level within the relevant market, based on total remuneration. Nonetheless, Rabobank must be able to attract and retain people with the right capabilities at the right time and in the right markets at an appropriate cost.

Focus on Total Reward

In addition to pay, Rabobank offers an attractive total rewards package. This includes opportunities for learning and development, a corporate well-being program, a pension scheme, workplace flexibility and career opportunities.

Stakeholder involvement

Rabobank has about 2 million members. The General Members' Council (GMC), as a representative of our members, are involved in board remuneration matters. A committee, consisting of delegates from the GMC, advises the GMC on remuneration for the members of the Supervisory Board and the salary ranges of the Managing Board. Also our works council is periodically informed about developments on remuneration and (via annual reporting) on pay levels and pay ratios within the Netherlands.

Identified Staff

The group of employees with a material impact on Rabobank's risk profile is designated as Identified Staff. In addition to the specific performance management requirements, specific risk-mitigating measures have been established regarding variable pay for Identified Staff. This includes the payment of variable pay on a deferred basis which enables adequate consideration of the risks related to the underlying business activities. Generally, the payment of variable pay to Identified Staff is spread over a period of four years. For those employees identified as "Senior management", however, the deferral policy stretches to five years. A deferral policy also applies to non-Identified Staff employees receiving variable pay above a certain amount.

In 2022, 11 employees (all Identified Staff) earned a total remuneration (including pension contributions) of between EUR 1.0 and 1.5 million, and 1 employee (Identified Staff) earned a total remuneration (including pension contributions) of between EUR 1.5 and 2 million.

Executive Positions

The levels of management below the Managing Board are referred to as "executive positions". At year-end 2022, globally 200 employees (2021: 203) were in an executive position. The fixed remuneration packages for executives are determined by job grades, based on Hay points. These job grades are linked to five executive salary ranges. The majority of executives receive only fixed remuneration. Only a small number of the executive positions are eligible for variable pay, dependent on the type of work and on the type of business in which they operate, for example in specific commercial roles.

Collective Labour Agreement (CLA) NL

At year-end 2022 26,146 employees (2021: 25,411, including Obvion) were employed under the terms of the (Dutch) Rabobank CLA. The remuneration includes fixed remuneration, the Employee Benefit Budget (which provides flexibility and choice of employment terms), pension, and fringe benefits. For 2022, a collective salary adjustment of 1% was agreed with the labor unions.

Variable pay

Within Rabobank, the basic principle is that variable pay, if applicable, makes up a relatively small proportion (and varies per market) of the total reward. Only a specific group of employees is eligible for variable pay. In the Netherlands, this group consists mainly of employees within Wholesale Banking and Treasury. Additionally, our employees outside the Netherlands and employees of our subsidiaries are eligible for variable pay. Variable pay is never guaranteed, and performance management processes ensure that it does not reward for failure or misconduct. In 2022, the budgeted variable remuneration for Rabobank Group worldwide was EUR 264.6 million (2021: 252.8), approximately 9% of the total amount reserved for remuneration (2021: 9%). Our remuneration policy complies with Dutch and European legislation, which includes capping variable pay to an average of 20% of fixed pay for employees working in the Netherlands, and a maximum of 100% of fixed pay for employees working outside the Netherlands. In 2022, Rabobank did not make use of the provision provided in Dutch law to award variable pay up to 200% in countries outside the EEA. As determined by regulation, variable pay is awarded in the form of cash and instruments (each 50%), and several risk mitigating measures are in place for all variable payments, such as ex-ante and ex-post testing and the ability to apply malus and claw back. For those employees eligible for variable pay, a risk-mitigating target is part of their individual objectives. In some cases, a sign-on or a buyout may be awarded to new hires, to compensate for the loss of (deferred) variable pay at the previous employer.

Pay ratio

The average remuneration for Rabobank employees in the Netherlands at year-end was EUR 85,510 which resulted in a pay ratio of 1:14.2 between the average remuneration and the Chair of the Managing Board. This ratio has decreased compared to last year.

Pay ratio

In thousands of euros	2022	2021	*2020*
Annual total compensation for the Chair of the Managing Board	1,218	1,218	1,218
Average annual compensation for the Rabobank employees in NL	85.5	82.3	81.6
Pay ratio	14.2	14.8	14.9

Managing Board

The Managing Board Remuneration Policy focuses on contribution and leadership to realize the cooperative mission of Rabobank. Changes to the remuneration policy are presented to the General Members' Council for approval. Managing Board members are appointed for a period of four years and their individual remuneration is determined for that specific period. Managing Board members are not eligible for variable pay. The remuneration policy for the Managing Board was approved by the General Members' Council in 2017 and remained unchanged in 2022.

The remuneration policy for the Managing Board consists of two clusters with salary ranges: Chair of the Managing Board, and Member of the Managing Board. These salary ranges are periodically benchmarked against a cross-industry peer group in the Netherlands and a representative pan-European banking peer group. The remuneration structure and salary ranges of the Managing Board are as follows:

Salary Ranges Managing Board

Salary Ranges	*Minimum*	*Maximum*
Chair of the Managing Board	€ 884,000	€ 1,154,400
Member of the Managing Board	€ 477,000	€ 884,000

Apart from their salary, the members of the Managing Board receive secondary employment conditions such as a pension scheme, which is a collectively defined contribution plan. The maximum income for pension accrual (regulated by law) was EUR 108,612 as of January 1, 2022. In addition, members of the Managing Board receive a personal pension budget, 24% of the fixed annual income above the maximum pensionable income. A mobility policy is in place for all members of the Managing Board for the purpose of commuting and business travel.

Individual Remuneration

For the remuneration of the Managing Board the collective managerial responsibility has been taken as a guiding principle. In principle all positions within the Managing Board (excluding CEO) are rewarded at the same remuneration level of €800,000.

Remuneration Managing Board 2022

In thousands of euros	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense[1]	Total Remuneration	Fixed portion of the total remuneration[2]
Managing Board member	Base salary	Fees	Fringe benefits[3]	One-year variable	Multi- year variable				
Bas Brouwers, CFO[4]	908	-	-	-	-	-	221	1,129	100%
Els de Groot, CRO[5]	792	-	20	-	-	-	193	1,005	100%
Kirsten Konst, Business Clients	800	-	-	-	-	-	195	995	100%
Bart Leurs, CITO	800	-	-	-	-	-	195	995	100%
Mariëlle Lichtenberg, Private Clients[5]	792	-	6	-	-	1	193	992	100%
Berry Marttin, Wholesale & Rural	884	-	20	-	-	-	215	1,119	100%
Philippe Vollot, CFECO[6]	337	-	-	300	398	10	82	1,127	38%
Janine Vos, CHRO[5]	775	-	-	-	-	-	189	964	100%
Former member									
Wiebe Draijer, Chair[7]	735	-	-	-	-	-	179	914	100%
Total	**6,823**	**-**	**46**	**300**	**398**	**11**	**1,662**	**9,239**	**92%**

1 The pension expense includes pension based on maximum pensionable salary cap and compensation for the maximum pensionable salary cap

2 The proportion of fixed and variable remuneration is not relevant since the members of the MB do not receive any variable remuneration

3 Fringe benefits vary and includes fiscal treatment of lease vehicles and discount on mortgage interest

4 Bas Brouwers has been appointed as interim Chairman of the Managing Board (next to his role as Chief Financial Officer) for the period of October 1, 2022 until December 31, 2022. For this period of three months, base salary has been adjusted with 24,000 EUR

5 The base salary has been adjusted to the targeted remuneration level of MB member as per March 1, 2022

6 Philippe Vollot has been appointed as Chief FEC Officer as from October 1, 2022. As per his appointment a sign-on was granted, referred to as one-year variable (classified as "other" under SRD2). A buyout has been awarded to compensate for the loss of the deferred variable remuneration at the previous employer. The vested part has been taken into consideration as multi-year variable. The extraordinary item refers to compensation for relocation costs. Additionally, 3 months of temporary housing costs is covered by the bank ad 19,342 EUR.

7 Wiebe Draijer resigned as Chair of the Managing Board per October 1, 2022 and will be available until April 1, 2023, as an employee, for the transfer of his activities to the new chair and for completion of some remaining tasks, receiving the same remuneration. As from April 1, 2023 a six-month notice period starts.

Philippe Vollot has been appointed as Managing Board member in the role of Chief Financial Economic Crime Officer as of October 1, 2022. Since this quite unique role at Board level required in-depth, international expertise in the field of financial economic crime, the remuneration level -by exception- is higher than the targeted remuneration level for the MB. This exception has been agreed by the GMC. The changes in the remuneration for Janine Vos and Marielle Lichtenberg are a result of their reappointments in 2021.

Remuneration Managing Board 2021

In thousands of euros	Fixed remuneration			Variable remuneration					
Managing Board member	Base salary	Fees	Fringe benefits[3]	One-year variable	Multi- year variable	Extraordinary items	Pension expense[1]	Total Remuneration	Fixed portion of the total remuneration[2]
Wiebe Draijer, Chair	980	-	-	-	-	-	238	1,218	100%
Bas Brouwers, CFO	884	-	-	-	-	-	215	1,099	100%
Els de Groot, CRO	750	-	20	-	-	-	183	953	100%
Kirsten Konst, Business Clients	800	-	0	-	-	-	195	995	100%
Bart Leurs, CITO[4]	750	-	-	-	-	21	183	954	98%
Mariëlle Lichtenberg, Private Clients	750	-	6	-	-	-	183	939	100%
Berry Marttin, Wholesale & Rural	884	-	20	-	-	-	215	1,119	100%
Janine Vos, CHRO[5]	650	-	-	-	-	59	159	868	93%
Former member									
Ieko Sevinga, CIO/COO[6]	500	-	-	-	-	750	122	1,372	100%
Total	**6,948**	**-**	**47**	**-**	**-**	**830**	**1,693**	**9,518**	**91%**

1 The pension expense includes pensions based on maximum pensionable salary cap and compensation for the maximum pensionable salary cap

2 The proportion of fixed and variable remuneration is not relevant since the members of the MB do not receive any variable remuneration

3 Fringe benefits vary and includes fiscal treatment of lease vehicles and discount on mortgage interest

4 Bart Leurs was appointed as CITO on May 1, 2021. The "extraordinary item" relates to a deferred compensation from prior (non-MB) position

5 The "extraordinary item" relates to a deferred compensation from prior (non-MB) position

6 Ieko Sevinga resigned as managing Board member per September 1, 2021 and is entitled to a severance payment as disclosed under "Extraordinary items"

Individual Loans

The outstanding loans of the members of the Managing Board in office and the average interest rates on December 31, 2022 were as follows:

Outstanding Loans Managing Board

In millions of euros

On December 31, 2022	*Outstanding Loans*	Average Interest Rate *(in %)*
Bas Brouwers	0.68	1.50
Bart Leurs	0.77	1.44
Mariëlle Lichtenberg	1.45	2.71
Janine Vos	1.14	1.58

Members of the Managing Board not listed in the table were not in receipt of any loans, advances or guarantees at year-end 2022.

Rabobank Certificates

Some members of the Managing Board have personally invested in Rabobank Certificates, these are listed below:

Certificates Managing Board

On December 31, 2022	*Number of Rabobank Certificates*
Kirsten Konst	840
Mariëlle Lichtenberg	1,398
Berry Marttin	26,084

Supervisory Board

The remuneration of the members of the Supervisory Board is based on both a cross- industry benchmark and a pan-European banking benchmark for similar positions. The current remuneration levels which were determined in 2016, remained unchanged in 2022. The remuneration in 2022 was as follows:

Fee Structure Supervisory Board	
As of October 1, 2016	
In euros	*Fee*
Chair	220,000
Vice-Chair	120,000
Member	90,000
Chair of a regular SB committee, additional	20,000

Individual Remuneration

Remuneration Supervisory Board 2022				
In thousands of euros	Fixed remuneration			
Supervisory Board member	Base salary[1]	Fees[2]	Total Remuneration	Fixed portion of the total remuneration
Marjan Trompetter (Chair)	220	-	220	100%
Johan van Hall (Vice-Chair)[3]	108	-	108	100%
Gert-Jan van den Akker	90	-	90	100%
Petri Hofsté[4]	90	30	120	100%
Arian Kamp[5]	90	20	110	100%
Mark Pensaert[6]	90	30	120	100%
Pascal Visée[7]	90	20	110	100%
Former member				
Jan Nooitgedagt[8]	31	-	31	100%
Annet Aris[9]	84	-	84	100%
Total	**893**	**100**	**993**	**100%**

1 Remuneration as a SB member of Rabobank
2 Remuneration as a chair of a SB committee
3 Johan van Hall was appointed as Vice-Chair from May 25, 2022
4 The fees relate to the amounts received as Chair of the Audit committee and an additional fee for member of the KYC committee
5 The fees relate to the amounts received as Chair of Corporate Affairs committee
6 The fees relate to the amounts received as Chair of the Risk committee and an additional fee for member of the KYC committee
7 The fees relate to the amounts received as Chair of the Remuneration & HR committee
8 Jan Nooitgedagt resigned as SB member and Vice-Chair on April 13, 2022. The remuneration figures reflect a partial year
9 Annet Aris resigned as SB member on December 7, 2022. The remuneration figures reflect a partial year

Remuneration Supervisory Board 2021

In thousands of euros	Fixed remuneration			
Supervisory Board member	Base salary[1]	Fees[2]	Total Remuneration	Fixed portion of the total remuneration
Marjan Trompetter (Chair)[3]	148	14	162	100%
Jan Nooitgedagt (Vice-Chair)[4]	98	15	113	100%
Gert-Jan van den Akker[5]	64	-	64	100%
Annet Aris	90	-	90	100%
Johan van Hall[6]	6	-	6	100%
Petri Hofsté[7]	90	30	120	100%
Arian Kamp	90	20	110	100%
Mark Pensaert[8]	90	16	106	100%
Pascal Visée[9]	90	6	96	100%
Former member				
Ron Teerlink[10]	160	-	160	100%
Total	**926**	**100**	**1,026**	**100%**

1 Remuneration as a SB member of Rabobank

2 Remuneration as a chair of a SB committee

3 The remuneration is based on being Vice-chair, Chair of the Remuneration & HR Committee and Chair of the Appointments Committee until September 21, 2021. As of September 22, 2021 Marjan Trompetter was appointed as Chair of the Supervisory Board

4 The fees relate to the amounts received as Chair of the Risk Committee until September 21, 2021 and as Vice-chair per September 22, 2021. The remuneration figures reflect a partial year

5 Gert-Jan van den Akker was appointed a member of the SB on April 14, 2021. The remuneration figures reflect a partial year

6 Johan van Hall was appointed a member of the SB on December 8, 2021. The remuneration figures reflect a partial year

7 The fees relate to the amounts received as Chair of the Audit committee and an additional fee for member of the KYC committee per January 1, 2021

8 The fees relate to the amounts received as Chair of the Risk Committee per September 22, 2021 and an additional fee for member of the KYC committee per January 1, 2021. The remuneration figures reflect a partial year

9 The fees relate to the amounts received as Chair of the Remuneration & HR Committee per September 22, 2021. The remuneration figures reflect a partial year

10 Ron Teerlink resigned as Chair of the SB on September 22, 2021. The remuneration figures reflect a partial year

Individual Loans

The outstanding loans of the members of the Supervisory Board in office on December 31, 2022 and the average interest rates were as follows:

Outstanding Loans Supervisory Board

In millions of euros	*Outstanding Loans*	*Average Interest Rate (in %)*
On December 31, 2022		
Arian Kamp	1,78	3,50
Marjan Trompetter	0,61	2,95

Members of the Supervisory Board not listed in the table had not received any loans, advances or guarantees at year-end 2022.

Report of Rabobank's Supervisory Board

In 2022, the context in which the Supervisory Board and its committees conducted their oversight -, challenging - and advising roles was turbulent as geopolitical, economic and financial risks increased. The Ukraine/Russia conflict escalated, a steep rise in inflation occurred, consumer confidence decreased to historic lows and unrest in Dutch society deepened due - among other things – to the government's approach on nitrogen reduction in the agricultural and other sectors.

The Supervisory Board's agenda in 2022 was marked by the preparation for and/or implementation of several successions in the Managing Board and Supervisory Board, the recalibration of the strategic direction, and a number of critical execution priorities of the bank. In particular, fighting financial economic crime continued to be a top priority for Rabobank and the Supervisory Board dedicated a substantial amount of time to this topic. Despite these unstable circumstances, the Supervisory Board saw that Rabobank showed agility and resilience and maintained a solid and robust performance level.

Key Topics for 2022

Composition of the Managing Board and Supervisory Board

As the employer of the Managing Board, the Supervisory Board devoted a substantial amount of time and effort to successfully address the succession of Wiebe Draijer (who stepped down as chair of the Managing Board in October 2022), Els de Groot (who stepped down as Chief Risk Officer (CRO) per February 2023) and the recruitment of the Chief Financial Economic Crime Officer (Chief FEC Officer) to the Managing Board. Recruitment processes (especially in the financial sector) are intense and require the involvement of multiple internal and external stakeholders, including the external supervisory authorities.

The Supervisory Board is proud of the selection and appointment of Stefaan Decraene as chair of the Managing Board, Philippe Vollot as Chief FEC Officer and of the announced appointment of Vincent Maagdenberg as new CRO (subject to approval by the financial supervisory authorities and the Works Council).

On January 1, 2023, Stefaan Decraene started as chair of the Managing Board, after resigning from BNP Paribas where he was responsible for international retail and commercial banking. Stefaan Decraene has more than thirty years of relevant banking experience and expertise at operational, managerial and board level. He has been successful in major transformations, among other things. His experience and capabilities fit perfectly with the profile that was determined for the position of chair of the Managing Board: result-oriented, cooperation minded and focused on motivation and inspiration.

Philippe Vollot started as Chief FEC Officer on October 1, 2022. He has an impressive and long track record in the area of fighting financial crime, compliance and anti-money laundering. Through his previous positions with, among others, Danske Bank and Deutsche Bank Philippe Vollot acquired extensive experience in setting up and implementing remediation programs and proved able to change organizations and solve complex financial economic crime related problems. His knowledge, experience and capabilities are now deployed for Rabobank to create a robust, simplified and future- proof FEC organization.

In December 2022it was announced that Vincent Maagdenberg will be appointed as CRO (subject to approval of DNB/ECB and a positive advice of the Works Council). It is envisaged that he will start in April or May 2023. He joins Rabobank from ING where he gained international business experience: he was the CRO ING Netherlands, Global Head of Lending, and finally Chief Transformation Officer in Wholesale Banking.

Next to these successful appointments in the Managing Board, the Supervisory Board also recruited and selected suitable candidates for two vacancies in its own Board. The profiles for these two positions focused on sustainability and climate change on the one hand, and risk management and banking on the other hand. The formal appointment of these two candidates is expected by mid 2023.

Furthermore, Jan Nooitgedagt resigned from the Supervisory Board in April 2022 for personal reasons. Annet Aris decided not to engage for a second term and stepped down from the Supervisory Board in December 2022. In order to secure continuity in the Supervisory Board, Arian Kamp was re-appointed for a two-year term per December 2022 after two terms as member of the Supervisory Board.

Recalibration of Rabobank's Strategy

Rabobank's mission, "Growing a better world together", continues to be relevant in today's world. It therefore continues to guide the strategy of the bank, which was adapted in 2022 to meet societal expectations and increased regulatory requirements. The first steps to refine and update the bank's strategy were initiated by the Managing Board at the end of 2021. The Managing Board, the Supervisory Board and the General Members Council (GMC) discussed, challenged and further elaborated on the proposed refinements during the year in a number of iterations. Moreover, dialogue sessions were held with members of the bank in order to receive feedback on the main themes of the updated strategic direction. In September 2022 the GMC approved the proposed recalibrated strategic direction. The themes of the updated strategy have been and will continue to be further worked out by the Managing Board into concrete actions for 2023 and beyond - under the supervision and monitoring of the Supervisory Board.

Fighting Financial Economic Crime

In 2022 fulfilling the bank's gatekeeper role in fighting financial economic crime (FEC) as well as adequate compliance with the relevant rules and obligations once again demanded continuous hard work by an increasing number of employees and full dedication of the Managing Board and Supervisory Board and its committees.

In October 2021 the bank received a proposed instruction from the Dutch Central Bank (DNB) in respect of compliance with Wwft[1] requirements. In response to the instruction, by mid 2022 Rabobank established and submitted to DNB revised, integral remediation plans to strengthen the foundation for adequate compliance with the anti money laundering and combating the financing of terrorism (AML/CFT) requirements. The previous '*Verstevigen & Bestendigen* remediation plan' was amended with - among other things - input from a root cause analysis and 'Wwft' gap analysis performed by external consultants. The Supervisory Board closely monitored the discussion on the outcome of these analyses and the subsequent revision of the remediation plans. Audit Rabobank supported the Supervisory Board in its assessment of the adjusted plans. Based on the outcome of the root cause analysis and of other assessments on change leadership and culture within the bank, the remediation plans were supplemented by a culture plan. This focuses on a number of themes, including clarity on roles, responsibilities and ownership, which were further detailed into actionable plans for the whole bank.

After receipt of the proposed instruction from DNB in October 2021, the Supervisory Board formed a 'core team'[2] for supervision and advice on the response to the instruction. The core team has regularly been meeting again since December 2022 when the Public Prosecutor announced a criminal investigation. The core team of the Supervisory Board acts in addition to the FEC Committee[3] of the Supervisory Board and the other committees in which FEC related topics are discussed. The core team and the Supervisory Board as a whole closely follow the developments in the Public Prosecutor's investigation and provides guidance and advice to the Managing Board on relevant matters. The Supervisory Board endorses the Managing Board's approach to fully cooperate with the investigation. Notwithstanding the investigation, Rabobank is fully committed to execute the remediation plans in order to become compliant with the Wwft and fight financial and economic crime.

In order to inform the GMC on the actions taken in response to DNB's instruction and remediation of Wwft compliance, several meetings were held in 2022 with the members of the GMC's Urgency Committee ('*ALR Spoedcommissie*'). The special position of this committee makes it possible to share confidential information with the committee members (who represent all regions in the Netherlands) about the instruction, the background, processes, developments, the remediation plans and the analysis related to the FEC files that have been performed. The full GMC was also informed about the developments during the regular meetings and also at some specific FEC-files-related meetings.

Sustainability

Sustainability is and will continue to be a major theme for Rabobank and hence for the Supervisory Board. Sustainability in the broadest sense is in the core of Rabobank's mission and the bank's role in transitions relating to climate, food & agri and (financial) inclusion in society. The theme requires attention from various perspectives of supervision: strategy, business, risk management and reporting. Alternative energy supply, different focus on ownership, sustainable products and services are key topics and all these elements have an impact on the design and effectiveness of Rabobank's products, services, policies and procedures. Sustainability was a frequent topic on the agenda of the Supervisory Board meetings in 2022. The discussion included the "Our Road to Paris report", the "Impact Report", and the developments in the Dutch agricultural sector, including the impact of nitrogen regulations. Specifically for the nitrogen file, the Supervisory Board increased its attention after the government published its preliminary memorandum on the rural areas program in June 2022 and the topic attracted more interest from society. For a certain period of the year, the Supervisory Board established a special team of Supervisory Board members to advise the Managing Board on nitrogen-related events creating financial - or reputational risks and possible liabilities that may affect Rabobank, and to support the Supervisory Board in its general oversight tasks.

Governance

In 2022 there was a drive to create a more robust, dynamic and effective governance in the triangle of the Managing Board, Supervisory Board and the GMC, and improve the connection between these governance bodies and the local bank governance bodies (local members' councils, local supervisory boards, regional management teams, regional councils ('*kringraad*') and regions ('*kringen*')). A guide book was developed which gives a comprehensive description of the governance

1 Dutch Act on prevention of money laundering and terrorist financing ('Wet ter voorkoming van witwassen en financieren van terrorisme')

2 The core team consists of the chair and vice-chair of the Supervisory Board and the members of the FEC Committee. The core team has its own charter in which the objective, and roles and responsibilities are described.

3 Formerly known as the 'KYC Committee'

of the cooperative at all levels and the related dilemma's. Several dialogues were organized to better understand, improve and activate the cooperative governance at and between all levels. Furthermore, a temporary Global Committee was established by the GMC (in late 2021) with the aim to extend the attention of the GMC to the international activities of Rabobank and integrate the international angle in the GMC's regular agenda.

As a result of the guide book and the recommendations from the Global Committee, efforts have been made to create more agility in the relationship between the Supervisory Board, Managing Board and GMC going forward. Several improvements were achieved in 2022 and more will follow in 2023.

Other Topics in the Supervisory Board Meetings

In addition to regular yearly agenda items and the key topics mentioned above, the Supervisory Board addressed and discussed a wide range of topics in 2022, including:

- the economic and societal impact of the Covid-19 pandemic, the impact of the Russia Ukraine conflict and related mitigating measures
- risk model landscape in combination with data management, cyber security and sustainability
- business growth and developments in the Netherlands and internationally
- cost management (e.g. the 'We Improve Now' savings program)
- critical execution priorities
- overall financial performance including the impact of rising interest rates and inflation
- the Medium Term Plan and budget for 2023, which for the first time has been supplemented with sustainability impact implications
- progress made in a number of strategic transformation, regulatory and change programs
- the (developments in the) compensation plan for Rabobank customers having a variable interest rate on their (consumer) credit facilities
- several legally required HR-related issues, including the impact of the (global) war on talent and shortage on the external labor market.

Meetings and Attendance

In 2022 the Supervisory Board met 13 times for its regular meetings, most of which were held physically. All members of the Managing Board have attended the regular Supervisory Board meetings. Next to the regular meetings, the Supervisory Board also had private sessions (with or without the chair of the Managing Board) in 2022 (9 times). These were mainly to discuss recruitment and appointment matters and the outcome of the self- evaluation of the Supervisory Board. More details on the meetings of the Supervisory Board and its committees are in the table below.

Overview Supervisory Board and Committees in 2021

Composition and Attendance Figures of the Supervisory Board and Its Permanent Committees as of December 31, 2021

Meeting	SB	Risk	Audit	CCA	Rem & HR	Appointments
Number of meetings	*# 13*	*# 8*	*# 7*	*# 6*	*# 13*	*# 14*
Marjan Trompetter	13/13 (chair)	4/8[1]	2/7[3]	6/6	13/13	14/14 (chair)
Gert-Jan van den Akker	13/13	7/8	-	-	11/13	12/14
Annet Aris[2]	12/13	-	5/7	-	13/13	13/14
Johan van Hall	13/13 (vice-chair)	4/8[1]	5/7[3]	6/6	5/13[3]	6/14[3]
Petri Hofsté	13/13	8/8	7/7 (chair)	6/6	-	-
Arian Kamp	13/13	8/8	-	6/6 (chair)	-	-
Jan Nooitgedacht[4]	1/13	-	-	-	-	-
Mark Pensaert	13/13	8/8 (chair)	6/7	6/6	-	-
Pascal Visée	13/13	-	7/7	-	13/13 (chair)	14/14

1 per June 2022 Marjan Trompetter became member of the Risk Committee and Johan van Hall resigned as member of the Risk Committee

2 Annet Aris resigned in December

3 per June 2022 Marjan Trompetter resigned as member of the Audit Committee and Johan van Hall became member of the Audit Committee, the Remuneration & HR Committee and the Appointments Committee

4 Jan Nooitgedagt resigned in the GMC meeting in April 2022.

The Supervisory Board also organized offsites, with and without the members of the Managing Board. During these meetings deep dives on a wide range of strategic topics were presented and discussed. These included the strategic analyses that were part of the strategy update process, and developments in DLL, Rabo Carbon Bank, customer service, insurance, innovations, technology and digitalization and the mortgage portfolio. The offsite meetings were held at local banks or in offices of Rabobank's subsidiaries.

Contacts with Stakeholders

Contacts with GMC and Local Bank

Creating a more effective governance with the members was one of the attention points for the members of the Supervisory Board in 2022. Members of the Supervisory Board attended regional council meetings (‘*kringvergaderingen*’) to prepare and discuss topics on the agenda of the GMC meetings. Members of the Supervisory Board also participated in meetings of the permanent committees of the GMC, such as the GMC Staffing and Remuneration Committee and the temporary Global Committee. Furthermore, members of the Supervisory Board regularly visited local banks to meet with local directors, members of the local supervisory board, local members’ councils and employees to discuss local developments.

Contacts with External Supervisory Authorities

Members of the Supervisory Board met with representatives of supervisory authorities (nationally and internationally) on a regular basis, but also on an incidental basis – as and when required. These meetings took place either digitally or face to face. In the contacts with the external supervisory authorities in 2022 specific attention was given to among other things developments with respect to Rabobank’s updated strategy process, selection processes, the FEC remediation plans, the mortgage portfolio and the model landscape.

Contact with Rabobank's Works Concil

As a participant in what is known as the Three Councils Consultation (‘*drieradenoverleg*’), the Supervisory Board keeps up to date with topics and debates that are discussed in the Rabobank Works Councils. Members of the Works Councils are present at this consultation alongside members of the Managing Board, the Chief HR Officer, and representatives from the Supervisory Board. Members of the Supervisory Board are regularly present in meetings of the Rabobank (European) works councils. The Supervisory Board appreciated the continuing good relationship and the quality of the dialogues with the members of the Works Councils and the European Works Council.

Conflict of Interest

In 2022 there were no transactions involving a conflict of interest between Rabobank and members of the Supervisory - or Managing Board. The Supervisory Board in its current composition meets best practices provisions 2.1.7 thru 2.1.9 of the Dutch Corporate Governance Code, concerning requirements of independency.

External Collective Evaluation of the Supervisory Board

Already in 2021, the Supervisory Board engaged an external party to coordinate the collective self-evaluation of the board. The evaluation process was comprehensive. It included interviews with all members of the Supervisory Board and Managing Board and several direct reports of the Managing Board as well as a more general questionnaire with an external benchmark. In February 2022 the Supervisory Board discussed the outcome of this collective self-evaluation. The outcome was then assigned to themes, such as ‘focus on performance’, or ‘strengthening the dialogue with the Managing Board on social responsibility’.

During the rest of 2022 Supervisory Board members held several meetings to discuss these themes and decide on actions and measures. Moreover, a dedicated working group was established (consisting of some members of the Supervisory Board and the Managing Board) to discuss improvements in the effectiveness and efficiency of the way of working, meeting agendas and documentation, number of meetings and participation of all or a selection of board members.

Where applicable, the Supervisory Board already embedded or finalized suggested improvements and actions deriving from the collective self-evaluation. Some highlights are:

1. for 2023 a more effective meeting schedule was agreed for the Supervisory Board and its committees, leading to a reduction in the number of meetings and the overall meeting time (duration)
2. preparatory meetings and post-meeting evaluations for the Supervisory Board members are held prior to and after a meeting of the Supervisory Board or a committee to increase effectiveness of the board and its dialogue with the Managing Board
3. on a recurring basis informal meetings are arranged for the members of the Supervisory Board to discuss (without agenda) long term developments and its own functioning
4. incorporation of strategic - and business updates on a recurring basis in the rolling agenda of the Supervisory Board (instead of the agenda of committees)
5. reassessment of the scope and frequency of the permanent education sessions (e.g., gaining more outside-in insight and knowledge)
6. adjusting the scope of the (ad hoc) FEC Committee.

The implementation of the agreed actions and changes to the way of working will continue in 2023.

Farewell

In 2021 Wiebe Draijer announced that he would not extend his position as chair of the Managing Board for a third term and he therefore resigned from this position as of October 1, 2022. His dedication, engagement and involvement for the bank, the employees and the Managing Board were of paramount value. He transformed Rabobank into a mission driven, community focused, renewed cooperative bank and made the bank more people-oriented. The Supervisory Board expresses a heartfelt thanks to Wiebe Draijer for his impactful contribution to Rabobank. Between October 2022 and year-end 2022, Bas Brouwers, Chief Financial Officer, additionally fulfilled the chair-ship of the Managing Board on an interim basis. The Supervisory Board extends great thanks and appreciation to Bas Brouwers for taking up this additional task with enthusiasm, dedication and decisiveness.

In the summer of 2022, Els de Groot announced that she would not extend her membership of the Managing Board for a second term. She stepped down in February 2023 and Vincent Maagdenberg has been appointed to be her successor (subject to approval of DNB/ECB and a positive advice of the Works Council). It is with gratitude and appreciation that the Supervisory Board said farewell to Els de Groot. Thanks to her dedication, expertise, relentless commitment and effort the Compliance-Legal-Risk-domain in general and Risk Management in particular was further professionalized and strengthened. For the interim period until her successor will start, Bas Brouwers will be the CRO of the bank (next to the CFO position).

In addition to the farewells in the Managing Board, the Supervisory Board also said goodbye to two of its members: Jan Nooitgedagt and Annet Aris. Unexpectedly, and for personal reasons, Jan Nooitgedagt resigned during the meeting of the GMC in April 2022. At that time, Jan Nooitgedagt was vice chair of the Supervisory Board. Johan van Hall succeeded him as vice-chair. The commitment and dedicated expertise of Jan Nooitgedagt are missed by the Supervisory Board.

Annet Aris decided not to engage a second term in the Supervisory Board and resigned in December 2022. The Supervisory Board thanks Annet Aris for her authentic, fresh contribution and unceasing commitment to the tasks and dialogues of the Supervisory Board, its committees and the Works Councils.

Supervisory Board Committees & Permanent Education Overview

The responsibilities and duties of the Supervisory Board and its permanent committees are described in the respective Rules of Procedure as can be found on www.rabobank.com. These Rules were updated and amended in 2021.

Risk Committee

General Responsibilities and Duties

The Risk Committee prepares the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the bank's development and implementation of the risk governance framework, risk control system, and risk appetite. This entails, among others, reviewing and effectively challenging our risk analysis scenarios and promoting risk awareness within a strong risk culture. As for the general information flows on risk to the Supervisory Board and the Risk Committee, the process entails that on a quarterly basis the Integrated Risk report (an integral report on financial and non-financial risks), is discussed in the Risk Committee of the Supervisory Board and subsequently forwarded to the Supervisory Board. Prior to submission to the Risk Committee, the Integrated Risk Report is discussed in the RMC Group committee and the Managing Board.

Topics

Throughout 2022, the Risk Committee was extensively informed on the situation and impact of the Russia-Ukraine conflict on the bank, its clients and the mitigating measures that the bank took by means of Financial Crisis Team-updates. These updates covered detailed information on developments (sectors, central banks, macro-economic), exposures, clients, liquidity and capital, regulatory developments and financial and non-financial risks including sanctions. On top of that, the Risk Committee received frequent updates on the status, progress and implementation of the EU/global sanctions packages.

The Risk Committee also extensively discussed the quarterly reports on Integrated Risk (covering all categories of financial and non-financial risk including inter alia Market Risk, Interest Rate Risk, Business Risk, Operational Risk). The Risk Committee advised the Supervisory Board on approving important regulatory core topics like ICAAP/ILAAP, the Group Risk Appetite Statement, the Group Recovery Plan and the Group Remuneration Policy. Like every year, a discussion was held on the yearly self-assessment of the Risk Management Function (RMF) and on the audit review of the RMF. Furthermore, the Risk Committee was regularly informed on the status of product governance (PARP) and extensively discussed the quarterly updates on the Wholesale & Rural and DLL KYC/AML programs (global scope). Lastly, IT Risk, Cyber Risk and IT Tech/Tech renewal developments were items that were closely followed and challenged by the RC in 2022

Highlights

In 2022, the Risk Committee extensively discussed the implications of the ECB supervisory expectations regarding the bank's Interest Only Mortgages portfolio. An update was given on the revised Strategy on Housing ('Wonen in Control'-plan). From a Risk & Integrity perspective, the status and progress made regarding the One Rabo Culture (ORC) Plan and the subsequent adaptation of a Culture Dashboard were highlights on the agenda of the Risk Committee. The developments of the Return to Compliance-plan (credit risk modeling) and the impact of the ECB Letter on Leveraged Transactions were also on the radar. Lastly, the Risk Committee had a deep dive on the Sustainability commitments process and was presented with an integrated overview of how Rabobank is managing its sustainability commitments including strategy, regulations and policies.

Audit Committee

General Responsibilities and Duties

The Audit Committee prepares the Supervisory Board's decision-making on all matters regarding the integrity and quality of Rabobank's financial reporting, the effectiveness of Rabobank's internal control systems framework, the external auditor, Rabobank Group's internal audit function, and the functioning of the Rabobank Group's compliance and risk function. The Audit Committee submits recommendations to the Supervisory Board on matters referred to in the Rules of Procedure either on request or at its own initiative.

Meetings

In 2022, the Audit Committee convened eight times, held one working session in preparation of the discussion on the 2023 budget, and three combined meetings of the Risk Committee and the Audit Committee. Two educational sessions were held at the request of the Audit Committee for the Supervisory Board (see overview below on permanent educational efforts). The internal auditor, the external auditor and the Chief Compliance Officer are present at all Audit Committee meetings and the Audit Committee has a private session once a year with each of the internal and external auditors.

Topics

Recurring topics of discussion and challenge on the agenda of the Audit Committee are the Financial Performance Reports and WIN reports (which are discussed on a quarterly basis), updates on relevant developments in the financial markets, quarterly internal audit reports, and half yearly reports on the Compliance function. Updates on communications with and from external supervisors are also tabled for every Audit Committee meeting.

In preparation of the approval by the Supervisory Board of the budget and discussion of the Medium Term Plan, the Audit Committee discussed the plans of the business units and during a working session with the responsible CFOs of the business units. Thereafter the Committee reviewed the budget with the Managing Board, considering among other things the update process for the strategy of Rabobank, sustainability ambitions, regulatory adherence programs, the impact of economic, geopolitical, societal and technological developments as well as climate related and ESG challenges and regulations and other critical assumptions applied.

In 2022 the Audit Committee paid special attention to several reports on major transitions and programs. This included the bank's finance & risk data program and systems, and the Basel IV program. In addition to the discussion on the financial performance of the bank's segments, the committee discussed the performance of DLL and BPD, and considered IT security, IT costs and developments in the IT portfolio.

The Audit Committee reviewed the half year report and the Annual Report including the financial statements, the press release, the Impact Report and Pillar III report. As part of the review of these reports and on the basis of audit reports of the internal and external auditor, the Audit Committee challenged the application of critical accounting policies and reporting topics that require considerable judgment and estimation, including loan impairments and top level adjustments on model outcomes of impairment allowances, the evaluation of legal claims and provisions, the development in tax and other positions. Also, the Audit Committee reviewed the disclosure on non-financial key figures and the integrated reporting approach, including sustainability reporting. The Audit Committee has welcomed that the bank has progressed its non-financial and sustainability reporting in the Annual Report, the Impact Report and the Our Road to Paris Report. The Audit Committee considered the management's report on the internal controls on financial reporting and paid specific attention to controls in respect of IT security, loan classification and loan impairments.

Annually, the Audit Committee discusses and approves the Internal Auditor's audit plan and reviews the Internal Audit charter. With the support of the quarterly internal audit reports, the Audit Committee discussed the quality of the control environment of the bank, the progress in addressing audit findings and the performance of the internal audit function. Furthermore, the Audit Committee reviewed and discussed the funding plan as well as the asset and liability management policy.

The Audit Committee has evaluated the quality of the internal audit function on the basis of a self-assessment performed and appreciates the performance, the continuous developments and quality of the function. The Audit Committee approved the updated Compliance charter and the Compliance annual plan and discussed the Compliance function's self-assessment as well as Internal Audit's evaluation report on this assessment in cooperation with the Risk Committee. The committees welcomed the steps taken in 2022 to become a mature function and to address areas of attention identified in the previous evaluation and new developments in the role and requirements of the function.

The Audit Committee has approved the audit plan of the external auditor (PricewaterhouseCoopers Accountants NV (PwC)), and has discussed the audit reports of the external auditor on the half year report, the Annual Report, the COREP and FINREP reporting and the non-financial information. The Audit Committee has monitored the independence of the external auditor. The committee appreciates the insightful reporting and discussion with the auditors and the response to the annual evaluation of the audit team and engagement.

Committee on Cooperative Affairs

General Responsibilities and Duties

The Committee on Cooperative Affairs (CCA) advises the Supervisory Board on all matters regarding the bank's cooperative structure, organization and identity, and prepares for the requisite decisions of the Supervisory Board. These consist of: (i) the assessment of the Managing Board's reports on our cooperative organization and operations, (ii) the submission of advice on cooperative affairs to the Managing Board, either upon request or on its own initiative, and iii) advising the Supervisory Board on client-, market- or service-related topics, including sustainability ambitions, visions, and strategies pertaining to the sustainability targets formulated by the bank and its business units, either at the request of the Managing Board or on its own initiative.

Topics

In 2022 the CCA focused on the progress of renewal of the cooperation also in view of the updated strategy process of Rabobank and the three transitions (Financial Inclusion, Energy & Food), also as part of the wider sustainability strategy. In the second half of the year the nitrogen file was high on the agenda of the CCA. In all, approximately 40% of the CCA agenda in 2022 was related to cooperative governance, 20% to the nitrogen file and 40% to business related topics, including transitions and sustainability.

Remuneration & HR Committee

General Responsibilities and Duties

The Remuneration & HR Committee (R&HR) prepares the Supervisory Board's decision-making on remuneration and general human resource and organizational issues, such as organizational development and transformation, strategic workforce planning, performance management planning and evaluation, employee engagement, and other current people issues. In addition, the R&HR Committee considers the consequences of these topics for our risks and risk management, taking into account the long-term interests of our stakeholders and acceptance by societal practice, as well as Rabobank's long-term business, risk appetite, performance, and control environment. The R&HR Committee works with the Risk Committee to evaluate the incentives created by the remuneration system and directly supervises the remuneration of senior management staff who perform control duties.

The R&HR Committee advises the Supervisory Board on decisions related to the Rabobank Group Remuneration Policy and assesses the remuneration practice within Rabobank Group for the highest earning employees based on a yearly report, which in addition to the fixed and variable remuneration also contains information about the relevant retention, exit and welcome packages within the Rabobank Group. Furthermore, the R&HR Committee prepares a central, independent, internal assessment to review (at least once annually) the general principles governing the remuneration policy and its implementation. Rabobank pursues a prudent, restrained, and sustainable remuneration policy.

Information on remuneration in general and on variable remuneration can be found in the Remuneration section of this Annual Report and in the Pillar 3 report.

Topics

In 2022, the R&HR Committee addressed general topics, such as the remuneration of individual MB members, (risk) culture and the One Rabobank Culture Plan, hybrid way of working (Rabobank@Anywhere), Remuneration Policy for executives, Performance & Health, Strategic Workforce Planning, the People Strategy, the redesign of the HR-department, reports on misconduct, fraud and integrity and employee engagement.

The R&HR Committee advised on the remuneration proposals for the newly appointed chair of the Managing Board and Chief FEC Officer, after consulting the GMC Staffing and Remuneration Committee. Also the remuneration of other Managing Board members was reconsidered, within the pay structure settled by the GMC.

Arrangements were made to evaluate the remuneration policy for the Managing Board and for the Supervisory Board; this evaluation will be conducted in 2023.

The committee also spent in-depth time on specific HR-related themes, such as the Root Cause Analysis and Rabobank culture, the DNB Change Capacity and Leadership Assessment, craftmanship and education, agile way of working and diversity and inclusion.

The R&HR Committee prepared the evaluation of the individual members of the Managing Board, following the yearly GROW!-cycle and made provision for the proper documentation of the feedback given to them. The Committee advised the Supervisory Board about approval of a limited number of significant buy outs and sign on bonuses for new hires, and one pay out of deferred variable pay related to the wind down of a business unit, in all cases following the governance as ruled out in the Rabobank Group Remuneration Policy.

In addition, the R&HR Committee discussed the performance targets for the Managing Board and the group targets for Identified Staff (please see the section on Remuneration in this Annual Report for an explanation of this term). The Committee carried out preparatory work for the Supervisory Board regarding the total spend on variable remuneration with an underlying risk assessment for Rabobank Group, and for the individual variable remuneration of employees classified as Identified Staff. Finally, the R&HR Committee discussed the remuneration section of the Annual Report before submitting it to the GMC Staffing and Remuneration Committee.

Appointments Committee

General Responsibilities and Duties

The Appointments Committee advises the Supervisory Board for its decision-making in relation to the composition of the Supervisory Board, the Managing Board, and higher senior management positions, and the related appointments and re-appointments.

For vacancies in the Supervisory Board or Managing Board, a profile is adopted by the Supervisory Board, after advice from the Staffing and Remuneration Committee of the General Members Council. The profile is among other things based on the current collective knowledge, skills and expertise of the Board and the specific requirements related to a board position or directorship. Following the profile, a long list of candidates is drawn up, often with the help of an executive search agency. In several iterations the Appointments Committee selects a small number of prospective candidates for a first number of interviews with Supervisory Board members and often the chair of the Managing Board and the CHRO. If these interviews result in a mutually positive image, more interviews follow with other members of the Supervisory Board and depending on the position also of the Managing Board. For managing board members external assessments for some final candidates can be part of the procedure. Once a candidate is selected, further compliance and integrity checks are organized, and if no objections occur, the external supervisory authorities Fit and Proper procedure is initiated, the Works Council is asked for advice (Managing Board members) or a declaration of no objection (Supervisory Board members), and the GMC Staffing & Remuneration Committee is asked for advice before a Supervisory Board candidate is nominated to the GMC for appointment.

Members of the Managing Board are appointed by the Supervisory Board; members of the Supervisory Board are appointed by the General Members Council.

Topics

Among other tasks the Appointments Committee has revised the succession plans of the Managing Board and the Supervisory Board and discussed these with the Staffing and Remuneration Committee of the General Members Council (GMC). The committee advised to the Supervisory Board on personnel changes in the Supervisory Board and the Managing Board, based on the respective Boards' succession plans and profiles.

In 2022, the Appointments Committee carefully prepared and advised the Supervisory Board about the appointments of Stefaan Decraene as new chair of the Managing Board, Philippe Vollot as Chief Financial Economic Crime Officer and Vincent Maagdenberg as new Chief Risk Officer (as per 1 April 2023, subject to approval of DNB/ECB and a positive advice of the Works Council) . These Managing Board members were appointed by the Supervisory Board after very extensive and carefully designed processes, and consultation with, among others, the GMC Staffing and Remuneration Committee, the Works Council and external advisors.

In April 2022, Jan Nooitgedagt unfortunately had to end his membership of the Supervisory Board, due to health reasons. The Supervisory Board assigned Johan van Hall as his successor in the vice chair position. After having announced that she would not be available for a second term, Annet Aris stepped down as Supervisory Board member in December 2022. Taking into account the desired composition of the Supervisory Board as laid down in the succession plan, the Appointments Committee has started recruiting and selecting Supervisory Board members for three specific profiles (Risk & Banking, Sustainability & Climate, and Digitalization, IT & Innovation profile). Just before year end, the Supervisory Board decided to propose one candidate for advice to the GMC Staffing and Remuneration Committee.

In the succession plan, the Supervisory Board advocates for an expansion of the Board by a member who has specific knowledge and experience regarding sustainability and climate change. Diversity is seriously taken into account, there should be a gender diversity ratio of at least a 30-70 and preferably 50-50, as well as attention for cultural diversity and international backgrounds. Among other things, the right of recommending candidates for these vacancies by the Managing Board, the GMC-members and the Works Council was activated. The Appointments Committee also prepared and advised on the re-appointment of Arian Kamp, for a third term of two years.

The Committee evaluated the suitability of the Managing Board and the Supervisory Board and reported according to regulations to the Joint Supervisory Team of the ECB and DNB. Also, the Appointments Committee discussed the succession planning of the Managing Board, reviewing the talent pipe line with potential internal and external candidates. Members of the Appointments Committee had several individual meetings with executives. Meetings were also organized with a groups of newly appointed top executives, promising talents and culturally diverse talents of the bank.

The profiles of the Managing Board and the Supervisory Board were updated, as were the individual job profiles for the Managing Board positions.

The Appointments Committee discussed the outside interest positions of the members of the Managing Board and the Supervisory Board, as well as any gifts and hospitality offered to them. As part of talent management and in the context of searching for and assessing potential candidates for the Supervisory and the Managing Boards, the Appointments Committee regularly addressed the subject of (gender) diversity.

Ad hoc KYC Committee

General Responsibilities and Duties

The Supervisory Board's ad hoc FEC Committee (formerly named: KYC Committee; hereafter FEC Committee) was established in the fourth quarter of 2020 following a board effectiveness evaluation conducted by the Supervisory Board. The main tasks and responsibilities of the FEC Committee are to monitor and signal important developments with respect to Rabobank FEC compliance with AML/CFT laws and regulations, to advise on, to deepen and to prepare discussions and decision-making within the plenary Supervisory Board and other committees on this critical topic. The FEC Committee regularly reports on its findings to the Supervisory Board.

Rabobank remains fully committed to fulfilling its gatekeeper role in society and to complying with the AML/CFT laws and regulations. Partly based on informal and formal feedback from DNB as well as DNB's instruction, root cause analysis and gap analyses were performed with the support of external consultants and reflection sessions were held within the bank, Rabobank's remediation plans for Retail NL and Wholesale & Rural were launched to strengthen the foundation for adequate compliance with the Wwft by end 2024 at the latest. The prime role of the FEC Committee in 2022 was the review and challenge of the gap and root cause analysis reports and the remediation plans, including the alignment of the Retail NL and Wholesale & Rural remediation plans. Furthermore, the FEC committee monitored and supervised ongoing remediation activities.

From January 1, 2023, the scope of the FEC Committee will include all remediation activities of the group leading toward AML/CFT compliance of Rabobank with a focus on the Retail NL and Wholesale & Rural remediation activities.

Meetings

In 2022, 22 meetings of the FEC Committee were convened.

Topics

In these meetings, the focus was on monitoring and discussing the status and progress made in the Remediation plan Retail NL. Topics on the agenda included root cause analysis, gap analysis, remediation plans, progress reports, reports from the compliance function, internal audit reports and reporting from external advisors.

In addition to these meetings, several working visits and sessions with subject matter experts were organized in order to support the FEC Committee's understanding of dilemmas and issues related to FEC activities in Rabobank's daily working environment.

Overview Permanent Education Sessions Supervisory Board

- On January 13, 2022, the Supervisory Board members were updated on Legal and Tax topics.
- On March 21, 2022, an education session was organized regarding sustainability reporting & sanctions.
- On April 14, 2022, the Supervisory Board was updated on cybersecurity.
- On May 30, 2022, the Supervisory Board attended the Managing Board's session on KYC Tech, CAMS and ICAAP.
- On June 1, 2022, the Supervisory Board received an update on data management and competition law.
- On October 20, 2022, a session on ESG director's liability was organized.
- On November 11, 2022, the Supervisory Board attended an educational session on innovation in Audit and climate and environmental risk
- On November 16, 2022, an in-depth session was devoted to artificial intelligence.

In Conclusion

Proposal to the GMC and conclusion

In accordance with the relevant provisions of the Articles of Association of Rabobank, the Supervisory Board has reviewed Rabobank's Annual Report 2022 and annual accounts, as well as other relevant, associated information. The Supervisory Board discussed these documents with the Managing Board, the internal auditor and external auditor (PwC) and took note of the unqualified external auditor's report that PwC issued on the annual accounts in 2022. The Supervisory Board advises the GMC to adopt the 2022 annual accounts.

A Word of Appreciation

The Supervisory Board extends its great appreciation on the performance, contribution and commitment of the members of the Managing Board and the Rabobank employees in the year 2022. Their resilience and dedication demonstrated why Rabobank is a unique bank.

Furthermore, the Supervisory Board is grateful for the continuous cooperation and support of the members of the bank and its clients. Special gratitude is extended to the members of the GMC for their support, dialogues and commitment during the year.

Members of the Managing and Supervisory Board

Members of the Managing Board

- Stefaan Decraene, *Chair*
- Bas Brouwers, *Chief Financial Officer (CFO)*
- Kirsten Konst, Director Domestic *Retail Banking - Business Clients*
- Bart Leurs, *Chief Innovation & Technology Officer (CITO)*
- Mariëlle Lichtenberg, *Director Domestic Retail Banking - Private Clients*
- Berry Marttin, Director *Wholesale and Rural*
- Phillipe Vollot, *Chief Financial Economic Crime Officer (CFECO)*
- Janine Vos, *Chief Human Resources Officer (CHRO)*

From left to right:
Kirsten Konst, Bart Leurs, Berry Marttin,
Bas Brouwers, Stefaan Decraene, Janine Vos,
Mariëlle Lichtenberg, Philippe Vollot

Stefaan Decraene (S.L.G.)

(Male, 1964, Belgian nationality)

Appointed to the Managing Board with effect from January 1, 2023. His current appoint term expires on January 1, 2027. Stefaan Decreane is chair of the Managing Board and is also responsible for Audit, Legal, Sustainability & Climate, Corporate Strategy Office, Communication & Corporate affairs and the Corporate Secretary & Cooperative.

Bas Brouwers (B.C.)

(Male, 1972, Dutch nationality)

Appointed to the Managing Board with effect from January 1, 2016. His current appointment term expires on January 1, 2024. Bas Brouwers is Chief Financial Officer and responsible for Finance and Control, Treasury, Group Tax, Investor Relations and Portfolio Management.

Kirsten Konst (C.M.)

(Female, 1974, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Her previous appointment term expired on September 1, 2021 and was extended for 4 years. Kirsten Konst is Director Domestic Retail Banking - Business Clients. Her main areas of focus are Commercial Banking in the Netherlands and the local Rabobanks.

Bart Leurs (B.)

(Male, 1971, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Bart Leurs is Chief Innovation & Technology Officer, resposible for Technology, Innovation, Digital Transformation, Data & Analytics, Rabo Frontier Ventures. His current appointment term expires on May 1, 2025. Besides this, he is a member of the Supervisory Board of DLL International.

Mariëlle Lichtenberg (M.P.J.)

(Female, 1967, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Her previous appointment term expired on September 1, 2021 and was extended for 4 years. Mariëlle Lichtenberg is Director Domestic Retail Banking - Private Clients. Her main areas of focus are Retail and Private Banking, Marketing and Rabo Client Services (call center). She is also responsible for the Rabobank Foundation and Vista. Additionally, she is chair of the Supervisory Board of Bouwfonds Property Development and chair of the Supervisory Board of Obvion N.V.

Berry Marttin (B.J.)

(Male, 1965, Dutch and Brazilian nationalities)

Appointed to the Managing Board with effect from July 1, 2009. His previous term expired on July 1, 2021, after which he was reappointed for two years. Berry Marttin is Director Wholesale and Rural, and also responsible for Leasing (DLL), Rabo Carbon Bank, and Rabo Research. He is chair of the Supervisory Board of DLL International, non-executive board member of Rabobank Australia and New Zealand, member of the Board of Directors of Rabobank International Holding B.V., and member of Rabobank North American Board.

Phillipe Vollot (P.G.R.)

(Male, 1967, French Nationality)

Appointed to the Managing Board with effect from October 1, 2022. His current appointment expires on October 1, 2026. Philippe Vollot is Chief Financial Enonomic Crime Officer and responsible for counteracting Financial Economic Crime and money laundering, and compliance to the Wwft.

Janine Vos (B.J.)

(Female 1972, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Her previous appointment term expired on September 1, 2021 and was extended for 4 years. Janine Vos is Chief Human Resource Officer, and responsible for the Human Resource policies and practices.

Relevant additional positions of the Managing Board members (December 31, 2022)	
Stefaan Decraene	• *Member Supervisory Board* Ardo (Belgium)
Bas Brouwers	• Vice Chair of the Board of 'Nederlandse Vereniging van Banken'
Kirsten Konst	• Daily and General Board member VNO-NCW • Supervisory Board member IDH: The Sustainable Trade Initiative • Member of the Economic Board Utrecht
Berry Marttin	• President of the European Association of Cooperative Banks • Board Member of Trustees Hans R. Neumann Stiftung
Philippe Vollot	• Foreign Trade Advisor French Ambassy in the Netherlands • Financial Crime trainer at the Association of Certified Anti-Money Laundering Specialists
Janine Vos	• Supervisory Board member 'KLM N.V.' • Advisory Board member 'Topvrouwen.nl' • Advisory Board member Social Capital

Members of the Supervisory Board[1,2]

- Marjan Trompetter, *chair*
- Johan van Hall, *vice chair*
- Gert-Jan van den Akker
- Petri Hofsté
- Arian Kamp
- Mark Pensaert
- Pascal Visée

From left to right:
Johan van Hall, Mark Pensaert, Marjan Trompetter, Pascal Visée, Gert-Jan van den Akker, Petri Hofsté, Arian Kamp

1 The members of the Supervisory Board committees are listed in the Report of the Supervisory Board.

2 Information about the profession, the main position, and the additional positions of Supervisory Board members can be found on https://www.rabobank.com/en/about-rabobank/profile/organisation/board/supervisory-board.html

Marjan Trompetter (M.)

(Female, 1963, Dutch nationality)

Appointed to the Supervisory Board with effect from 2015 and current appointment term expires in 2023.

Johan van Hall (J.)

(Male 1960, Dutch nationality)

Appointed to the Supervisory Board with effect from 2021 and current appointment term expires in 2025.

Gert-Jan van den Akker (G.J.)

(Male, 1959, Dutch Nationality)

Appointed to the Supervisory Board with effect from 2021 and current appointment term expires in 2025.

Petri Hofsté (P.H.M.)

(Female, 1961, Dutch nationality)

Appointed to the Supervisory Board with effect from 2016 and current appointment term expires in 2024.

Arian Kamp (A.A.J.M)

(Male, 1963, Dutch nationality)

Appointed to the Supervisory Board with effect from 2014 and current appointment term expires in 2024.

Pascal Visée (P.H.J.M.)

(Male, 1961, Dutch nationality)

Appointed to the Supervisory Board with effect from 2016 and current appointment term expires in 2024.

Mark Pensaert (M.R.C.)

(Male, 1964, Belgian nationality)

Appointed to the Supervisory Board with effect from 2020 and current appointment term expires in 2024.

Relevant additional positions of the Supervisory Board members (December 31, 2022)

Marjan Trompetter (M.)	• Board member KNHM Foundation (Treasurer) • Owner Corona Consultancy	
Johan van Hall (J.)	• Senior advisor at Boston Consulting Group • Chair Supervisory Board Ordina N.V. • Advisory Board member foundation Art & Heritage, ABN Amro Bank	
Gert-Jan van den Akker (G.J.)	• Advisor to the Board Covantis, Switserland • Non-executive director Alvean S.A. • Non executive Board member Meraxis sarl	
Petri Hofsté (P.H.M.)	• Supervisory Board member Fugro N.V. • Supervisory Board member Achmea B.V. and several subsidiaries • Supervisory Board member Pon Holding B.V. Other additional positions • Chair of the Nyenrode Foundation	• Chair of the Board of 'Vereniging Hendrick de Keyser' • Advisory Board member 'Topvrouwen.nl' • Jury member Kristal Price Dutch Ministry of Economical Affairs and Climate
Arian Kamp (A.A.J.M.)	• Owner Partnership A.A.J.M. Kamp en W.D. Kamp-Davelaar (Dairy Farm) • Chair Supervisory Board 'Koninklijke Coöperatie Agrifirm U.A.' • Chair Foundation 'Beheer Flynth'	
Mark Pensaert (M.R.C)	• Non-Executive Board Member at AgfaGevaert N.V. • Senior Advisor to the Board of Tikehau Investment Management SA	
Pascal Visée (P.H.J.M.)	• Supervisory Board member Royal FloraHolland U.A. • Non-executive Board Member Ketel One Woldwide B.V.	• Member monitoring committee 'Code Pensioenfondsen' • Advisory Board member foundation 'Het Limburgs Landschap'

Appendix 1 About this Report

We have prepared the 2022 Rabobank Annual Report in accordance with the legal requirements of section 2:391 of the Dutch civil code, with the Dutch legal guidelines for management board reports, RJ 400 and with the International <IR> Framework of the Value Reporting Foundation (the <IR> Framework).

Due to its strategic ambition to also focus on long-term value creation, the organization decided in 2021 to shift from the Sustainable reporting standards of the Global Reporting Initiative to the <IR> Framework as the basis for reporting on value creation in its annual report. As such, Rabobank Group aims to report on how it creates, preserves or erodes value for itself and for its direct and indirect stakeholders that are affected by Rabobank Group's business activities.

We have derived most financial information in the report from the financial statements, which have been prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, we have followed specific guidelines for certain performance indicators such as the Greenhouse Gas protocol for CO2 emissions. We have explained all specific guidelines we used in Appendix 2.

Rabobank Group intends to not only give capital providers and its stakeholders a view of Rabobank Group's long-term value creation but also to make integrated thinking about value creation more mainstream within its organization.

Scope and Boundaries

The 2022 Rabobank Annual Report relates to the reporting period of January 1, 2022 to December 31, 2022 and is published on our corporate website on March 9, 2023. The information we set forth in this report relates to Rabobank Group as a whole; it presents consolidated data for all our entities and divisions unless it is explicitly mentioned in the text that the reporting scope is limited. In addition to the financial control, the boundary of the annual report is determined by the nature and proximity of risks, opportunities and outcomes that affect the organization's ability to create value for Rabobank's direct and indirect stakeholders.

The Annual Report includes the data of newly acquired businesses as of the year following acquisition. The report does not include units divested during the reporting period. The 2022 Rabobank Annual Report aims to provide a complete, concise, and accurate view of our performance.

Stakeholders

Rabobank's long-term value is created through relationship with the its stakeholders. An understanding of the perspectives of key stakeholders is critical to identifying relevant matters. We recognize direct and indirect stakeholders.

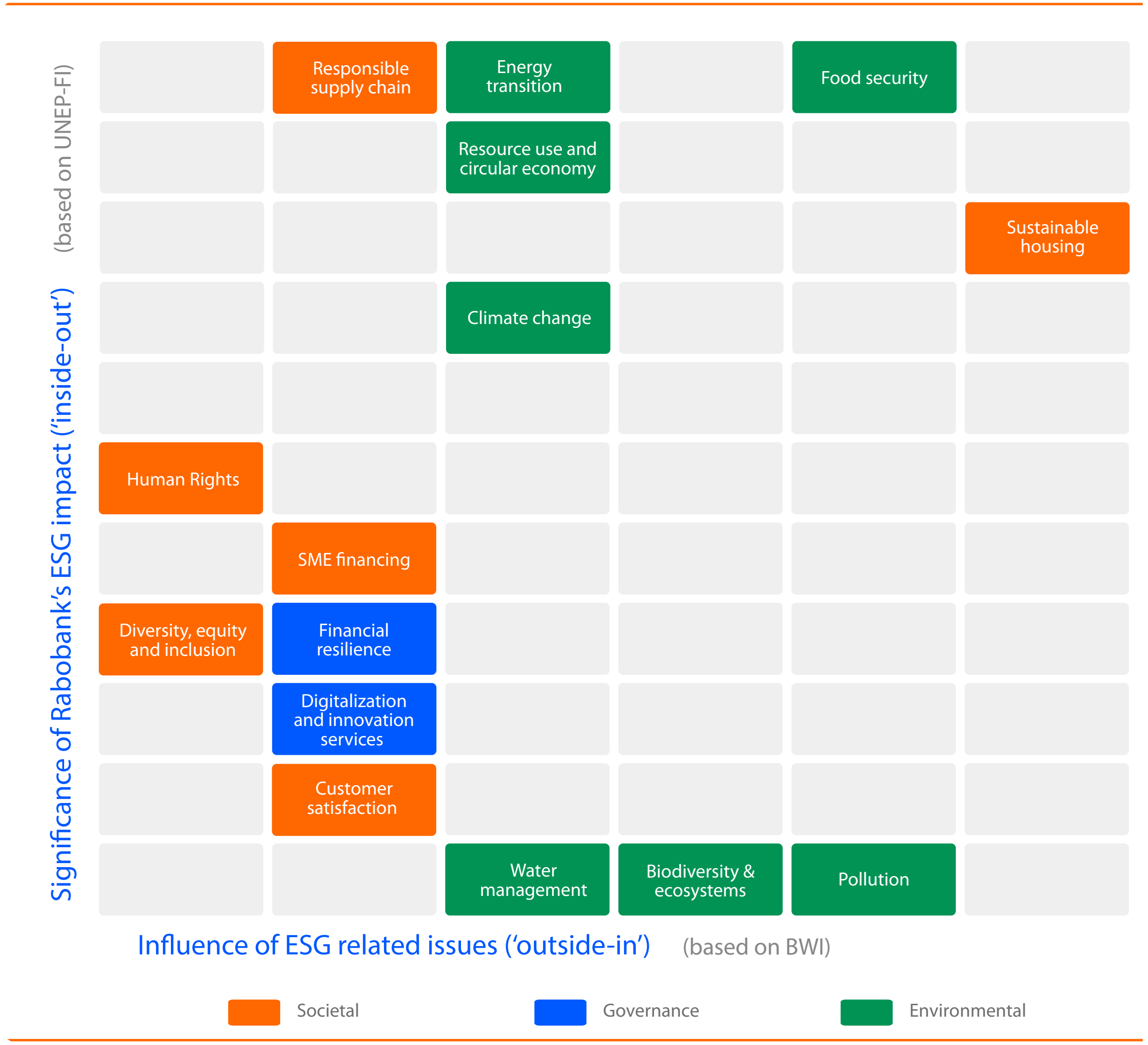
We consider our clients, members, investors, and employees our direct stakeholders; society (NGOs, public service bodies, communities, and governing and supervisory bodies) we consider an indirect stakeholder. We explain our approach to stakeholder engagement on page 15.

Materiality

We aim to report on how we create, preserve, or erode value for ourselves and for stakeholders that are affected by our activities over the short, medium and long term. To keep our activities aligned with social, economic, and ecological challenges, as well as with the expectations of our stakeholders, we look at how these challenges affect our performance, our position, and our development ('outside-in'). Moreover, we consider how we impact people and the environment ('inside-out').

Given the primary focus of the <IR> framework on long-term value creation, solely adopting a financial perspective in the materiality analysis would not be sufficient. As such, in 2022 we performed an extended materiality analysis. This analysis is based on the 'double' materiality perspective. In line with the requirements of the Non-Financial Reporting Directive (NFRD), our approach was to identify a) how sustainability issues affect Rabobank's performance, position and development (the 'outside-in' perspective), and b) our impact on people and the environment (the 'inside-out' perspective). While the former perspective is called financial materiality, the latter perspective is defined as environmental and social materiality. As financial materiality should be interpreted in the broad sense of affecting the value of the company, Rabobank Group calls it organizational materiality. In order to assess these materiality dimensions, Rabobank Group used the Indicator for Sustainable Well-being framework (Brede Welvaartsindicator, BWI) and the United Nations Finance Initiative (UNEP-FI) Portfolio Impact Analysis Tool for Banks (UNEP-FI Tool).

We deem the Impact Analysis tool of the UN an appropriate tool for prioritizing our material topics. We are committed to the UN principles for responsible banking and have used a prior version of the tool to determine our key impact areas in prior years. The tool combines the objective factors of our portfolio and client numbers with different impact areas through a well-documented and supported mapping. The impact Rabobank has with its portfolio is an appropriate lens through which we can view inside-out materiality. The strategy of our bank is reflected in our portfolio. We see a significant weight for banking for food internationally and have the broader portfolio in the Netherlands with a significant role for mortgages and current- and savings accounts. Through the Impact Analysis tool, this factor is weighed in the materiality analysis. Furthermore, as a final stage, the analysis is presented to our managing board. In this phase, potential mismatches between the bank's direction or strategy and the outcome of the analysis can be addressed.



We analyzed materiality in 4 main steps:

1. Identifying relevant matters based on their effect on value creation;
2. Evaluating the importance of material topics based on their financial effect and impact on planet, economy and society;
3. Prioritization of the material topics based on their financial effect and impact on planet, economy and society;
4. Determining information to disclose on material topics including validation by the Managing Board

1. Identifying relevant matters based on their effect on value creation

As part of its materiality analysis, key indirect and direct stakeholder categories were identified based on the extent to which they have an interest in the organization's activities and the extent to which they can influence its activities. The identified key stakeholders are based on predefined categories and the stakeholder list of last year. Once the key stakeholders were selected, Rabobank gathered all relevant documentation containing ESG matters including notes from stakeholder consultations.

Based on the stakeholder analysis, desk research was performed. Relevant documentation from key stakeholders was selected that contained relevant key ESG trends, risks and opportunities for Rabobank. Documents such as annual reports, research reports, and meeting notes from stakeholder consultations4 were carefully assessed to identify the matters most important to key stakeholders from every category. Also, the annual strategic risk assessment (SRA) was included to identify relevant strategic risk areas. Based on the areas identified, provisional themes were assigned to create a long list of material topics. The themes were based on:

1. the list of material topics identified in the previous year,
2. CSRD (Corporate Sustainability Reporting Directive) themes and topics,
3. Rabobank's three global transitions: Food, Climate & Energy, and Inclusivity, and
4. Professional Judgement by the Working Group Materiality (if key themes resulting from desk research could not be linked to the CSRD or the three transitions)

2. Evaluating the importance of material topics based on their financial effect and impact on planet, economy and society

The scores of the BWI (based on 15.000 respondents) were used to evaluate the importance of the material topics (long list) from an outside-in perspective. The average scores were linked to the long list by mapping the most relevant BWI dimensions to each of the material topics.

The scores of the Impact tool were used to evaluate the importance of the material topics (long list) from an inside-out perspective. First, the UNEP FI tool was filled with on-balance ORCA data from the following portfolios: the Dutch consumer portfolio, the Dutch SME portfolio, the Dutch corporate portfolio, (financial) leasing portfolio, and Rabobank's portfolio's in the United States, Australia, New Zealand and Brazil (I.e. the largest countries besides the Netherlands). Subsequently, the tool identified the most important positive and/or negative associated impact areas and calculated corresponding impact size percentages of these portfolios. Outside of the tool, the impact size percentages were multiplied by the total outstanding balance per portfolio in order to express impact in terms of absolute Euros. It is possible that the UNEP FI tool identifies both positive and negative impacts per associated area. Rabobank only considered the largest impact per area, regardless of whether it is positive or negative. By consolidating the total impact per portfolio, the impact of Rabobank as a group was determined. Finally, the impact areas were ranked based on total impact in euros and were linked to the material topics by mapping the most relevant impact dimensions to each of the material topics.

Rabobank's three key transitions were included to determine the importance of the material topics from a strategic perspective. Based on these results, Rabobank was able to consolidate and identify the key material topics which have an organizational impact, an environmental, societal and socio-economic impact, and which are strongly related to Rabobank's key transitions. Based on this selection a shortlist of material topics was created.

3. Prioritization of the material topics based on their financial effect and impact on planet, economy and society

The dimensions of the BWI and UNEP FI Tool were scored and mapped on a x-axis and a y-axis b. Thereafter, the longlist of material topics was plotted on the matrix corresponding to the dimensions of the BWI and the UNEP FI Tool. The matching of the material topics with the dimensions from the BWI and the UNEP FI Tool was done based on professional judgement in a Working Group with experts at Rabobank. The topics that were plotted on the BWI and UNEP FI Tool highest scoring dimensions were then considered as 'value creating' topics for 2020 while the remaining topics of the longlist were considered as the 'license to operate' topics (see appendix B).

4. Determining information to disclose on material topics including validation by the Managing Board

During the final stage of the materiality analysis, the members of the Management Board validated the , environmental, social and organizational materiality topics derived from the prioritized short list. Finally, the material topics as plotted in the matrix were published in the annual report 2022.

Given the focus on the value creating material topics, we only publish our management approach on Value Creation Themes and quantitative indicators relevant to these themes. This report does not focus on our management approach and various internal quantitative indicators related to the license to operate material themes. Our Material Themes for Value Creation (or Value Creation Themes) are:

Material Themes for Value Creation

Theme 2021	*Theme 2022*	*Definition*	*Quantitative Indicators*	*Strategic Pillar*
Circular economy	Resource use and circular economy	Resource use: To design, produce and distribute materials and products with the objective to keep them in use at their highest value. Eco-design and design for longevity, repair, reuse, repurposing, disassembly, remanufacturing are examples of tools to prevent from a quick and limited use of materials and products. Innovative business models could also contribute to better use existing products and materials (sharing, pay-peruse). Regenerative production methods could also be applied. Circular Economy: Economic system that uses a systemic approach to maintain a circular flow of resources, by regenerating, retaining or adding to their value, while contributing to sustainable development. (ISO)		Excellent Customer Focus
Customer satisfaction	Customer satisfaction	Satisfying the needs of our customers by offering them excellent products and services		Excellent Customer Focus
Digitalization & innovation	Digitalization & innocation services	Investing in the digitalization and innovation of our products and services and shielding our operations from cyber security attacks	Availabilty of IB / MB / iDeal	Excellent Customer Focus
Energy transition	Energy transition	Promoting the shift from fossil fuels to renewable energy by financing and disseminating knowledge	A-label mortgages	Excellent Customer Focus
	Responsible supply chain	Business opportunities related to an undertaking's dependencies on value chain workers might include the achievement of a future sustainable supply of a commodity. For instance: by ensuring smallholder farmers earn enough to persuade future generations to keep farming that crop.		Meaningful Cooperative
	SME financing	Activities Rabobank develops to support and stimulate entrepreneurs. Rabobank's clients face a variety of sustainability risks and issues. As a cooperative bank Rabobank aims to be a facilitator in the process towards a more sustainable world by helping clients to identify and assess ESG opportunities and risks.	Client photo	Excellent Customer Focus
Sustainable housing	Sustainable housing	Fostering the access to sustainable and affordable housing for society at large	A-label mortgages	Excellent Customer Focus

Theme 2021	Theme 2022	Definition	Quantitative Indicators	Strategic Pillar
	Food Security	In order to feed the world's population in a sustainable way, increase food availability, improve access to food, promote healthy food and increase stability of the food systemaccess to food, promote healthy food and increase stability of the food system		Meaningful Cooperative
Biodiversity & ecosystems	Biodiversity & ecosystems	Biodiversity: The variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part. This includes variation in genetic, phenotypic, phylogenetic, and functional attributes, as well as changes in abundance and distribution over time and space within and among species, biological communities and ecosystems. (IPBES online glossary) Ecosystems: A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit. (IPBES glossary). A typology of ecosystems is provided by the IUCN Global Ecosystem Typology 2.0		Meaningful Cooperative
Climate change	Climate Change	Climate change adaptation: Climate change adaptation means the process of adjustment to actual and expected climate change and its impacts. (based on the Regulation (EU) 2020/852) Climate change mitigation: Climate change mitigation means the process of holding the increase in the global average temperature to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down in the Paris Agreement. (based on the Regulation (EU) 2020/852)	A-label mortgages	Excellent Customer Focus
			Reduce CO2 emission of Rabobank	Meaningful Cooperative
	Human Rights	Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. (UN)ethnicity, language, religion, or any other status. (UN)		Meaningful Cooperative
Soil quality	Pollution	The direct or indirect introduction, as a result of human activity, of pollutants into air, water or soil which may be harmful to human health and/or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment. For a definition of "pollution" and "pollutants", see Article 2 points (10) and (12) of the Taxonomy Regulation (EU) 2020/852.		Meaningful Cooperative
Water sanitation and hygiene	Water management	The amount of water drawn into the boundaries of the undertaking (or facility) and not discharged back to the water environment or a third party over the course of the reporting period. And, the ability, or lack thereof, to meet human and ecological demand for fresh water. Compared to scarcity, water stress is more inclusive, considering physical scarcity, water quality, and the accessibility of water. (CDP Water questionnaire, 2021).		Meaningful Cooperative
Financial performance	Financial resilience	Achieving solid financial results by strengthening the resilience of the bank	Sustainalytics	Rock Solid Bank
			CET 1 ratio	Rock Solid Bank
			RoE	Rock Solid Bank
			Cost/income ratio	Rock Solid Bank
	Diversity, equity and inclusion	Fair and equal opportunities for everyone to pursue their ambition.	Diversity % woman (MB, SB)	Empowered Employees
			Employee Engagement score	Empowered Employees

Managing our Value Creation Themes

The Value Creation Themes are relevant to our organization's success. We use specifically formulated indicators to measure our performance. These indicators are part of our general governance cycle, which are periodically evaluated and are published at least once a year. We use these periodic reviews to identify and pursue evaluative action, and we disclose the relevant results of our evaluation in our annual report. No targets have been included for the different indicators, as they are currently under development and the internal quantitative indicators are being aligned with the quantitative indicators that are communicated externally.

Strategic Pillar	SDGs	Theme 2022	Quantitative Indicators	Result 2022
Excellent Customer Focus	2, 8	Resource use and circular economy		n/a
Excellent Customer Focus	2, 8	Customer satisfaction		n/a
Excellent Customer Focus	2, 8	Digitalization & innocation services	Availabilty of IB / MB / iDeal	99.8% / 99.8% / 99.9%

Strategic Pillar	*SDGs*	*Theme 2022*	*Quantitative Indicators*	*Result 2022*
Excellent Customer Focus	2, 8	Energy transition	A-label mortgages	29%
Excellent Customer Focus	2, 8	Responsible supply chain		n/a
Excellent Customer Focus	2, 8	SME financing	Client Photo	22%
Excellent Customer Focus	2, 8	Sustainable housing	A label mortgages	29%
Meaningful Cooperative	2, 13, 17	Food Security		n/a
Meaningful Cooperative	2, 13, 17	Biodiversity & ecosystems		n/a
Excellent Curstomer Focus	2, 8	Climate Change	A label mortgages	29%
Meaningful Cooperative	2,13, 17		Reduce CO2 emission of Rabobank	-0.06 tonnes
Meaningful Cooperative	2, 13, 17	Human Rights		n/a
Meaningful Cooperative	2, 13, 17	Pollution	Community funds and donations	EUR 30.4 million
Meaningful Cooperative	2, 13, 17	Water management		n/a
Rock Solid Bank	8	Financial resilience	Sustainalytics	5th out of 413
			CET 1 ratio	16.0%
			RoE	6.2%
			Cost/income ratio	63.9%
Empowered Employess	8	Diversity, equity and inclusion	Diversity % woman (MB, SB)	50% / 29%
			Employee Engagement score	86

Data Collection of Non-Financial Information

The collection of non-financial information is coordinated centrally within Rabobank Group. The Sustainability department shares responsibility with Finance & Control for collecting sustainability data. Other non-financial information of Rabobank Group divisions and local Rabobanks is obtained by our automated central management information system. Data that is not recorded in the central system is collected through qualitative and quantitative questionnaires (which are based on internal business principles, policies and external guidelines approved by Rabobank Group) or received from external parties. The coordinator of the respective Group division/ local Rabobank is responsible for collecting and reporting the non-financial information. Finance & Control and the Sustainability department perform plausibility checks after submission and ensure that appropriate actions are taken to optimize the data quality. For more information on the methodologies and definitions used for indicators included in this report, please see the download on our website.

Preparation of the Annual Report

The production process of our Annual Report is as follows: the Managing Board installs an Annual Report Steering Group, which appoints an Annual Report Working Group. The following disciplines are represented in the Working Group: Managing Board Secretariat, Finance & Control, HR, Investor Relations & Rating Agencies, Sustainability, Integrated Risk Management, Audit, and Communications and Corporate Affairs. The Annual Report Steering Group, which represent the disciplines Finance & Control, Sustainability and Communication and Corporate Affairs, agrees on the different tasks, roles, and responsibilities relating to the production of the Annual Report and Interim Report. Before any work commences on gathering information and drafting the Annual Report, the chair of the Annual Report Steering Group and the Managing Board decided on the report's structure and key messages. The Working Group transforms these guidelines into drafts, which are subsequently reviewed by a committee of members from the Working Group, the Steering Group, and other key employees. The draft texts of the Annual and Interim reports are discussed twice in the respective meetings of the Managing Board, the Supervisory Board, and its Audit Committee.

Reporting in Accordance with the <IR> Framework

This Annual Report is prepared in accordance with the <IR> framework. The tables show how our report complies with the main principles of the report, being the guiding principles and content elements.

Guiding Principles <IR> Framework

Guiding principles	Our approach	Reference
Strategic focus & future orientation	The report provides insight into how Rabobank creates, preserves and erodes value for the bank itself and other stakeholders by highlighting strategy, risks and opportunities. In addition, the report contains Chairman's message and outlook that include governance reflections on the past experiences, present performance and future strategic directions. Further, the value creation model explains how capitals are used and their contribution to Rabobank's strategic objectives and long-term impact (UN SDGs)	Foreword, p. 4-5 Creating value, p. 15-20 Outlook, p.93-94
Connectivity of information	The performance section is structured around strategic pillars reflected in the value creation model. This provides a holistic picture of the combination, interrelatedness and dependencies between the factors (content elements, past, present and the future, quantitative and qualitative information, financial and non-financial information) that affect the organization's ability to create, preserve or erode value over time.	Creating value, p. 15-20 Performance on our strategy, p. 22-49
Stakeholder relationships	The report shows main stakeholder groups, the nature of the relationship, the role of the stakeholder dialogue in the value creation process, Rabobank's performance and risk management.	Our Fundamentals, p.11 Creating value, p. 15-20 Performance on our strategy, p. 22-49 Risk management, p. 57-70 Appendix 1, p. 122-127
Materiality	The report discloses information about materiality including the materiality assessment process, a list of the value creation topics, and how these topics are integrated in Rabobank's strategy	Creating value, p. 15-20 Performance on our strategy, p. 22-49 Appendix 1, p. 122-127
Conciseness	Rabobank explains the scope and the boundaries of the report. The document is clearly structured, linked to the results of the materiality assessment and limits repetition by providing internal or external references.	Table of Content, p, 3 Appendix 1, p. 122-127
Reliability & completeness	The report describes the processes that have been set up to ensure the quality of the information, provides a year-to-year overview of key figures and progress against set targets. Further, dilemmas, internal challenges and highlights of both positive as negative outcomes are included in the report to balance positive and negative aspects of the material matters.	Key Figures, p. 9 Key Trends and Uncertainties, p. 21 Appendix 1, p. 122-127
Consistency and comparability	The structure of the Annual Report is followed from year to year, the changes are addressed. Moreover, Rabobank discloses quantitative indicators on year to year basis, where possible with an overview of five years. The information is aligned with the industry practices (benchmark data).	Key Figures, p. 9 Appendix 1, p. 122-127

Content Elements <IR> Framework

Content elements	Our approach	Reference
***Organizational overview* & external environment**	Rabobank reports on organizational overview and external environment by disclosing the information about mission and vision, culture and values of the company, its organizational structure, position in the market, as well as factors and trends affecting the external environment and Rabobank's response.	Our fundamentals, p. 11 Key Trends and Uncertainties, p. 21
Governance	The report contains a governance chapter, which describes how Rabobank's governance structure supports creating value in the short, medium and long term. It links the remuneration policy and strategic priorities with the input capitals and discloses management views and steers the relevant capitals.	Foreword, p. 4-5 Our fundamentals, p. 11 Corporate Governance, p. 96-121 Remuneration, p. 101-107
Business model	The business model of Rabobank includes inputs, business activities, outputs, outcomes. The report provides a partial explanation how the organization creates, preserves and erodes the value in short, medium and long term. It includes a description of stakeholders, external trends affecting the business model, link to the material topics and the UN Sustainable Development Goals.	Creating value, p. 15-20
Risks and Opportunities	Rabobank describes material risks and opportunities that affect the organization and how Rabobank responds to them. A clear distinction to risks and opportunities on the short, medium and long term cannot be completely made yet and due to data availabilty and complexity a disclosure on the likelihood and impact of risks is not fully included.	Key Trends and Uncertainties, p. 21 Performance on our strategy, p. 22-49 Risk management, p.57-70
Strategy and resource allocation	The report describes objectives and how those objectives are measured; the description of the strategy is drawn from the stakeholder engagement or from the assessment of external trends and identified risks and opportunities; the value creation model explains how capitals are used and impacted. The report does not provide full disclosure and description of the targets in medium and long term.	Creating value, p. 15-20 Performance on our strategy, p. 22-49 Appendix 1, p. 122-127
Performance	Rabobank's performance on the set objectives and what are the outcomes on all capital forms are presented in the report.	Key Figures, p. 9 Performance on our strategy, p. 22-49 Appendix 1, p. 122-127
Outlook	The report includes an outlook for the future both the financial environment/performance and the non-financial environment/performance.	Foreword , p. 4-5 Outlook, p. 93-94
Basis of preparation and presentation	The basis of the preparation and presentation is included in the report. This entails a summary of the process to determine materiality, a description of the reporting boundary and how it was determined and an <IR> Framework reference table.	Appendix 1, p. 122-127

Assurance

We believe that the reliability of the information included in this report is crucial for us and for our stakeholders. Our external auditor PwC has performed a limited assurance engagement on the non-financial information in this report. For more information on the assurance engagement including the scope thereof, we refer to the Independent Auditor's Report.

Appendix 2 Methodology & Definitions of Non-Financial Figures 2022

The table below shows a number of Non-Financial Figures. Progress on these figures is measured with information obtained from both inside and outside the organization. A number of figures have an absolute target. Others, especially the outcomes of client and employee surveys, are relative targets. The figures include Rabobank data excluding DLL, BPD and Obvion unless mentioned otherwise.

RepTrak	*RepTrak measures several scores including:* • *The overall reputation across seven key dimensions, based on customers' perception of esteem, admiration, trust, and overall feeling.* • *The Positive Influence on Society Score* • *The Recommendation Score*
Methodology/ Terminology	We measure and report reputation by using the RepTrak monitor, which is a tool from the Reputation Institute. In the reporting period Rabobank participated in the RepTrak Reputation study. This study tracked 23 reputation attributes assigned to seven reputation dimensions that the Reputation Institute has found to be the most effective in getting stakeholders to support a company. Our reputation is measured quarterly through an online survey taken among a representative sample of the general public in the Netherlands. The reported score entails the 12 month rolling average as of the reporting date. RepTrak is the gold standard for reputation measurement. RepTrak's rankings are based on each company's Pulse i.e., the emotional connection consumers have to a brand. Additionally, in the infographics are the RepTrak Positive Influence on Society Score and the RepTrak Recommendation Score included. The Positive Influence on Society is determined in the same way as the RepTrak Pulse Score. The RepTrak Recommendation Score is measured for General Public. The score is based on the statement: I would recommend the products/services of Rabobank. The results are based on a Likert scale from 1 to 7 with a "Not Sure" option and the results are based on the % of people that scored the statement with a 6 of 7 in the Likert scale.

% Online Active	*Percentage of customers that logged into the Rabobank Banking App or online banking at least once in the last three months*
Methodology/ Terminology	The unit of measurement comprises all individual customers and for Commercial banking all commercial groups that have logged into the Rabobank Banking App or online banking at least once in the last three months. Customers logging into the Rabobank Banking App using TIN code, Touch ID and Face ID are included.

Member Engagement Score	*The percentage of members classified as proactive, active and informed in relation to the total number of members surveyed*
Methodology/ Terminology	Members answer an online survey and are allocated to five categories according to their answers: 1. Proactive members: Members who take part in (or have taken part in) a member council or market team. 2. Active members: Members who occasionally attend a substantive member event or have at some time alerted us to a problem relating to livability in the community 3. Informed members: Members who have a good/reasonable idea of our mission and are aware of the opportunities to undertake activities with our support on social themes in their community. 4. Aware members: Members who are aware of their membership 5. Non-aware members: Members who are not aware of their membership. A specialized external data survey agency has been commissioned to work together in developing the score. The outcome of the survey is weighted in such way that every local Rabobank contributes to the total in a representative way, based on the number of members of the local Rabobank in relation to the total number of members.

Employee Engagement Score	*Our Managing Board requires management information on how the organization is developing and how employees are feeling and realizing their goals. Monitoring work perception on a regular basis allows us to effectively manage and make adjustments in a timely manner. We have developed the Engagement Score for this purpose en can be used for external benchmarking*
Methodology/ Terminology	We measure and report employee engagement through the Engagement Score. HR has commissioned a specialized external data survey agency to collaborate on developing the scan. The survey consists of 23 questions/statements, supplemented by three optional closed-ended questions provided by employees themselves. The way in which employees respond to these questions describes the extent to which they feel engaged in their work at that particular point in time. We based the score given in this report on a few questions of the 23 questions to make it possible to benchmark. results.

Gender Diversity	*Diversity is a vital and integral part of our strategic objectives. To enhance career opportunities for women, we offer several internal and external activities. These include sponsorship of talented women by senior executives, cross-mentoring and coaching programs. Our Diversity Board meets each quarter to monitor policy compliance and progress on our targets.*
Methodology/ Terminology	We report and measure the number of males and females based upon the headcount as reported from our human resource information management system at the reporting date. With "Gender diversity" we refer to the percentage of women that is present in the Managing Board, in the first level below the Managing Board, that has a Managing Board Member as a manager or is a manager (excluding Business Managers), and the percentage of women employed across the organization in the Netherlands (including Obvion) for internal employees only.

Availability of Mobile / Internet Banking	*We measure the availability of the Internet and Mobile banking services by dividing the net availability during prime-time by the total minutes in prime-time for the reporting period.*
Methodology/ Terminology	By availability we mean that users are able to log on during primetime (daily between 06.30h and 01.00h), they can access information on their balance and on their payment transactions, and that they are able to make payments. We used IT incident reports to measure the system availability of the internet and mobile banking services. We measure availability on all relevant incidents based on the actual number of minutes registered in the monitoring systems. The system availability statistics include all incidents involving a downtime of >3 minutes during prime-time. We determine if the service was fully (100%) or partially (50%) unavailable. This results in the net-unavailability of an incident expressed in minutes. The availability is reported as an average percentage for the whole year.

Availability of iDEAL	*We measure the availability of the IDEAL services by dividing the net availability during prime-time by the total minutes in prime-time for the reporting period.*
Methodology/ Terminology	Brand owner Currence has set specific availability standards for iDEAL. DNB has included these standards in the agreements it makes with banks on the availability of iDEAL. These agreements distinguish between primetime availability (06:30h-01:00h) and non-primetime availability (01:00h - 06:30h). The primetime availability standard is 99.88%, the non-primetime availability standard is 98.50%. The latter standard is lower since this period is regarded as a maintenance window. Banks are allowed to conduct necessary maintenance during non-primetime in order to safeguard service to customers and in order to comply with changing regulations. We used IT incident reports to measure system availability of the iDEAL services. We have included all availability incidents where Rabobank is the issuing bank lasting >1 minutes in the availability statistics. In measuring the unavailability we used the standard formulas set by the DNB, the availability is reported as an average percentage for the whole year.

Sustainable Financing	*Sustainable Financing as determined by Rabobank has changed in 2022 and includes Mortgages, Green Loans and Project Finance. The categories and the impact of the changes are defined further below.*
Methodology/ Terminology	We consider our financial products and services to be the tools with which we can help our clients shift to more sustainable practices and business models. As such, we annually report on products we considers as sustainable finance and our definition of their sustainable nature. In recent times, the concept of sustainable finance has evolved rapidly, for instance due to the EU taxonomy regulation. Rabobank wants to follow these developments and hold itself to a high standard when it comes to labelling products as sustainable finance. This is why we have developed a new framework for sustainable finance in 2022. This exercise has resulted in a stricter definition for our key figure 'sustainable finance', where we have made steps to bring our sustainable finance closer to the EU Taxonomy. This resulted in excluding several components as: mortgages with preliminary energy labels and our financing to sustainable frontrunners in the Netherlands. While these positions can still be considered as contributing to the transition to a sustainable economy, we no longer report them as sustainable finance within the Key Figures and the Infographics. We also adapted our previous year figures (2021 and 2020) to be transparant on the movement during the last year regarding to the new definition. Due to a lack of granulair data it was not possible to restate 2019 and 2018 as well. This means that the sustainable finance figures for 2022 / 2021 and 2020 are built up by the following categories: • *Mortgages:* As of 2022 only the final energy label A, based on the definition of Calcasa, are included. In this figure are also the label A morgages included which are sold to investores, this because Rabobank is still responsible for stimulating the clients to improve their properties (YE 2022: EUR 484million). Changes relevant to Mortgages: - Including the Obvion Morgages as of 2021. - Excluding the prelimenary Label A figures as of 2022. (Impact on 2021: EUR -17,908 million / 2020: EUR -17,164 million) - Only including A++++ labels for buildings built after 2020 instead of all A labels. (Impact on 2021: EUR -870 million) • *Green loans:* Green loans are loans that meet the "green" criteria of the RVO (Netherlands Enterprise Agency). On a project basis (loan basis) Rabo Groenbank submits the project documentation and the RVO subsequently determines whether a project meets the criteria. If this is the case, the RVO issues a green certificate (with a duration of usually 10 years) and the loan qualifies as a "green" loan for the duration of the certificate. As of June 2021: Green Mortgages are mortgages for new built homes that meet the "green" criteria of the RVO. On a project basis RGB submits the project documentation and the RVO subsequently determines whether a project meets the criteria. If this is the case, the RVO issues a green certificate (with a duration of 10 years) and the mortgage qualifies as a "green" mortgage for this period. • *Project finance*: Sustainable project finance relates to all renewable energy projects financed in the domain of wind, solar, hydropower and geothermal energy. Closing the-loop projects, like installations using bio-waste streams as an energy resource, are included too. Changes relevant to Project Finance: - Outstanding amounts used instead of nominal amounts as of June 2021. (Impact on 2020: EUR -2,465 million) Not included in the 2022 figures are: • *Corporate Loans* NL: FInancing for companies that have a sustainable client photo label A. (Impact on 2021: EUR -13,545 million / 2020: EUR -11,153 million) • *DLL Clean Tech:* Impact on 2021: Eur -403 million / 2020: EUR -399 million • *Corporate Loans Wholesale:* Already excluded in 2020, impact on 2019: EUR -1,417 million

Sustainable Finance	*YE2022*	*YE2021*	*YE2021 Adjusted*	*YE2020*	*YE2020 Adjusted*
Project Finance	3,921	3,200	3,200	3,008	3,008
Green Loans	2,656	2,454	2,454	2,060	2,060
Sustainable Morgages Rabobank / Obvion	24,841	43,515	24,738	33,193	16,029
Corporate Loans NL	0	13,545	0	11,153	0
DLL Clean Tech Financing	0	403	0	399	0
Total	**31,418**	**63,117**	**30,392**	**49,813**	**21,097**

Sustainable Funding	*Sustainable Funding includes Rabobank Green, Social and Sustainability Bonds and Deposits, Obvion Green, Social and Sustainaility Bonds, Rabo Green Savings (Rabo Groen Bank B.V.), Rabo Green Deposits(Rabo Groen Bank B.V.).*
Methodology/ Terminology	Sustainable funding includes funding products with a sustainability earmark and consists of : • *Rabobank Green, Social and Sustainability Bonds and Deposits*: Green, Social or Sustainability bonds that are issued, ringfenced and of which the framework is issued under the Green Bond Principles and associated guiding principles and Deposits that are solely allocated to sustainable financing • *Obvion Green, Social and Sustainability Bonds:* Obvion Green, Social or Sustainability bonds that are issued, ringfenced and of which the framework is issued under the GBP and associated guiding principles. • *Rabo Green Savings (Rabo Groen Bank B.V.)*: Savings that are used solely to finance (in the form of loans) projects that have a “sustainability label” issued by the RVO. • *Rabo Green Deposits (Rabo Groen Bank B.V.):*Deposits that are used solely to finance (in the form of loans) projects that have a “sustainability label” issued by the RVO.

Sustainable Assets under Management and assets held in custody	*Relates to assets that meet our sustainability investment criteria and are classified by Morningstar as "sustainable investment overall".*
Methodology/ Terminology	Sustainable Assets under Management and assets held in custody relates to assets that meet our sustainability investment criteria and are classified by Morningstar as "sustainable investment overall". The funds are selected based on (at least one of) three criteria; Funds are selected based on (at least one of) three criteria; 1. The use of multiple additional exclusion criteria compared to the exclusions list 2. Best-in-class companies or countries from a sustainability perspective, and 3. Sustainable theme. Due to the implementation of the SFDR definitions for sustainable investments Rabobank is in transition to relate the definition of sustainable assets to this regulation as well, however criteria are not fully definitive yet and not all funds report SFDR information as of 31-12-2022. During this transition period, Rabobank will report on the data provided from morningstar (2022) relating to Art 8 and 9 for the remaining population we will use the existing population of funds per 31-12-2021, evaluated against available SFDR information from morningstar.

Transactions Supervised by	*Transactions that are supervised by Rabobank*
Methodology/ Terminology	These are transactions supervised by Rabobank and include: ESG Bonds comprise of the following Bond types: • Green, Social and Sustainability Bonds are issued under the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Transition Bonds are issued under the ICMA’s guidelines on climate transition finance • Sustainability-Linked Bonds follow the ICMA Sustainability-Linked Bond Principles and include (a)sustainability target(s) that has to be achieved, and otherwise triggers are penalty for the issuer. Bonds are brought to the market by a group of ca. 4 banks –which are all evenly responsible for the transaction. Therefore, the full volume of a Bond supported has been included. Sustainable Loans comprise of the following Loan types: • Green and Social Loans are issued under the APLMA/LSTA/LMA Green Loan Principles and Social Loan Principles respectively. Sustainability Loans are a mixture of both, Transition Loans follow the ICMA’s guidelines on climate transition finance. The Use of Proceeds of the Loans are predefined. • Sustainability-Linked Loansfollow the APLMA/LSTA/LMA Sustainability-Linked Loan Principles and include (a)sustainability target(s) that has to be achieved. The realisation of the targets defined trigger either a margin benefit or a margin penalty.

Client Photo	*The client photo measures the sustainability performance of our clients. We have defined 5 performance level categories (A, B, C, D+, and D).*
Methodology/ Terminology	Our Client Photo is a tool that enables us to gather data on the environmental, social, and governance performance of clients in Rabobank's portfolio. The purpose of our Client Photo is to improve client engagement and business development and is used as a management tool. The Client Photo assists during the onboarding credit process. We assign categories through a qualitative process in which client metrics are taken into account and benchmarked with industry/sector specific indicators. Finally, professional judgment is applied to assign a score. The unique Rabobank Client Photo assesses our clients' sustainability performance. We acknowledge that there are several limitations to the Client Photo because of the continuous development of these tools, limited availability of sustainability-related data and methodologies and the need to use professional judgment. However, it still facilitates our assessment of the sustainability of our clients. As the Client Photo is continuously evolving, targets and performance metrics will not reported. Obviously, the tools still assist in the assessment of sustainability in our onboarding credit process..

Absenteeism	*Absenteeism is measured in a 12-month rolling period.*
Methodology/ Terminology	Absenteeism is measured based on the number of calendar days employees called in sick during a 12-month rolling period, divided by the total number of calendar days employees are employed during that same period taking into account a part-time or full-time employment contract and partial sickness. This concerns all persons who are actively employed in the Netherlands.

CO_2 reduction	*By increasing energy efficiency and by reducing and making mobility and other services more sustainable.*
Methodology/ Terminology	The climate footprint is calculated according to the most recent directives of the Greenhouse Gas Protocol (GHG) and the associated CO_2 conversion factors, originating from, amongst others, DEFRA and the IEA. The operating information for the climate footprint report is based on the period from October 1 to September 30. When we say we want to increase energy efficiency, we mean that we are committed to reduce our energy consumption as much as possible, for example by facilitating teleworking in order to reduce employee travel time. Moreover, we are as sustainable as possible in our purchasing policies: we attempt to use renewable raw materials and work with contracts based on circular economic principles wherever we can. The data regarding our internal business operations is mostly based on our automated central management information system and on invoices from our providers. In preparing the footprint, we made estimations, assumptions and extrapolations whenever data was unavailable or incomplete. Although we made these estimates and assumptions, based on the most careful assessment of current circumstances, activities, and available consumption data, the actual results may deviate from these estimates. For the cooling emission we based our calculation on data from previous years which causes an uncertainty in the calculation for 2022. Cooling is approximately 4% of the total emissions. Our climate footprint consists of CO2 emissions and does not include other emissions (e.g., CH4, N2O and other gasses). Regarding the scope of our CO2 emissions are BPD and DLL included and is Obvion excluded.

Community funds and donations	*We invest part of our annual profit in social initiatives on a not-for-profit basis throughout the Rabobank Group.*
Methodology/ Terminology	We measure and report this key figure by calculating the financial donations made by Rabobank Group during the reporting period. The main component of the total amount is the amount of donations made by our local Rabobanks to local initiatives. We measure and monitor manpower and knowledge invested in local communities as well, but these are not included in the KPI report. Terminology: Cooperative dividend - based on Rabobank's cooperative identity, investments are made in local community initiatives in the Netherlands.

Gender Pay Gap	*Pay equality is measured as the difference in average compensation for men and women corrected for a number of characteristics*
Methodology/ Terminology	Pay equality is measured based on the adjusted and the unadjusted pay gap. The adjusted pay gap is defined as the difference between average compensation between men and women, divided by the average compensation of men. Where compensation of both groups is corrected for contract hours, job profile, salary scale, (sub)domain, age, months in service, months in salary scale, (in)direct span, performance and perspective rating using the Oaxaca Blinder Decomposition. The unadjusted pay gap is defined similarly, where compensation is only corrected for contract hours. This concerns employees in the Netherlands who are part of the Collective Labor Agreement population excluding Obvion, DLL, BPD expats and employees in scales 0-3. Variable pay is not taken into account as part of the compensation.

Training expenses	*The training expenses per FTE*
Methodology/ Terminology	The training expenses are based on the financial figures in the trial balance divided by the average FTE for the reporting year.

Number of countries	*The number of countries in which we are located*
Methodology/ Terminology	We define the number of countries as all the countries in which a subsidiary or branch office is established.

Number of local banks	*The number of local banks in the Netherlands*
Methodology/ Terminology	We define the total of local banks as all the local banks in the Netherlands.

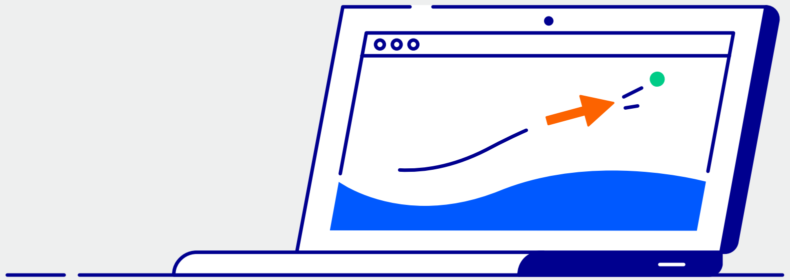
Number of offices	*The number of offices in the Netherlands*
Methodology/ Terminology	We measure our offices as a total of offices and branches in the Netherlands. These are all the locations which can be entered by clients, the other physical locations are excluded in the reported figure. As of 30-6-2022 we also included the advice locations with an own address following the definition. The impact of these locations is 17 (YE 2021: 17).

Number of clients	*The number of clients in the Netherlands (Local Banks and Obvion)*
Methodology/ Terminology	We define the total of clients as all the clients of the local banks and Obvion. The clients of the local banks are identified by all the natural persons for particular clients and all the commercial groups for business clients. The total of Obvion is based on the total loans of Obvion and pension fund ABP. Therefore it is possible that there are clients recorded twice in the population. That is the case if a person is registered with Rabobank and also has a loan with Obvion.

Number of employees	*The number of employees of Rabobank Group*
Methodology/ Terminology	The number of employees of Rabobank Group is based on the scheduled weekly hours / default weekly hours. The baseline is the last day of the month situation and the following variables are taken into consideration: • Workers with contracts that ended during the month are excluded. • Workers with contract end-date on the last day of the month are included. • The workers on leave and interns/apprentices are included.

Number of members	*The number of members in the Netherlands*
Methodology/ Terminology	We define the total number of members as allt he members of the local banks.

Consolidated Financial Statements



Contents

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position

Amounts in millions of euros	*Note*	*December 31 2022*	*December 31 2021*[1]	*Amounts in millions of euros*	*Note*	*December 31 2022*	*December 31 2021*
Assets				*Liabilities*			
Cash and cash equivalents	6	129,580	120,534	Deposits from credit institutions	19	31,543	72,678
Loans and advances to credit institutions	7	11,121	22,067	Deposits from customers	20	396,472	372,381
Financial assets held for trading	8	2,742	2,490	Debt securities in issue	21	112,307	109,272
Financial assets mandatorily at fair value	9	2,302	2,506	Financial liabilities held for trading	22	1,543	1,424
Derivatives	10	26,865	22,971	Financial liabilities designated at fair value	23	2,599	3,840
Loans and advances to customers	11	428,861	437,001	Derivatives	10	20,198	18,710
Financial assets at fair value through other comprehensive income	12	11,495	13,565	Other liabilities	24	5,850	5,324
Investments in associates and joint ventures	13	1,679	2,282	Provisions	25	885	1,072
Goodwill and other intangible assets	14	847	678	Current tax liabilities		433	759
Property and equipment	15	4,265	4,432	Deferred tax liabilities	26	229	343
Investment properties	16	562	438	Subordinated liabilities	28	10,096	10,026
Current tax assets		105	133	**Total liabilities**		**582,155**	**595,829**
Deferred tax assets	26	800	803				
Other assets	17	7,039	9,258	*Equity*			
Non-current assets held for sale	18	250	73	Reserves and retained earnings	30	33,029	31,097
				Equity instruments issued by Rabobank			
				- Rabobank Certificates	31	7,825	7,825
				- Capital Securities	32	4,971	3,978
						12,796	**11,803**
				Non-controlling interests	33	533	502
				Total equity		**46,358**	**43,402**
Total assets		**628,513**	**639,231**	**Total equity and liabilities**		**628,513**	**639,231**

1 Presentation adjusted, see Section 2.1.

Consolidated Statement of Income

Consolidated Statement of Income

Amounts in millions of euros	*Note*	*For the year ended December 31* 2022	2021
Interest income from financial assets using the effective interest method	35	15,538	12,051
Other interest income	35	455	1,212
Interest expense	35	6,844	4,912
Net interest income	**35**	**9,149**	**8,351**
Fee and commission income	36	2,432	2,301
Fee and commission expense	36	326	293
Net fee and commission income	**36**	**2,106**	**2,008**
Income from other operating activities	37	2,350	2,567
Expenses from other operating activities	37	1,789	1,963
Net income from other operating activities	**37**	**561**	**604**
Income from investments in associates and joint ventures	38	115	334
Gains/ (losses) arising from the derecognition of financial assets measured at amortised cost		(20)	(3)
Gains/ (losses) on financial assets and liabilities at fair value through profit or loss	39	111	676
Gains/ (losses) on financial assets at fair value through other comprehensive income		(159)	136
Other income	40	221	63
Income		**12,084**	**12,169**
Staff costs	41	5,023	4,657
Other administrative expenses	42	1,689	2,035
Depreciation and amortization	43	337	352
Operating expenses		**7,049**	**7,044**
Impairment charges on investments in associates and joint ventures		105	-
Impairment charges on financial assets	44	344	(474)
Regulatory levies	45	667	722
Operating profit before tax		**3,919**	**4,877**
Income tax	46	1,133	1,185
Net profit for the year		**2,786**	**3,692**
Of which attributed to Rabobank		2,011	2,910
Of which attributed to Rabobank Certificates		509	509
Of which attributed to Capital Securities issued by Rabobank		190	177
Of which attributed to non-controlling interests	33	76	96
Net profit for the year		**2,786**	**3,692**

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

Amounts in millions of euros	Note	2022	2021
Net profit for the year		**2,786**	**3,692**
Other comprehensive income transferred to profit or loss if specific conditions are met, net of tax:			
Exchange differences on translation of foreign operations	30	277	555
Increase/ (decrease) in the fair value of debt instruments at fair value through other comprehensive income	30	(140)	(155)
Costs of hedging	30	25	42
Cash flow hedges	30	(8)	33
Share of other comprehensive income of associates and joint ventures	30	(415)	(9)
Other comprehensive income not to be transferred to profit or loss, net of tax:			
Remeasurements of post-employee benefit obligations	30	54	4
Increase/ (decrease) in the fair value of equity instruments at fair value through other comprehensive income	30	(5)	(65)
Share of other comprehensive income of associates and joint ventures	30	83	(6)
Decrease/ (increase) in the fair value due to own credit risk on financial liabilities designated at fair value	30	68	(21)
Other comprehensive income		**(61)**	**378**
Total comprehensive income		**2,725**	**4,070**
Of which attributed to Rabobank		1,936	3,271
Of which attributed to Rabobank Certificates		509	509
Of which attributed to Capital Securities issued by Rabobank		190	177
Of which attributed to non-controlling interests		90	113
Total comprehensive income		**2,725**	**4,070**

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

Amounts in millions of euros	Note	*Reserves and retained earnings*	*Equity instruments issued by Rabobank*	*Non-controlling interests*	Total
Balance on January 1, 2022		**31,097**	**11,803**	**502**	**43,402**
Net profit for the year		2,710	-	76	2,786
Other comprehensive income	30	(75)	-	14	(61)
Total comprehensive income		**2,635**	**-**	**90**	**2,725**
Payments on Rabobank Certificates		(509)	-	-	(509)
Payments on Capital Securities issued by Rabobank		(190)	-	-	(190)
Issue of Capital Securities	32	-	1,000	-	1,000
Cost of issue of Capital Securities		-	(5)	-	(5)
Other		(4)	(2)	(59)	(65)
Balance on December 31, 2022		**33,029**	**12,796**	**533**	**46,358**
Balance on January 1, 2021		**27,852**	**12,304**	**476**	**40,632**
Net profit for the year		3,596	-	96	3,692
Other comprehensive income	30	361	-	17	378
Total comprehensive income		**3,957**	**-**	**113**	**4,070**
Payments on Rabobank Certificates		(509)	-	-	(509)
Payments on Capital Securities issued by Rabobank		(178)	-	-	(178)
Redemption of Capital Securities	32	(27)	(1,282)	-	(1,309)
Issue of Capital Securities	32	-	750	-	750
Cost of issue of Capital Securities		-	(4)	-	(4)
Other		2	35	(87)	(50)
Balance on December 31, 2021		**31,097**	**11,803**	**502**	**43,402**

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

Amounts in millions of euros	*Note*	*For the year ended December 31* 2022	2021
Cash flows from operating activities			
Operating profit before tax		3,919	4,877
Adjusted for:			
Non-cash items recognised in operating profit before tax			
Depreciation and amortization	43	337	352
Depreciation of operating lease assets and investment properties	15, 16	869	723
Impairment charges on investments in associates and joint ventures	13	105	-
Impairment charges on financial assets	44	344	(474)
(Reversal) Impairment losses on property and equipment	15	(32)	(8)
(Reversal) Impairment losses on other intangible assets	14	64	61
Gains/ (losses) on disposal of property and equipment		3	34
Income from investments in associates and joint ventures	38	(115)	(334)
Income from disposal of subsidiaries		(13)	(8)
Gains/ (losses) on financial assets and liabilities at fair value through profit or loss	39	(111)	(676)
Gains/ (losses) on derecognition of debt instruments at fair value through other comprehensive income	40	159	(136)
Gains/ (losses) arising from the derecognition of financial assets measured at amortised cost		20	3
Provisions	25	100	545
Capitalised costs self-developed software and other assets		(72)	(93)
Loans and advances to and deposits from credit institutions	7, 19, 44	(30,189)	11,301
Financial assets held for trading	8, 39	(141)	726
Financial assets mandatorily at fair value	9	204	(429)
Derivatives	10	(3,894)	6,667
Loans and advances to customers	11, 44	7,776	14
Acquisition of financial assets at fair value through other comprehensive income	12	(11,227)	(10,332)
Proceeds from the sale and repayment of financial assets at fair value through other comprehensive income	12	12,280	12,608
Acquisition of operational lease assets	15	(1,014)	(1,119)
Proceeds from the disposal of operational lease assets	15	189	378
Dividends received from associates and financial assets	13	116	89
Deposits from customers	20	24,091	10,857
Financial liabilities held for trading	22	119	419
Financial liabilities designated at fair value	23	(1,241)	(1,366)
Derivatives	10	1,488	(9,691)
Other liabilities	24	526	236
Income tax paid		(1,543)	(649)
Other changes		(2,415)	(1,012)
Net cash flow from/ (used in) operating activities		**702**	**23,563**
Cash flows from investing activities			
Acquisition of investments in associates	13	(15)	(52)
Proceeds from disposal of investments in associates	13	63	214
Proceeds from disposal of subsidiaries net of cash and cash equivalents		-	-
Acquisition of property, equipment and investment properties	15, 16	(144)	(67)
Proceeds from the disposal of property, equipment and investment properties	15, 16	17	46
Net cash flow from/ (used in) investing activities		**(79)**	**141**
Cash flows from financing activities			
Proceeds from debt securities in issue	21, 34	58,235	38,599
Redemption of debt securities in issue	21, 34	(50,296)	(45,636)
Proceeds from the issue of subordinated liabilities	34	1,221	-
Redemption of subordinated liabilities	34	(1,372)	(4,288)
Purchase of Rabobank Certificates	31	(116)	(101)
Sale of Rabobank Certificates	31	116	104
Issue of Capital Securities (including cost of issue)		995	746
Payments on Rabobank Certificates and Capital Securities		(699)	(687)
Redemption of Capital Securities	32	-	(1,309)
Net cash flow from/ (used in) financing activities		**8,084**	**(12,572)**
Net change in cash and cash equivalents		**8,707**	**11,132**
Cash and cash equivalents at the beginning of the year		120,534	108,467
Exchange rate differences on cash and cash equivalents		339	935
Cash and cash equivalents at the end of the year		129,580	120,534
The cash flows from interest are included in the net cash flow from operating activities			
Interest received		15,261	13,070
Interest paid		(6,114)	(5,629)

Notes to the Consolidated Financial Statements

1. Corporate Information

Rabobank is an international financial services provider operating on the basis of cooperative principles. Our focus is on delivering all-finance services in the Netherlands and on serving our Food & Agri customers internationally. We create value with our strategy and the products and services we offer customers in Retail Banking, Wholesale Banking, Rural Banking, Private Banking, Vendor Finance, Leasing, and Property Development. Rabobank's Consolidated Financial Statements include the financial information of Coöperatieve Rabobank U.A. and its consolidated subsidiaries in the Netherlands and abroad. Coöperatieve Rabobank U.A. is a cooperation and has its registered seat in Amsterdam and registered office at Croeselaan 18, 3521 CB in Utrecht, The Netherlands. Coöperatieve Rabobank U.A. is registered under Chamber of Commerce number 30046259 and its principal place of business is the Netherlands. The name of the ultimate parent of the group is Coöperatieve Rabobank U.A..

2. Accounting Policies

2.1 Basis of Preparation

Rabobank's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.) and the applicable articles of Part 9 of Book 2 of the Dutch Civil Code. The consolidated financial statements have been prepared on the basis of the accounting policies set out in this section.

Amended Standards Issued by the International Accounting Standards Board (IASB) and Adopted by the European Union which Apply in the Current Financial Year

Minor amendments have been made to IFRS 3, IAS 16, IAS 37, and the Annual Improvements 2018-2020. The implementation of these amendments did not affect profit or equity.

New and Amended Standards Issued by the International Accounting Standards Board (IASB) and Adopted by the European Union Which Do Not yet Apply in the Current Financial Year

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 Insurance Contracts with an effective date of annual periods beginning on or after January 1, 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The IASB also published amendments to IFRS 17 including a scope exclusion for credit card contracts and similar contracts that provide insurance coverage, and an optional scope exclusion for loans with death waivers. Other than small reinsurance subsidiaries, Rabobank does not have insurance business, but sells insurance products as a broker, in which case it does not run the insurance risk.

However, the standard will affect Rabobank's associate, Achmea. Achmea issued a press release in December 2022 about the impact of the first application of IFRS 17 and IFRS 9 (as allowed under the temporary exemption to defer the effective date of IFRS 9) per January 1, 2023. The adoption of these standards will affect Achmea’s life- and pension insurance, property & casualty insurance, health insurance and insurance contracts within the reinsurance business. Contrary to current reporting, insurance-related receivables and payables will be considered in the measurement of insurance liabilities. The life and pension insurance contracts are long-term in nature, therefore the General Measurement Model or the Variable Fee Approach will be applied. For the insurance contracts within the non-life and the healthcare business, the simplified valuation model ("Premium Allocation Approach") will be applied as much as possible. This is because the term of these contracts for which insurance coverage is provided is mostly less than one year.

The valuation of insurance contracts under IFRS 17 will change although existing and already applied actuarial assumptions and parameters are utilized where possible. The results will probably be more volatile than under the current IFRS 4 basis. The discount curve to be applied is one of the key estimates under IFRS 17.

A new element under IFRS 17 is the Contractual Service Margin (CSM) in the case of valuation of an insurance contract under the general measurement model. For profitable contracts, this margin is included in the valuation. In accordance with the provisions of IFRS 17, the CSM will be released to the statement of income over the period the service is delivered. The financing result on insurance contracts will be determined by recognizing the effect of changes in interest rates and valuation in the income statement for the majority of the portfolios of the insurance contracts. The realized and unrealized changes in valuation of related investments combined with the changes in valuation of the insurance liabilities will be recognized as the financing result in the statement of income.

The changed accounting policies will have a one-off negative impact of approximately EUR 200-300 million on Achmea's IFRS equity position per January 1, 2022. This figure is based on Achmea's current management expectations and assessments on the accounting choices required for the implementation of IFRS 9 and IFRS 17. These expectations and assessments may be changed or updated in the course of the implementation of IFRS 9 and IFRS 17. Rabobank will recognize the impact of IFRS 17 and IFRS 9 on Achmea's equity in 2023. Rabobank does not expect a significant impact on the carrying value as the decrease in the gross carrying amount is compensated by a corresponding decrease in the cumulative impairment of Rabobank's investment in Achmea.

Other Amendments to IFRS

Minor amendments have been made to IAS 1, IAS 8 and IAS 12 which will be effective for annual periods beginning on or after January 1, 2023. The amendments relate to the classification of liabilities as current or non-current, the disclosure of accounting policies, the definition of accounting estimates, and deferred tax related to assets and liabilities arising from a single transaction. Although these new requirements are currently being analyzed and their impact is not yet known, Rabobank does not expect the implementation of these amendments to affect profit or equity.

Change in Presentation

The presentation of accrued interest in the consolidated statement of financial position was changed in line with market practice. Accrued interest balances are no longer separately presented in other assets and other liabilities, but rather included in the corresponding balance sheet item of the host contract. The new accrued interest presentation is applied retrospectively and the largest impact was on the following balance sheet items per December 31, 2021. A decrease of Other assets of EUR 908 million and a decrease of Other liabilities of EUR 1,101 million. And on the other hand an increase of Loans and advances to customers of EUR 530 million, an increase of Deposits from customers for an amount of EUR 350 million, a decrease of Deposits from credit institutions of EUR 330 million and an increase of Debt securities in issue for an amount of EUR 563 million.

Going Concern

The Managing Board considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements. This is based on Rabobank's medium-term planning (MTP) and budget process which supports the going concern assumption.

Judgments and Estimates

In preparing the consolidated financial statements management applied judgment with respect to estimates and assumptions that affects the amounts reported for assets and liabilities, the reporting of contingent assets and liabilities on the date of the consolidated financial statements, and the amounts reported for income and expenses during the reporting period. The accounting principles listed below require critical estimates that are based on assessments and assumptions. Although management estimates are based on the most careful assessment of current circumstances and activities on the basis of available financial data and information, the actual results may deviate from these estimates.

Impairment Allowances on Financial Assets

Rabobank applies three-stage expected credit loss impairment models for measuring and recognizing expected credit losses which involve management judgment. Rabobank uses estimates and management judgment to determine the expected credit losses for the model-based impairment allowances and to measure individually assessed financial assets. On top of the model-outcomes in certain circumstances Rabobank applies Top Level Adjustments (TLAs) to adjust for elements that are not captured in the IFRS 9 models.These TLAs, which are described in this section, often require a significant degree of management judgment.

Further information regarding the model based impairment allowances is included in Section 4.3.6 "Judgments and estimates on Model Based Impairment Allowances on Financial Assets". For credit-impaired financial assets that are assessed on an individual basis, a discounted cash flow calculation is performed. In many cases, judgment is required for the estimation of the expected future cash flows and the weighting of the three scenarios.

TLA Russia-Ukraine war

Rabobank decided to wind down all its activities in Russia following its invasion of Ukraine. Rabobank had limited direct exposures in Russia which were predominately on the books of DLL and TCF. Before the disposal of the exposures in the portfolio of DLL Russia a loan impairment charge of EUR 263 million was recognised. As the Russian customers were still paying their amounts due, these loans were not classified as Stage 3 loans but as loans with significant increase in credit risk (Stage 2). At December 31, 2022 only a very small part of the Russia exposures remained with a corresponding TLA of EUR 19 million (December 31, 2021: nihil).

Next to the direct exposures, Rabobank defined an increased credit risk that is currently not captured by the IFRS 9 models for exposures that are affected by the supply chain disruptions and the increased energy prices. For these exposures Rabobank recognised a TLA of EUR 58 million (December 31, 2021: nihil).

TLA Covid-19

Impact Covid-19 related uncertainties slowly faded-out globally now that China has also released the containment measures. The Dutch government's generic support measures for businesses came to an end in the first quarter of 2022. From April 1, 2022, the special facility to defer tax payments ended, and taxpayers must now pay tax assessments dated on or after April 1, 2022, on time. From October 1, 2022, companies had to start paying off their deferred tax debt, within a maximum of five years. So far, bankruptcies are still near historically low levels, which makes it plausible to conclude that the support measures have been highly effective, and that the economy has proved to be more resilient than expected. Rabobank however expects that the risk of defaults is still elevated going forward (with higher PD's than in the ECL models). The ability to pay back the hidden debt is negatively impacted by other market developments such as increased interest rates (higher refinancing costs) and inflation. A total Covid-19 TLA of EUR 123 million (December 31, 2021: EUR 500 million) is recognised.

TLA Interest Only Mortgages

Within the well-performing residential mortgage portfolio in the Netherlands, the interest-only mortgages carry an elevated risk, especially when the LTV is high (> 80%) and the customer is approaching retirement (leading to an income decrease). Since a few years Rabobank has approached these customers individually to make them aware of this risk and to seek possibilities to prevent any problems in the future. The very low interest rates increased during 2022. This results in more clients with potential payment problems. Therefore the TLA calculated for this specific category of mortgage loans increased to EUR 47 million (December 31, 2021: EUR 25 million).

TLA Physical Climate Risk

On December 31, 2022, a TLA of EUR 2 million for floods in Australia was recognized (December 31, 2021: a TLA for drought in Chile of EUR 2 million and for floods in Australia of EUR 2 million).

TLA Transition Climate Risk; Nitrogen

In June 2022 the Dutch government published a document on prospects for farmers given the desired acceleration of the large transition of the agricultural sector. The Netherlands has to become a global leader in circular agriculture in 2030. This vision entails a paradigm shift from growth in production volumes and cost price reductions towards optimization in resource use and food production in harmony with nature and with a recovery in biodiversity. A Transition Fund of EUR 25 billion should make this possible. A prerequisite is that farmers must be able to earn a decent income in the new situation. At the same time, a new set-up of the Dutch landscape and the place of agriculture therein must be agreed upon. As a stakeholder Rabobank is actively participating in these very challenging developments and is continuously assessing their impact on its portfolio.

Particularly around Natura 2000 areas, the future for Food & Agri clients in the Netherlands is currently uncertain. Rabobank assessed the ‘transition risks’ of the Dutch government's nitrogen approach for the business model of F&A clients. Rabobank expects that clients in the livestock sector will be affected. However, the effects on client level are both uncertain and unclear as the governmental plans are not yet final and not yet implemented. The assessment of this uncertainty resulted in a management adjustment. As part of this adjustment, the sector Pork and the other livestock sectors (Dairy, Beef and Poultry) with a distance between 0 to 4 kilometer from Natura 2000 areas (exposure of EUR 6.9 billion) are classified as vulnerable, meaning a lifetime expected credit loss (stage 2 classification) is taken. As a result a TLA of EUR 84 million (December 31, 2021: nihil) is recognised.

Other TLAs

The remainder of the TLAs is in total EUR 166 million (December 31, 2021: EUR 383 million). The decrease was largely a result of the release of the model back testing TLA and a lower impact from the Dutch Act on the Confirmation of Private Plans (Wet Homologatie Onderhands Akkoord, known as WHOA in Dutch) than previously assumed.

Classification and measurement of TLTRO-III

Rabobank is participating in TLTRO III. According to the original terms, interest rates in these operations are the average interest rate on the main refinancing operations minus an interest bonus of 50 basis points during the special interest period and the additional special interest period, and the average interest rate on the deposit facility during the remainder of the life of the respective TLTRO III transaction. Lower interest rates applied because Rabobank achieved certain predefined lending thresholds. Interest is settled in arrears on the maturity of each TLTRO III operation or on early repayment.

The conditional special interest rate bonus is considered to be below the market interest rate. On that basis, Rabobank determined that the difference between the value of the TLTRO determined at the market interest rate including the conditional special interest bonus and the value of the TLTRO determined at the market interest rate excluding the conditional special interest bonus is a government grant. Please refer to Section 2.32 "Government Grant" for the accounting policy on government grants. For further information on the interest income recognized from the TLTRO III per December 31, 2022, see Section 35 "Net interest income".

On October 27, 2022, the ECB announced that from November 23, 2022 until the maturity date or early repayment date of each respective outstanding TLTRO III operation, the interest rate on TLTRO III operations will be indexed to the average applicable key ECB interest rates over this period. Rabobank is of the opinion that the change of the interest conditions and the change of repayment possibilities are multiple changes with significant impact and hence should be seen as a substantial modification which leads to a derecognition of the original TLTRO. The full cumulative hedge accounting loss on the TLTRO for an amount of EUR 339 million is released as part of the derecognition result of the TLTRO liability. The swap that was used to hedge the TLTRO carried interest of EUR 90 million in 2022. Both amounts are presented in the Consolidated statement of income in Net interest income (see Section 35). Rabobank used the possibility for the early repayment of two EUR 20 billion tranches at the end of 2022.

Fair Value of Financial Assets and Liabilities

Information regarding the determination of the fair value of financial assets and liabilities is included in Section 4.9 "Fair Value of Financial Assets and Liabilities" and Section 11 "Derivatives".

Impairment of Goodwill, Other Intangible Assets and Investments in Associates and Joint Ventures

The other intangible assets and the investments in associates and joint ventures are tested for impairment when specific triggers are identified, goodwill is tested at least once a year. When the recoverable value is lower than the carrying amount, an impairment loss is recognized. Determining the recoverable amount in an impairment assessment of these assets requires estimates based on quoted market prices, prices of comparable businesses, present value, or other valuation techniques, or a combination thereof, which necessitate management to make subjective judgments and assumptions. Because these estimates and assumptions could result in significant differences to the amounts reported if the underlying circumstances were to change, these estimates are considered to be critical. The important assumptions for determining recoverable value of goodwill are set out in Section 15 "Goodwill and Other Intangible Assets"; the assumptions for investments in associates and joint ventures are set out in Section 14 "Investments in Associates and Joint Ventures".

Taxation

Estimates are used when determining the income tax charge and the related current and deferred tax assets and liabilities. The tax treatment of transactions is not always clear or certain and, in a number of countries, prior year tax returns often remain open and subject to approval by the tax authorities for lengthy periods. The tax assets and liabilities reported here are based on the best available information, and where applicable, on external advice. Differences between the final outcome and the original estimates are accounted for in the current and deferred tax assets and liabilities in the period in which reasonable certainty is obtained.

Other Provisions

Judgment is involved in the application of IAS 37 when determining whether a present obligation exists and in estimating the probability, timing, and amount of any outflows. More information on judgments regarding the provisions is included in Section 25 "Provisions".

2.2 Consolidated Financial Statements

2.2.1 Subsidiaries

The participating interests over which Rabobank has control are its subsidiaries (including structured entities) and these are consolidated. Control is exercised over a participating interest if the investor is entitled to receive variable returns from its involvement in the participating interest and has the ability to influence these returns through its power over the participating interest. The assets, liabilities and profit and loss of these companies are fully consolidated.

Subsidiaries are consolidated as from the date on which Rabobank acquires effective control and subsidiaries are de-consolidated as of the date on which this control is ceded. Transactions, balances and unrealized gains and losses on transactions between and among Rabobank and its subsidiaries are eliminated.

A list of principal subsidiaries is included in Section 50 "Principal subsidiaries".

2.2.2 Investments in Associates and Joint Ventures

Investments in associates and joint ventures are initially recognized at cost (including goodwill) and subsequently accounted for using the equity method of accounting. Rabobank's share of post-acquisition profits and losses is recognized in the income statement and its share of post-acquisition movements in reserves is recognized directly in other comprehensive income. The cumulative post-acquisition movements are included in the carrying amount of the investment.

Associates are entities over which Rabobank can exercise significant influence and in which it generally holds between 20% and 50% of the voting rights but does not have control. A joint venture is an agreement between one or more parties under which the parties jointly have control and are jointly entitled to the net assets under the agreement. Unrealized profits on transactions between Rabobank and its associates and joint ventures are eliminated in proportion to Rabobank’s interest in the respective associates and joint ventures. Unrealized losses are also eliminated unless the transaction indicates that an impairment loss should be recognized on the asset(s) underlying the transaction.

2.3 Derivatives and Hedging

Derivatives generally comprise foreign exchange contracts, currency and interest rate futures, forward rate agreements, currency and interest rate swaps and currency and interest rate options (written or acquired). Derivatives are recognized at fair value (excluding transaction costs) determined on the basis of listed market prices (with mid-prices being used for EUR, USD and GBP derivatives that have a bid-ask range), prices offered by traders, discounted cash flow models and option valuation models based on current market prices and contract prices for the underlying instruments and reflecting the time value of money, yield curves and the volatility of the underlying assets and liabilities. Derivatives are included under assets if their fair value is positive and under liabilities if their fair value is negative.

Derivatives Not Used for Hedging

Realized and unrealized gains and losses on derivatives held for trading are recognized in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss".

Derivatives Used for Hedging

Derivatives are used for asset and liability management of interest rate risks, credit risks and foreign currency risks. Rabobank applies IFRS 9 for non-portfolio hedge accounting. IFRS 9 does not offer a solution for fair value hedge accounting for a portfolio hedge of interest rate risk. Rabobank opted to use the EU policy choice of IFRS 9 to continue to apply the IAS 39 for such portfolio hedge accounting (EU carve out).

At the time of inception of a hedge accounting relationship, derivatives are designated as one of the following: (1) a hedge of the fair value of an asset, a group of assets or a liability in the statement of financial position (fair value hedge); (2) a hedge of future cash flows allocable to an asset or liability in the statement of financial position, an expected transaction or a firm commitment (cash flow hedge); or (3) a hedge of a net investment in a foreign operation (net investment hedge). Hedge accounting is applied for derivatives designated in this manner provided that certain criteria are met, including the following:

- Formal documentation of the hedging instrument, the hedged item, the objective of the hedge, the hedging strategy, and the hedge relationship;
- Documentation of the assessment and analysis of the sources of hedge ineffectiveness and how the hedges ratio is determined (IFRS 9);
- Effectiveness of 80% to 125% (IAS 39), in covering changes in the hedged item's fair value to the hedged risks during the entire reporting period;
- Continuous effectiveness from the moment of the hedge's inception; and
- An economic relationship between the hedged item and hedging instrument (IFRS 9).

1. Derivatives Used for Fair Value Hedge Accounting

Changes in the fair value of derivatives that are designated as fair value hedges and are effective in terms of the hedged risks are recognized in the statement of income in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss'" together with the corresponding changes in the fair values of the assets or liabilities hedged.

As and when the hedge no longer meets the criteria for hedge accounting (applying the fair value hedge model), the cumulative adjustment to the fair value of a hedged interest-bearing financial instrument is amortized through profit and loss over the relevant interest repricing period.

2. Derivatives Used for Cash Flow Hedge Accounting

Changes in the fair value of derivatives that are designated (and qualify) as cash flow hedges and that are effective in relation to the hedged risks are recognized in other comprehensive income. Ineffective elements of the changes in the fair value of derivatives are recognized in the statement of income. Deferred amounts included in other comprehensive income are taken to the statement of income in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss" in the periods during which the hedged expected cash flows affect the statement of income.

3. Derivatives Used for Net Investment Hedge Accounting

The hedging instruments used to hedge net investments in foreign operations are measured at fair value, with changes in the fair value being recognized in other comprehensive income for the portion that is determined to be an effective hedge. Changes in the hedged equity instrument resulting from exchange-rate fluctuations are also recognized in other comprehensive income. Gains and losses accumulated in other comprehensive income are reclassified to profit or losses when the equity instrument is disposed of.

4. Costs of Hedging

The cross currency basis spreads of cross currency interest rate swaps in hedge accounting relationships designated with issued bonds in foreign currency is excluded from designation. The cross currency basis spread volatility is taken through other comprehensive income as costs of hedging and is reclassified to profit or loss in the same periods as when the hedged expected future cash flows affect profit or loss until maturity of the issued bond.

Although derivatives are used as economic hedges under Rabobank's managed risk positions, certain derivative contracts do not qualify for hedge accounting under the specific IFRS rules. Interest on derivatives held for economic hedging purposes are shown under interest expense, both the receive and pay leg of the derivative.

2.4 Financial Assets and Liabilities Held for Trading

Financial assets held for trading are financial assets acquired with the objective of generating profit from short-term fluctuations in prices or trading margins or they are financial assets that form part of portfolios characterized by patterns of short-term profit participation. Financial assets held for trading are recognized at fair value based on listed bid prices and all realized and unrealized results therefrom are recognized in"Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss'. Interest earned on financial assets is recognized as interest income. Dividends received from financial assets held for trading are recognized in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss'.

Financial liabilities held for trading are mainly negative fair values of derivatives and delivery obligations that arise on the short selling of securities. Securities are sold short to realize gains from short-term price fluctuations. The securities needed to settle short sales are acquired through securities lending and repurchasing agreements. Securities sold short are recognized at fair value on the reporting date.

2.5 Financial Assets and Financial Liabilities Designated at Fair Value

On initial recognition, financial assets and financial liabilities may be classified as "Financial Assets and Liabilities designated at Fair Value" if this accounting eliminates or significantly reduces any inconsistent treatment that would otherwise have arisen upon measurement of the assets or liabilities or recognition of profits or losses on the basis of different accounting policies.

Interest earned and due on such assets and liabilities is recognized as interest income and expense, respectively. Other realized and unrealized gains and losses on the revaluation of these financial instruments to fair value are recognized in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss" except for fair value changes due to own credit risk of financial liabilities designated at fair value. These fair value changes after tax are presented in other comprehensive income (OCI) under line item "Fair Value Changes Due to Own Credit Risk on Financial Liabilities Designated at Fair Value". Presenting these effects of changes in credit risk in OCI does not create or enlarge an accounting mismatch in profit or loss.

2.6 Day One Gains/ Losses

When using fair value accounting at the inception of a financial instrument, any positive or negative difference between the transaction price and the fair value (referred to as "day one gain/ loss") is accounted for immediately under "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss" where the valuation method is based on observable inputs from active markets. In all other cases, the entire day one gain/loss is deferred and accounted for as "Other liabilities" or "Other assets". After initial recognition the deferred day one gain/ loss is recognized as a gain/ loss to the extent it results from a change in a factor (including time effects).

2.7 Financial Assets at Fair Value Through Other Comprehensive Income

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows solely represent payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income and presented as "Financial Assets at Fair Value through Other Comprehensive Income".

Financial assets at fair value through other comprehensive income are initially recognized at fair value, including transaction costs. The fair values of unlisted equity instruments are estimated on the basis of appropriate price/earnings ratios and adjusted to reflect the specific circumstances of the respective issuer.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest from these financial assets is included in net interest income using the effective interest rate method.

Impairment losses are included in "Impairment Charges on Financial Assets" in the statement of income.

Where Rabobank has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when Rabobank's right to receive payments is established.

2.8 Repurchase Agreements and Reverse Repurchase Agreements

Financial assets that are sold subject to related sale and repurchase agreements are included in the consolidated statement of financial position under "Financial Assets Held for Trading" or "Financial Assets at Fair Value through Other Comprehensive Income", as applicable. The liability to the counterparty is included under "Deposits from Credit Institutions" or "Deposits from Customers", as applicable.

Financial assets acquired under reverse sale and reverse repurchase agreements are not recognized in the consolidated statement of financial position. The consideration paid to purchase financial assets is recognized as "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers", as applicable. The difference between the sales and repurchasing prices is recognized as interest income or expense over the term of the agreement using the effective interest method.

2.9 Securitizations and (De)Recognition of Financial Assets and Liabilities

Recognition of Financial Assets and Liabilities
Purchases and sales of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which are required to be delivered within a regulatory-prescribed period or in accordance with market conventions are recognized on the transaction date. Financial instruments carried at amortized cost are recognized on the settlement date.

Securitizations and Derecognition of Financial Assets and Liabilities
Rabobank securitizes and sells various financial assets. These assets are sometimes sold to a special purpose entity (SPE) which then issues securities to investors. Rabobank has the option of retaining an interest in these assets in the form of subordinated interest-only strips, subordinated securities, spread accounts, servicing rights, guarantees, put and call options or other constructions.

A financial asset (or a portion thereof) is derecognized where:

- The rights to the cash flows from the asset expire;
- The rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset are transferred;
- A contractual obligation is assumed to transfer the cash flows from the asset and substantially all the risks and rewards have been transferred; or
- Substantially all the risks and rewards are neither transferred nor retained but where control over the asset is not retained.

Continuing involvement is recognized if Rabobank neither retains nor transfers substantially all the risks and rewards and control is retained. The asset is recognized to the extent of Rabobanks continuing involvement in it. A financial liability or a part thereof is derecognized if it ceases to exist, i.e. after the contractual obligation has been fulfilled or cancelled or after it has expired.

Where a transaction does not meet these conditions for derecognition, it is recognized as a loan for which security has been provided. To the extent that the transfer of a financial asset does not qualify for derecognition, Rabobank's contractual rights are not separately recognized as derivatives if recognition of these instruments and the transferred asset, or the liability arising from the transfer, were to result in the double recognition of the same rights and obligations.

Profits and losses on securitizations and sale transactions depend partly on the carrying amounts of the assets transferred. The carrying amounts of these assets are allocated to the interests sold and retained using the relative fair values of these interests on the date of sale. Any gains and losses are recognized through profit and loss at the time of transfer. The fair value of the interests sold and retained is determined based on listed market prices or as the present value of the future expected cash flows based on pricing models that involve several assumptions regarding credit losses, discount rates, yield curves, payment frequency or other factors.

2.10 Cash and Cash Equivalents

Cash equivalents are highly liquid short-term assets held at central banks to meet current cash obligations rather than for investments or other purposes. These assets have terms of less than 90 days from inception. Cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.11 Offsetting Financial Assets and Liabilities

Where there is legal right to offset recognized amounts and it is intended to settle the expected future cash flows on a net basis or to realize the asset and settle the liability simultaneously, financial assets and liabilities are offset and the net amount is recognized in the statement of financial position. This relates predominantly to derivatives and reverse repurchase agreements. The offsetting of taxes is addressed in Section 2.26 "Tax".

2.12 Foreign Currency

Foreign Entities
Transactions and balances included in the financial statements of individual entities within Rabobank are reported in the currency that best reflects the economic reality of the individual entity's underlying operating environment (the functional currency).

The consolidated financial statements are presented in euros, which is the parent company's functional currency. The statements of income and cash flows of foreign operations are translated into Rabobank's presentation currency at the exchange rates prevailing on the transaction dates, which approximate the average exchange rates for the reporting period, and the statements of financial position are translated at the rates prevailing at the end of the reporting period. Exchange differences arising on net investments in foreign operations and on loans and other currency instruments designated as hedges of these investments are recognized in other comprehensive income. Upon the sale of a foreign operation, these translation differences are transferred to the statement of income as part of the profit or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recognized as the assets and liabilities of the foreign entity, and are translated at the prevailing rate at the end of the reporting period.

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Differences arising on the settlement of transactions or on the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income as foreign exchange gains and losses and differences that qualify as net investment hedges are recognized in other comprehensive income. Translation differences on non-monetary items measured at fair value through profit or loss are recognized as part of the fair value gains or losses. Translation differences on non-monetary assets at fair value through other comprehensive income are included in the revaluation reserves for equity instruments at fair value through other comprehensive income.

2.13 Interest

Interest income and expense are recognized in the statement of income using the effective interest method. This method is used for calculating the amortized cost of a financial asset or a financial liability and for allocating the interest income or interest expense to the relevant period. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for credit-impaired financial assets. For those financial assets, Rabobank applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods. Interest income on financial assets using the effective interest method includes interest income on "Cash and Cash Equivalents", "Loans and Advances to Credit Institutions", "Loans and Advances to Customers", "Financial Assets at Fair Value through Other Comprehensive Income" and "Derivatives used for Fair Value Hedge-Accounting". Interest on derivatives held for economic hedging purposes are shown under interest expense, both the receive and pay leg of the derivative. Interest on financial liabilities with a negative interest rate are presented as interest income. Interest on financial assets with a negative interest are presented as interest expense.

2.14 Fees and Commission

Rabobank earns fee and commission income from a diverse range of services it provides to its customers. Commission earned for the provision of services such as payment services, insurance intermediation, and advisory fees are generally recognized as the service is provided. Commission received for negotiating a transaction or for involvement in negotiations on behalf of third parties (for example the acquisition of a portfolio of loans, shares or other securities or the sale or purchase of companies) is recognized upon completion of the underlying transaction. Fee and commission expenses mainly relate to payment services and are recognized over the period in which the services were received.

2.15 Loans and Advances to Customers and Loans and Advances to Credit Institutions

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortized cost and presented as "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers". At initial recognition, Rabobank measures these financial assets at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income from these financial assets is included in net interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Gains/ (Losses) Arising from the Derecognition of Financial Assets Measured at Amortized Cost".

Impairment losses are included in "Impairment Charges on Financial Assets" in the statement of income.

2.16 Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities

Impairment allowances apply to financial assets at amortized cost and financial assets at fair value through OCI, as well as to lease receivables, contract assets, trade receivables, certain loan commitments and financial guarantees. At initial recognition, an allowance is formed for the amount of the expected credit losses from possible defaults in the coming 12 months (stage 1). If credit risk increased significantly since origination (but remains non-credit-impaired), an allowance will be required for the amount that equals the expected credit losses stemming from possible defaults during the expected lifetime of the financial asset (stage 2). If the financial instrument becomes credit-impaired the allowance will remain at the Lifetime ECL (stage 3). For these instruments the interest income will be recognized by applying the effective interest rate on the net carrying amount (including the impairment allowance). Financial instruments become credit-impaired when one or more events have occurred that had a detrimental impact on estimated future cash flows. Rabobank does not use the low credit risk exemption for any financial instrument.

Two fundamental drivers of the IFRS 9 impairments requirements are a) the methodology for the measurement of 12-Month and Lifetime Expected Credit Losses and b) the criteria used to determine whether a 12-month ECL, Lifetime ECL non-credit-impaired, or Lifetime ECL credit-impaired should be applied (also referred to as stage determination criteria).

a) Methodology to Determine Expected Credit Losses

In order to determine ECLs Rabobank utilizes point-in-time Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD) models for the majority of the portfolio in scope. Three macro-economic scenarios are incorporated into these models and probability weighted in order to determine the expected credit losses. When unexpected external developments or data quality issues are not sufficiently covered by the outcome of the ECL models, an adjustment will be made.

b) Stage Determination Criteria

In order to allocate financial instruments in scope between stage 1, stage 2 and stage 3 Rabobank has a framework of qualitative and quantitative factors. The criteria for allocating a financial instrument to stage 3 are aligned with the criteria for assigning a defaulted status, for example 90 days past due status, or if a debtor is likely to become unable to pay its credit obligations without liquidation of collateral by the bank. In order to allocate financial instruments between stages 1 and 2, Rabobank uses criteria, such as days past due status, special asset management status, deterioration of the PD since origination, vulnerable sectors and forbearance.

For portfolios without individual PD's or with PD's that are not updated on a frequent basis such that an assessment of the change in PD is not possible, a collective assessment on groups of financial instruments with shared credit risk characteristics is made.

Significant Increases in Credit Risk (SICR)

At each reporting date, Rabobank assesses whether the credit risk on financial instruments has increased significantly since initial recognition. The main parameter taken into account in the SICR assessment for financial instruments is the lifetime probability of default and its development from origination to reporting date. A relative change that is above a certain threshold in combination with an absolute threshold are considered to be indicators for a significant increase in credit risk. For loan commitments, Rabobank considers changes in the lifetime probability of default occurring on the loan to which a loan commitment relates. For financial guarantee contracts, Rabobank considers the changes in the risk that the specified debtor will default on the contract. The assessment of changes in credit risk analysis is a multifactor and holistic analysis. Whether a specific factor is relevant (and its weight compared to other factors) depends on the type of product, characteristics of the financial instruments and the borrower as well as the geographical region. Refer to paragraph 4.5 'Criteria for identifying a significant increase in credit risk' for more information on relative and absolute PD thresholds.

Rabobank also relies on a number of qualitative indicators to identify and assess SICR. These include:

- Internal credit rating: Financial difficulties
- Vulnerable sector
- Forbearance status for non-defaulted exposures
- 30 days past due as a backstop

Default Definition

Rabobank's definition of default is entirely based on external EU regulation (CRR and EBA). This means that a default is assigned when i) an exposure is more than 90 days materially past due, or when ii) Rabobank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the institution to actions such as realizing security.

Collective Versus Individual Assessment

Some factors or indicators may not be identifiable on an individual instrument level. In that case, the factors or indicators are assessed for appropriate portfolios, groups of portfolios or a portion of a portfolio to determine whether the requirements for recognition of lifetime ECL have been met. The aggregation of financial instruments to assess whether there are changes in credit risk on a collective basis may change over time when new information becomes available on groups of, or individual, financial instruments.

Depending on the nature of the financial instruments and the credit risk information available for particular groups of financial instruments, Rabobank may not be able to identify SICR for an individual instrument before that instrument becomes past due. This may be the case for financial assets (such as retail loans) for which there is little or no updated credit risk information routinely obtained and monitored on an individual instrument level until a customer breaches the contractual terms. If changes in the credit risk for an individual instrument are not captured before it becomes past due, a loss allowance based solely on credit information at an individual instrument level would not faithfully represent the changes in credit risk since initial recognition.

In some circumstances, Rabobank has no reasonable and supportable information available without undue cost or effort to measure lifetime ECL on an individual instrument basis. Lifetime ECL is then recognized by collectively considering comprehensive credit risk information, which not only incorporates past due information but also all relevant credit information (including forward-looking macro-economic information) to approximate the result of recognizing lifetime ECL when there has been a SICR since initial recognition.

For the purpose of determining SICR and recognizing a loss allowance on a collective basis, Rabobank may group financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis designed to enable SICR to be identified in a timely fashion. However, when Rabobank is unable to group those financial instruments for which the credit risk is considered to have increased significantly since initial recognition based on shared credit risk characteristics, it recognizes lifetime ECL on a portion of the financial instruments for which credit risk is deemed to have increased significantly.

Shared credit risk characteristics may include but are not limited to: instrument types, credit risk ratings, collateral types, initial recognition dates, remaining terms to maturity, industries, geographic location, collateral value relative to the financial instrument if it has an impact on the PD (e.g., non-recourse loans in some jurisdictions or LTV ratios).

2.17 Modifications

The contractual terms of a financial asset may be modified for a commercial reason or due to a forbearance measure. A commercial modification is a change to the previous terms and conditions of a contract (financial asset) that alters the timing or amount of the contractual cash flows of the financial asset. Rabobank typically considers a modification as non-substantial if it does not impact multiple aspects of the contract at the same time, for example a change in the fixed interest period, repayment type or obligors. At Rabobank, forbearance measures are normally non-substantial modifications.

Substantial modifications lead to a derecognition of the financial asset and non-substantial modifications lead to modification accounting. In the event of a modification Rabobank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

2.18 Goodwill and Other Intangible Assets

Goodwill

Goodwill is the amount by which the acquisition price paid for a subsidiary exceeds the fair value on the date on which the share of net assets and contingent liabilities of the entity was acquired. With each acquisition, the other non-controlling interests are recognized at fair value or at its share of the identifiable assets and liabilities of the acquired entity. Tests are performed annually, or more frequently if indications so dictate, to determine whether there has been an impairment.

Other Intangible Assets, including software development costs

Costs directly incurred in connection with identifiable and unique software products over which Rabobank has control and which will likely provide economic benefits exceeding the costs for longer than one year are recognized as other intangible assets. Direct costs include the personnel costs of the software development team, financing costs and an appropriate portion of the relevant overhead.

Expenditures that improve the performance of software as compared with their original specifications are added to the original cost of the software. Software development costs are recognized as other intangible assets and are amortized on a straight-line basis over a period not exceeding five years. Costs related to the maintenance of software are recognized as an expense at the time they are incurred.

Impairment Losses on Goodwill

Goodwill is allocated to cash-generating units for the purpose of impairment testing, which is undertaken at the lowest level of assets that generate largely independent cash inflows. During the fourth quarter of each financial year, or more frequently if there are indications of impairment, goodwill is tested for impairment and any excess of carrying amount over recoverable amount is provided. The recoverable amount is the higher of the value in use and the fair value less selling costs.

The value in use of a cash flow generating unit is determined as the present value of the expected future pre-tax cash flows of the cash flow generating unit in question. The key assumptions used in the cash flow model depend on the input data and they reflect various judgmental financial and economic variables, such as risk-free interest rates and premiums reflecting the risk inherent in the entity concerned. Impairments of goodwill are included in "Impairment losses on goodwill" in the statement of income, if applicable.

Impairment Losses on Other Intangible Assets

At each reporting date, an assessment is made as to whether there are indications of impairment of other intangible assets. If there are such indications, impairment testing is carried out to determine whether the carrying amount of the other intangible assets is fully recoverable. The recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Impairment losses and impairment reversals are included in "Other Administrative Expenses" in the statement of income.

Regardless of any indication of impairment, intangible assets not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable amount.

2.19 Property and Equipment

Property and Equipment for Own Use

Property for own use consists mainly of office buildings and is recognized at cost less accumulated depreciation and impairment, as is equipment for own use. Assets are depreciated to their residual values over the following estimated useful lives on a straight-line basis:

Property	
- Land	Not depreciated
- Buildings	25 - 40 years
Equipment	
- Computer equipment	1 - 5 years
- Other equipment and vehicles	3 - 8 years

An annual assessment is made as to whether there are indications of impairment of property and equipment. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down to the recoverable amount. Impairment losses and impairment reversals are included in "Other Administrative Expenses" in the statement of income. Gains and losses on the disposal of property and equipment are determined on the basis of their carrying amounts and are included in "Other Administrative Expenses".

Repair and maintenance work is charged to the statement of income at the time the costs are incurred. Expenditures to extend the economic life or increase the economic value of land and buildings as compared with their original economic value are capitalized and subsequently depreciated.

2.20 Investment Properties

Investment properties, primarily office buildings and housing units, are held for their long-term rental income and are not used by Rabobank or its subsidiaries. Investment properties are recognized as long-term investments and included in the statement of financial position at cost net of accumulated depreciation and impairment. Investment properties are depreciated on a straight-line basis to their residual values over an estimated useful life of 40 years.

2.21 Other Assets

Structured Inventory Products

Rabobank offers several products that relate to financing commodities. Some of these products are recognized as loans with commodities as collateral, others as loans with embedded derivatives and others as commodities. The classification is mainly dependent on the transfer of risk and rewards of the commodity from the client to Rabobank.

Building Sites

Building sites are carried at cost, including allocated interest and additional expenses for purchasing the sites and making them ready for construction or, if lower, the net realizable value. Interest is not recognized in the statement of financial position for land which has not been zoned for a particular purpose if there is no certainty that the land will be built on. Possible decreases in value as a result of future change of designated use of the relevant land are not included in the cost of land, but are included in the determination of the net realizable value.

The net realizable value of all building sites is reviewed at least once a year or earlier, in case of any indications of impairment. The net realizable value for building sites is the direct realizable value or, if higher, the indirect realizable value. The direct realizable value is the estimated value upon sale less the estimated costs for achieving the sale. The indirect realizable value is the estimated sale price within the context of normal operations less the estimated costs of completion and the estimated costs necessarily incurred to realize the sale. The calculation of the indirect realizable value is based on an analysis of scenarios that includes as many site-specific aspects and company-specific parameters and conditions as possible. A write-down is recognized if the carrying value exceeds the net realizable value.

Properties on building sites are classified as investment property if the current use of Rabobank is leasing them out under one or more operating leases.

Work in Progress
Work in progress concerns unsold residential projects under construction or in preparation, as well as unsold commercial property projects. Work in progress is carried at the costs incurred plus allocated interest or, if lower, the net realizable value. Revenues from projects for the construction of real estate are recognized when the related performance obligations are satisfied. Expected losses on projects are immediately deducted from the work in progress. If Rabobank transfers (parts of) a project to a customer before the customer pays instalments, Rabobank recognizes a contract asset. If a customer pays instalments, or if Rabobank has an unconditional right to instalments, Rabobank recognizes a contract liability, before transferring (parts of) a project to a customer.

The carrying amount of unsold work in progress is reviewed annually for indications of a decline in value. If there is such an indication, the indirect realizable value of the work in progress is estimated; in most cases this is done by means of an internal or external appraisal. The indirect realizable value is the estimated sale price within the context of normal operations less the estimated costs of completion and the estimated costs necessarily incurred to realize the sale. A downward value adjustment is recognized if the carrying value exceeds the expected indirect net realizable value, to the extent that this difference must be borne by Rabobank.

Finished Properties
Unsold residential and commercial properties developed in-house are carried at cost or, if lower, the net realizable value. The net realizable value of finished properties is reviewed at least once a year or if there are any indications for a decline in value. For finished properties, the net realizable value is generally equal to the direct realizable value, which is mostly determined by means of an internal or external appraisal. A downward value adjustment is recognized if the carrying value exceeds the expected direct net realizable value, to the extent that the difference is for Rabobank's account.

2.22 Leasing

Rabobank as Lessee
As a lessee, Rabobank recognizes a right-of-use asset representing its right to use the underlying leased asset and a corresponding liability representing its obligation to make lease payments at the date on which the leased asset is available for use. Each lease payment is allocated between the lease liability and interest expense. The interest expenses are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the lease term on a straight-line basis. The lease liability is measured at the present value of the lease payments. The lease payments comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- Fixed payments less any lease incentives received;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The present value of the lease payments is determined by using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Rabobank defines the incremental borrowing rate as the internal funding rate (Funds Transfer Pricing (FTP) rate) plus an asset-specific premium. By using the FTP rate as a basis the discount rate is defined for each time bucket and consists of the following elements:

- Base rate: the risk-free rate;
- Credit spread: based on credit risk of the group company;
- Country specific risk: based on location of the group company; and
- Currency risk: based on the functional currency of the group company;

The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and restoration costs. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Rabobank recognizes the right-of-use assets as part of the line-item Property and Equipment and the lease liability as part of line-item Other Liabilities in the Consolidated Statement of Financial Position.

Rabobank as Lessor

Finance Leases
A finance lease is recognized as a receivable under "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers", as applicable, at an amount equal to the net investment in the lease. The net investment in the lease is the present value of the nominal minimum lease payments and the unguaranteed residual value. The difference between the gross investment and the net investment in the lease is recognized as unearned finance income. Lease income is recognized as interest income over the term of the lease using the net investment method, which results in a constant rate of return on the investment.

Operating Leases
Assets leased under operating leases are included in the statement of financial position under "Property and Equipment". The assets are depreciated over their expected useful lives in line with those of comparable items of property and equipment. Rental income (fewer write-offs and discounts granted to lessees) is recognized under "Net Income from Other Operating Activities" on a straight-line basis over the term of the lease.

2.23 Provisions

Provisions are recognized for obligations (both legal and constructive) arising as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. If Rabobank expects a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognized as a separate asset but only if the reimbursement is virtually certain. The provisions are carried at the discounted value of the expected future cash flows. The additions to and releases of provisions are recognized in the statement of income under "Other Administrative Expenses".

Restructuring
Restructuring provisions comprise payments under redundancy schemes and other costs directly attributable to restructuring programs. These costs are recognized during the period in which the legal or actual payment obligation arises, a detailed plan has been prepared for redundancy pay and there are realistic expectations among the affected parties that the restructuring will be implemented.

Legal Issues
The provision for legal issues is based on the best estimates available at the end of the reporting period, taking legal advice into account. The timing of the cash outflow of these provisions is uncertain because the outcome of the disputes and the time involved are unpredictable.

Other Provisions
Other provisions include provisions for onerous contracts, potential settlements and credit related contingent liabilities. See Section 2.16 for the accounting policy of impairment allowances on credit related contingent liabilities.

2.24 Employee Benefits

Rabobank has various pension plans in place based on the local conditions and practices of the countries in which it operates. In general, the plans are financed by payments to insurance companies or to trustee administered funds determined by periodic actuarial calculations. A defined benefit pension plan is one that incorporates an obligation to pay an agreed amount of pension benefit, which is usually based on several factors such as age, number of years' service and remuneration. A defined contribution plan is one in which fixed contributions are paid to a separate entity (a pension fund) with no further legal or constructive obligation on the part of the employer should the fund have insufficient assets to settle its obligations to employee-members of the plan.

Pension Obligations
The obligation under defined benefit pension plans is the present value of the defined benefit pension obligation at the end of the reporting period reduced by the fair value of the fund investments. The defined benefit obligation is calculated annually by independent actuaries based on the projected unit credit method. The present value of the defined benefit obligation is determined as the estimated future outflow of cash funds based on the interest rates of high-quality corporate bonds with terms that approximate those of the corresponding obligation. The majority of pension plans are career-average plans. The costs of these plans (being the net pension charge for the period after deducting employee contributions and interest) are included under 'Staff costs'. Net interest expense/income is determined by applying the discount rate at the beginning of the reporting period to the asset or liability of the defined benefit pension plan.

Actuarial gains and losses arising from events and/or changes in actuarial assumptions are recognized in the statement of comprehensive income.

Defined Contribution Plans

Under defined contribution plans, contributions are paid into publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. These regular contributions are recognized as expense in the year in which they are due and they are included under "Staff costs".

Other Post-Employment Obligations

Some of Rabobank’s business units provide other post-employment benefits. To become eligible for such benefits, the usual requirement is that the employee remains in service until retirement and has been with the company for a minimum number of years. The expected costs of these benefits are accrued during the years of service, based on a system similar to that for defined benefit pension plans. The obligations are calculated annually by independent actuaries.

Variable Remuneration

Variable remuneration payable unconditionally and in cash is recognized in the year in which the employee renders the service. Conditional cash remuneration is included, on a straight line basis, in staff costs in the statement of income over the period of the year in which the employee’s services are received and the remaining three years of the vesting period (i.e. over four years). The liability is recognized in "Other liabilities". The accounting treatment of payments based on equity instruments is disclosed in Section 2.25.

2.25 Variable Remuneration Based on Equity Instruments

For certain identified staff, remuneration for services rendered is settled in the form of cash payments based on equity instruments that are similar to, and have the same characteristics as, Rabobank Certificates. The costs of the services received are based on the fair value of the equity instruments on the award date and are restated annually to fair value. The costs related to the award of equity instruments during the period of the employee’s contract are included in staff costs in the statement of income over the period of the year of award and the remaining three years of the vesting period of the equity instruments (i.e. over four years). The liability is recognized in "Other liabilities".

2.26 Tax

Current tax receivables and payables are offset where there is a legally enforceable right to offset and where simultaneous treatment or settlement is intended. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and where they relate to the same tax authority and arise within the same taxable entity.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. These temporary differences arise primarily on depreciation of tangible fixed assets, revaluation of certain financial assets and liabilities (including derivatives), employee benefits, loan impairment allowances and other impairments, tax losses and fair value adjustments to net assets acquired in business combinations. Deferred tax assets and liabilities are also recognized on the revaluation of financial assets at fair value through other comprehensive income and cash flow hedges that are taken directly to other comprehensive income. When realized, they are recognized in the income statement at the same time as the respective deferred gain or loss is recognized. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the losses can be utilized and are measured at the tax rates that have been enacted or substantively enacted as at the reporting date. Rabobank considers all deferred taxes to be non-current.

Taxes on profit are calculated in accordance with the tax legislation of the relevant jurisdictions in which Rabobank operates and are recognized as an expense in the period in which the profit is realized. The tax effects of loss carry forwards are recognized as an asset if it is probable that future taxable profits will be available against which the losses can be utilized.

2.27 Deposits from Credit Institutions, Deposits from Customers and Debt Securities in Issue

These liabilities are initially recognized at fair value, which is the issue price minus transaction costs that are directly attributable to the issue, and thereafter at amortized cost. The TLTRO funding from the European Central Bank is initially recognized at fair value and is subsequently classified as deposits from credit institution and measured at amortized cost. The conditional special interest bonus of the TLTRO funding is accounted for as a government grant, see Section 2.32.

Own issued debt securities that are repurchased are derecognized, and the difference between the carrying amount and the consideration paid is recognized in the income statement.

2.28 Rabobank Certificates

The proceeds of the issue of Rabobank Certificates are available to Rabobank in perpetuity and are subordinate to all liabilities and to the Capital Securities. As there is no formal obligation to (re)pay the principal or to pay dividend, the Rabobank Certificates are classified as equity. As the payment of distributions is wholly discretionary, the proceeds received and dividends paid on them are recognized directly in equity.

2.29 Capital Securities

As there is no formal obligation to (re)pay the principal or to pay dividend, the Capital Securities are classified as "Equity" and dividends paid on these instruments are recognized directly in equity.

2.30 Financial Guarantees

Financial guarantee contracts require the issuer to compensate the holder for losses incurred when the debtor fails to meet its obligations under the terms of the related debt instrument. The guarantees are initially recognized at fair value and subsequently measured at the higher amount of the impairment allowance and the amount initially recognized less cumulative amortization.

2.31 Segmented Information

An operating segment is a component of Rabobank that engages in business activities from which it may earn revenues and incur expenses. The operating segments' operating results are regularly reviewed by Rabobank's Managing Board to make decisions about resources to be allocated to the segment and assess its performance, and discrete financial information is available about them.

2.32 Government Grant

Government grants are assistance from the government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants will not be recognized until there is reasonable assurance that i) the entity will comply with the conditions attaching to them; and ii) the grants will be received. Rabobank recognizes government grants in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to assets shall be presented in the statement of financial position as “Other assets”.

2.33 Cash Flow Statement

Cash and cash equivalents include cash resources, money market deposits and deposits at central banks. The cash flow statement is prepared using the indirect method and provides details of the source of the cash and cash equivalents that became available during the year as well as their application during the year. The net pre-tax cash flow from operating activities is adjusted for non-cash items in the statement of income and for non-cash changes in items in the statement of financial position.

The Consolidated Statement of Cash Flows presents the cash flows from operating, investing and financing activities separately. Cash flows from operating activities include net changes in loans and advances, interbank deposits, deposits from customers and acquisitions, disposals and repayment of financial investments. Investment activities include acquisitions and disposals of subsidiaries, investments in associates and property and equipment. Financing activities include issues and repayments of Rabobank Certificates, Capital Securities, Senior Contingent Notes, subordinated liabilities and debt securities in issue.

The difference between the net change presented in the statement of cash flows and the change in cash and cash equivalents included in the statement of financial position is due to exchange differences.

3. Solvency and Capital Management

Rabobank aims to maintain a proper level of solvency. For this purpose a number of capital ratios are utilized. The principal ratios are the common equity tier 1 ratio (CET1), the tier 1 ratio, the total capital ratio and the equity capital ratio. Rabobank uses its own internal objectives that extend beyond the minimum requirements of the supervisors. It takes market expectations and developments in legislation and regulations into account. Rabobank manages its solvency position based on policy documents. The solvency position and the objectives are periodically reviewed by the Risk Management Committee and the Asset Liability Committee of the Managing Board and the Supervisory Board.

The "Capital Requirements Regulation (CRR)" and "Capital Requirements Directive (CRD V)" together constitute the European implementation of the Basel Capital and Liquidity Accord of 2010 which are applied by Rabobank.

Rabobank must comply with a number of minimum solvency positions as stipulated under law. The solvency position is determined on the basis of ratios. These ratios compare the qualifying capital (total capital ratio), the tier 1 capital (tier 1 ratio) and the core capital (common equity tier 1 ratio) with the total of the risk-adjusted assets. The minimum percentages are determined on the basis of CRD V/ CRR and reflect the application of article 104a of the CRR to partly fulfil the pillar 2 requirement with additional tier 1 and tier 2 capital.

Minimum Capital Buffer

	CET 1	*AT 1*	*Tier 1*	*Tier 2*	*Overall capital requirement*
Pillar 1 requirement	4.5%	1.50%	6.0%	2.0%	8.0%
Pillar 2 requirement	1.07%	0.36%	1.43%	0.47%	1.90%
Capital conservation buffer	2.5%	-	2.5%	-	2.5%
Systemic buffer	2.0%	-	2.0%	-	2.0%
Countercyclical buffer	0.03%	-	0.03%	-	0.03%
Total required	**10.10%**	**1.86%**	**11.96%**	**2.47%**	**14.43%**

Risk-weighted assets are determined based on separate and distinct methods for each of the credit, operational and market risks. For credit risk purposes, the risk-weighted assets are determined in several ways dependent on the nature of the asset. For the majority of assets the risk weighting is determined by reference to internal ratings and a number of characteristics specific to the asset concerned. For off-balance sheet items the balance sheet equivalent is calculated firstly on the basis of internal conversion factors and the resulting equivalent amounts are then also assigned risk-weightings. For operational risk purposes, an Advanced Measurement Approach model is used to determine the amount of risk-weighted assets. For market risk purposes, the Internal Model Approach is applied on the majority of the exposures in scope, with very small exposures following standardized methods. On December 31, 2022, Rabobank's risk-weighted assets amounted to EUR 240 billion, an increase of approximately EUR 28 billion compared to 2021 (EUR 212 billion). This was mainly caused by the implementation of the macroprudential add-on for mortgages (EUR 9 billion), model changes reflecting the EBA guidelines and other model redevelopments (EUR 19 billion). Next to this, the risk-weighted assets increased due to business developments including FX effects (EUR 3 billion) and decreased due to other developments (minus EUR 3 billion).

Capital Ratios

Amounts in millions of euros	*2022*	*2021*
Retained earnings	34,094	32,087
Expected dividends	(2)	(1)
Rabobank Certificates	7,825	7,825
Part of non-controlling interest treated as qualifying capital	-	-
Reserves	(1,065)	(990)
Regulatory adjustments	(2,496)	(2,097)
Transition guidance - IFRS 9 transitional arrangements	16	22
Common Equity Tier 1 capital	**38,372**	**36,846**
Capital Securities	4,971	3,978
Grandfathered instruments	-	-
Non-controlling interests	-	-
Regulatory adjustments	(96)	(99)
Transition guidance	-	-
Additional Tier 1 capital	**4,875**	**3,879**
Tier 1 capital	**43,247**	**40,725**
Part of subordinated debt treated as qualifying capital	7,671	7,356
Non-controlling interests	-	-
Regulatory adjustments	(88)	(96)
Transition guidance - IFRS 9 transitional arrangements	-	-
Tier 2 capital	**7,583**	**7,260**
Qualifying capital	**50,830**	**47,985**
Risk-weighted assets	240,376	211,855
Common Equity Tier 1 ratio	16.0%	17.4%
Tier 1 ratio	18.0%	19.2%
Total capital ratio	21.1%	22.6%
Equity capital ratio[1]	17.4%	18.8%

1 The equity/ capital ratio is calculated by comparing the items Retained earnings and Rabobank Certificates to the risk-weighted assets.

The change in the regulatory adjustments primarily relates to the effect of including the total NPL prudential backstop in the regulatory adjustments. Other elements in the regulatory adjustments are goodwill, other intangible fixed assets, deferred tax assets which depend on future profit, the IRB shortfall for credit risk adjustments and adjustments relating to cumulative results due to changes in the bank's credit risk on instruments designated at fair value.

4. Risk Exposure on Financial Instruments

4.1 Risk Organization

The Managing Board is responsible for overseeing the development and operations of risk management at various levels within the organization. This includes the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models and reports wherever necessary to ensure the bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk-taking activities. The Supervisory Board is responsible for the supervision of the Managing Board with regard to their execution of risk profile, risk policies and risk management activities. The Supervisory Board's Risk Committee consists of members of the Supervisory Board and supports the Supervisory Board in preparing its decision making in relation to its supervision.

Risk Appetite

Identifying and managing risks for its organization is an ongoing process at Rabobank. For this purpose, Rabobank has an integrated risk management strategy. The risk management cycle includes determining risk appetite, preparing integrated risk analyses, and measuring and monitoring risk. Throughout this process Rabobank follows a risk strategy aimed at continuity and designed to protect profitability, maintain solid balance-sheet ratios and protect its identity and reputation.

4.2 Strategy for the Use of Financial Instruments

Rabobank's activities are inherently related to the use of financial instruments, including derivatives. As part of the services it offers, Rabobank accepts deposits from customers at varying terms and at both fixed and variable interest rates. Rabobank earns interest income by investing these deposits in high-quality assets and by providing loans to commercial and retail borrowers. Rabobank aims to increase the margin on these activities by actively managing the interest rate positions of the banking book balance within risk boundaries while maintaining sufficient cash resources to meet obligations as they fall due. Rabobank is exposed to credit risk on the on-balance sheet loans and on the off-balance sheet guarantees it provides, such as letters of credit, letters of performance, and other guarantee documents.

4.3 Credit Risk

Credit risk is defined as the risk of the bank facing an economic loss because the bank's counterparties cannot fulfil their contractual obligations.

Credit risk management within the bank is governed by the bank-wide central credit risk policy and further detailed in underlying specific credit risk standards and procedures. The primary responsibility for managing and monitoring credit risk lies with the business as the first line of defense. The business is required to identify, assess and manage, monitor and report potential weaknesses in the credit risk portfolios. Monitoring takes place on an ongoing basis to limit credit risk exposures to a level in line with the business line's risk appetite.

In addition, risk in the credit portfolio is measured and monitored at bank-wide level and on entity level on a monthly basis and by quarterly and ad-hoc portfolio reporting and analysis, with specific attention to risk developments and concentrations.

4.3.1 Credit Risk Management

Credit Acceptance

Rabobank's credit acceptance policy is typified by prudent assessment of customers and their ability to repay the loan that was granted (continuity perspective). As a result, the loan portfolio has an acceptable risk profile even in less than favorable economic circumstances. Rabobank aims to have long-term relationships with customers that are beneficial for both the client and the bank. An important starting point in acceptance policy for business loans is the "know your customer" principle. This means that the bank only grants loans to business customers whose management Rabobank considers to be ethical and competent. In addition, Rabobank closely monitors developments in the business sectors in which its customers operate and in which it can properly assess the financial performance of its customers. Corporate sustainability also means sustainable financing. Sustainability guidelines have been established for use in the credit process.

Although credit is usually granted on the cash flow generating potential of the client or project, collateral will improve the position of the bank in case a client defaults. Collateral can be independent of the client's business and/or obtained from the client's business. Rabobank has outlined its policies for collateral valuation and collateral management in the Global Standard on Credit Risk Mitigation. The valuation method depends on the type of collateral. For asset collateral, the valuation sources can be the customer's balance sheet (e.g. equipment, machinery and stock), nominal value (e.g. cash and receivables), market value (e.g. securities and commodities), independent valuations (commercial immovable property) and market indices (residential immovable property). All (eligible) collateral is valued at market value or less than market value and the collateral value is monitored regularly. The collateral must be sufficiently liquid and its value over time should be sufficiently stable to provide appropriate credit protection. Each type of collateral is addressed separately within the Rabobank policy framework.

The main types of collateral that Rabobank recognizes are residential and commercial immovable property, inventory (such as equipment, machinery, stock etc.), commodities, receivables and guarantees. With a substantial domestic mortgage portfolio, residential immovable property is considered a concentration risk within the credit risk mitigation that is taken. The quality of the collateral is assessed in the initial credit request, and is monitored within the credit revision process (see table below for the Rabobank policy concerning revaluation and monitoring of collateral). The frequency of revaluation depends on the client's credit quality (performing or non-performing) and on the type of collateral and is in line with the requirements set out in the CRR. The main types of guarantors are governments, local authorities, (central) banks and corporate entities. A minimum rating is required for institutions, insurance undertakings and export credit agencies.

Immovable property exposure/ immovable property collateral	Revaluation at least	Monitoring at least
Non-performing exposures	every year	every 6 months; exposure < EUR 1 million: every year
Performing exposures		
a) exposure > EUR 3 million/ all types of collateral	every three years	every year
b) all commercial immovable property with exposure <= EUR 3 million	as defined by business unit	every year
c) residential immovable property with exposure <= EUR 3 million	as defined by business unit	every three years

Credit Committees and Credit Approval

Within the boundaries set by the Risk Management Committee the Managing Board has mandated decision-making authority to transactional committees and to credit decision approval officers that operate on an entity level, regional level or central level at Rabobank. Credit committees review all significant risks in credit proposals to arrive at a systematic judgment and a balanced decision. Rabobank has various levels of credit committees. Applications exceeding authority level of a credit committee are complemented with a recommendation and submitted to a 'higher' credit committee for decision-making.

- **Central Credit Committee Rabobank Group** (CCCRG) - The CCCRG takes credit decisions on credit applications subject to the 'corporate credit approval route' exceeding:
  - The authority of **Credit Approvals Local Banks** (CA LB) - This department is responsible for decisions on requests for non-classified (CRC Good or Early Warning; formerly known as LQC Good or OLEM) obligors exceeding the authority of Local Banks in the Netherlands.
  - The authority of **Credit Approvals Wholesale & Rural** (CA W&R) - This department is responsible for decisions on requests for non-classified (CRC Good or Early Warning; formerly known as LQC Good or OLEM) obligors exceeding the authority of DLL or a Wholesale & Rural (W&R) office/region.
  - The authority of the **Credit Committee Financial Restructuring & Recovery** (CC-FR&R) - This credit committee takes credit decisions on proposals for classified (CRC Financial Difficulties or Default; formerly known as LQC Substandard, Doubtful or Loss) obligors exceeding the authority of local credit committees and the FR&R department.

- **Country & Financial Institutions Committee** (CFIC) - The CFIC takes credit decisions on proposals exceeding the authority of Country & Financial Institutions Risk. This department is responsible for the risk management of exposure on financial institutions and sovereigns/countries.

- **Loan Loss Provision Committee** (LLPC) - The Loan Loss Provision Committee is responsible for determining the level of expected credit loss (ECL) provisions for Rabobank. This responsibility is delegated by the Managing Board. The Committee approves the setting of provisioning levels for both model-based (stage 1, stage 2 and stage 3a) and individually assessed exposures (stage 3b) in the loan book (business and private individuals/ mortgages) as well as top level adjustments (technical and business). For individually assessed Stage 3b exposures as well as top level adjustments, estimates based on individual assessments and expert judgment are used. In addition, the Committee considers relevant internal and external information in its decisions. This includes the outcomes of the backstop process and forward-looking elements such as budget forecasts, scenario analyses or stress test outcomes. Following such considerations, the Committee may approve deviations from the provisioning estimates and/or provide strategic recommendations to the Managing Board.

The Terms of Reference (ToR) for these credit committees provide the mandate, responsibilities & scope, hierarchical relationships, membership, authority levels and modalities of these approval bodies. Credit committees take decisions on the basis of consensus, unless local regulation requires majority voting. Consensus is reached when there is a general agreement or when none of the members have fundamental objections to the decision. When no consensus can be reached, an application is considered declined. In case of majority voting, the representative(s) from the Risk domain must have a veto right. If a veto is used, the Managing Board decides.

For efficiency reasons credit committees can delegate part of their authority. A single person may not take a credit decision solely based on their own opinion. This means that Rabobank applies a four-eyes principle or decisions are system supported. In such cases, one person may take a decision as long as the credit is assessed as acceptable by an expert system or meets predefined criteria (the credit complies with decision tools). Fully IT supported assessments and approvals are allowed under strict conditions.

The credit committees play a key role in ensuring consistency among Rabobank standards of credit analysis, compliance with the overall Rabobank credit policy and consistent use of the rating models. The credit policy sets the parameters and remit of each committee, including the maximum amount they are allowed to approve for limits or transactions. Policies are also in place which restrict or prohibit certain counterparty types or industries. As a rule, all counterparty limits and internal ratings are reviewed at least once a year (corporate clients). Where counterparties are assigned a low credit risk classifier (formerly known as loan quality classification), they are reviewed on a more frequent basis. Credit committees may request for more frequent reviews as well.

4.3.2 Loan portfolio composition

Rabobank has a significant market share in residential mortgages lending. These loans have a low risk profile, the net addition in 2022 to loan impairment allowances is 3 basis points. In 2022, the proportion of the private sector lending allocable to the food and agricultural sectors was 26% and the proportion of private sector lending allocable to trade, industry and services was 26%. 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.

Amounts in millions of euros	*2022*		*2021*	
Total loans and advances to customers	**428,861**		**437,001**	
Of which:				
Loans to government clients	1,437		2,004	
Reverse repurchase transactions, securities borrowing agreements and settlement accounts	8,439		13,905	
Hedge accounting adjustment	(13,136)		3,408	
Loans to private sector clients	**432,121**		**417,684**	
This can be broken down geographically as follows:				
The Netherlands	293,781	67%	293,435	71%
Rest of Europe	38,215	9%	34,807	8%
North America	47,691	11%	42,129	10%
Latin America	16,425	4%	13,106	3%
Asia	7,269	2%	7,375	2%
Oceania	28,439	7%	26,524	6%
Africa	301	0%	308	0%
Total loans to private sector clients	**432,121**	**100%**	**417,684**	**100%**
Breakdown of loans by business sector				
Private individuals	204,459	48%	205,093	49%
Trade, industry and services (TIS)	114,357	26%	109,650	26%
Food & agri	113,305	26%	102,941	25%
Total loans to private sector clients	**432,121**	**100%**	**417,684**	**100%**

The loans to private individuals are almost all incorporated in the business segment Domestic Retail Banking and geographically in the Netherlands. The loans to TIS and Food & Agri are categorized by sector and business segment as follows:

Trade, Industry and Services Loan Portfolio Analyzed by Business sector

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2022						
Manufacturing (Non-F&A)	4,558	6,855	2,469	-	-	13,882
Energy	886	8,673	151	-	-	9,710
Construction	3,371	1,249	1,910	99	-	6,629
Wholesale and retail trade (non-F&A and energy)	7,137	3,849	4,486	-	-	15,472
Transportation and storage	3,696	1,515	1,515	-	-	6,726
Accommodation and food service activities	2,717	1,996	176	-	-	4,889
Information and communication	1,131	688	792	-	1	2,612
Financial and insurance activities	3,966	10,177	860	-	543	15,546
Real estate activities	13,599	4,964	311	1	-	18,875
Professional, scientific and technical activities	1,775	790	1,227	-	-	3,792
Administrative and support service activities	1,623	1,099	2,739	-	-	5,461
Education	116	7	535	-	-	658
Human health and social work activities	3,110	47	2,991	-	-	6,148
Arts, entertainment and recreation	654	195	416	-	-	1,265
Other Non F&A	521	947	1,224	-	-	2,692
Total	**48,860**	**43,051**	**21,802**	**100**	**544**	**114,357**

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2021						
Manufacturing (Non-F&A)	4,165	5,280	2,318	-	-	11,763
Energy	965	8,131	150	-	-	9,246
Construction	2,996	1,228	1,755	96	-	6,075
Wholesale and retail trade (non-F&A and energy)	6,471	3,660	3,809	-	-	13,940
Transportation and storage	3,695	1,512	1,579	-	-	6,786
Accommodation and food service activities	2,633	1,591	169	-	-	4,393
Information and communication	941	483	720	-	-	2,144
Financial and insurance activities	4,511	11,941	703	-	91	17,246
Real estate activities	13,914	3,929	298	1	-	18,142
Professional, scientific and technical activities	1,564	367	1,178	-	-	3,109
Administrative and support service activities	1,758	1,330	2,694	-	-	5,782
Education	133	8	540	-	-	681
Human health and social work activities	3,186	10	2,971	-	-	6,167
Arts, entertainment and recreation	745	172	377	-	-	1,294
Other Non F&A	518	797	1,248	-	319	2,882
Total	**48,195**	**40,439**	**20,509**	**97**	**410**	**109,650**

Food & Agri Loan Portfolio Analyzed by Business Sector

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2022						
Commodities	3,772	21,645	4,921	-	-	30,338
Animal Protein	3,521	16,534	2,182	-	-	22,237
Beverages	77	3,520	137	-	-	3,734
Consumer Foods	1,990	8,856	400	-	-	11,246
Dairy	7,858	11,844	1,300	-	-	21,002
Farm Inputs	1,214	6,584	3,385	-	-	11,183
Fresh Produce	4,034	6,722	1,861	-	-	12,617
Other F&A	27	499	422	-	-	948
Total	**22,493**	**76,204**	**14,608**	**-**	**-**	**113,305**

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2021						
Commodities	3,710	19,182	4,058	-	-	26,950
Animal Protein	3,586	15,148	2,135	-	-	20,869
Beverages	62	3,237	162	-	-	3,461
Consumer Foods	1,816	7,938	384	-	-	10,138
Dairy	8,193	10,873	1,118	-	-	20,184
Farm Inputs	1,139	6,033	2,685	-	-	9,857
Fresh Produce	3,871	4,968	1,851	-	-	10,690
Other F&A	15	343	434	-	-	792
Total	**22,392**	**67,722**	**12,827**	**-**	**-**	**102,941**

Derivatives

Rabobank sets strict limits for open positions, in amounts as well as in terms. If ISDA (International Swaps and Derivatives Association) standards apply or a master agreement including equivalent terms has been concluded with the counterparty, and if the jurisdiction of the counterparty permits offsetting, the net open position is monitored and reported. This credit risk is managed as part of the general lending limits for clients. Where needed, Rabobank obtains collateral or other credit enhancements to mitigate credit risks inherent in these transactions. The credit risk exposure represents the current fair value of all open derivative contracts showing a positive market value, taking into account master netting agreements enforceable under law.

Credit Related Contingent Liabilities

The financial guarantees and standby letters of credit that Rabobank provides to third parties in the event of a client being unable to fulfill their obligations to these third parties, are exposed to credit risk. Rabobank provides documentary and commercial letters of credit and written undertakings on behalf of clients that authorize third parties to draw bills against Rabobank up to a fixed amount and subject to specific conditions. As these transactions are secured by the delivery of the underlying goods to which they relate, the risk exposure of such an instrument is lower than that of a direct loan. From the moment that the documents have been accepted under the terms of the letters of credit, Rabobank recognizes an asset and a liability until the moment of payment.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Rabobank is exposed to credit risk when it promises to grant loans. The amount of any losses is likely to be lower than the total of the unused commitments because the commitments are made subject to the clients meeting certain loan conditions. Rabobank monitors the term to the expiry of loan commitments because long-term commitments generally involve higher risk than short-term commitments.

4.3.3 Credit Risk Exposure and Credit Quality

In its financing approval process, Rabobank uses the Rabobank Risk Rating, which reflects the risk of failure or the probability of default (PD) of the loan relation over a period of one year. The loan-quality categories are determined on the basis of the internal Rabobank Risk Rating. The Rabobank Risk Rating consists of 21 performance ratings (R0-R20) and four default ratings (D1-D4). The performance ratings assess the probability of default within a period of one year and the rating is determined, in principle, on a cyclically neutral basis. D1-D4 ratings refer to default classifications. D1 represents more than 90 days past due on a material contractual payment; D2 indicates that it is unlikely that the obligor will pay its debt in full, without recourse by the bank to actions such as realizing security; D3 indicates that a distressed sale or a distressed restructuring has occurred that is likely to result in a credit-related economic loss; and D4 indicates bankruptcy status. The default ratings make up the total credit-impaired exposure. The table below shows the credit quality of the financial assets subject to impairment disclosed in ranges of rating grades that is consistent with the number that is reported to key management personnel for credit risk management purposes. The gross carrying amount of the financial assets below also represent the maximum exposure to credit risk on these assets.

Credit Risk Profile per Internal Rating Grade of Loans and Advances to Credit Institutions

Amounts in millions of euros

On December 31, 2022	Gross carrying amount			
	Non credit-impaired		Credit-impaired	Total
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	
R0-R1 (AAA)	588	-	-	588
R2-R4 (AA)	447	-	-	447
R5-R7 (A)	6,822	24	-	6,846
R8-R10 (BBB)	1,568	-	-	1,568
R11-R13 (BB)	450	2	-	452
R14-R16 (B+)	842	3	-	845
R17-R19 (B-)	201	2	-	203
R20 (CCC+)	-	1	-	1
Default ratings (D)	-	-	1	1
Non-rated	170	-	-	170
Total	**11,088**	**32**	**1**	**11,121**
On December 31, 2021				
R0-R1 (AAA)	160	-	-	160
R2-R4 (AA)	276	-	-	276
R5-R7 (A)	16,645	35	-	16,680
R8-R10 (BBB)	3,203	-	-	3,203
R11-R13 (BB)	1,077	1	-	1,078
R14-R16 (B+)	229	4	-	233
R17-R19 (B-)	168	2	-	170
R20 (CCC+)	-	1	-	1
Default ratings (D)	-	-	1	1
Non-rated	267	-	-	267
Total	**22,025**	**43**	**1**	**22,069**

Credit Risk Profile per Internal Rating Grade of Loans and Advances to Customers

Amounts in millions of euros

On December 31, 2022	Gross carrying amount			
	Non credit-impaired		Credit-impaired	Total
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	
R0-R1 (AAA)	907	35	-	942
R2-R4 (AA)	9,682	25	-	9,707
R5-R7 (A)	81,895	491	-	82,386
R8-R10 (BBB)	134,467	4,438	-	138,905
R11-R13 (BB)	106,621	11,223	-	117,844
R14-R16 (B+)	51,871	13,244	-	65,115
R17-R19 (B-)	8,400	7,151	-	15,551
R20 (CCC+)	224	2,133	-	2,357
Default ratings (D)	39	164	8,462	8,665
Non-rated	3,376	11	-	3,387
Total	**397,482**	**38,915**	**8,462**	**444,859**
On December 31, 2021				
R0-R1 (AAA)	858	27	-	885
R2-R4 (AA)	9,390	23	-	9,413
R5-R7 (A)	75,486	476	-	75,962
R8-R10 (BBB)	136,174	2,381	-	138,555
R11-R13 (BB)	106,779	6,726	-	113,505
R14-R16 (B+)	56,025	9,836	-	65,861
R17-R19 (B-)	10,110	7,846	-	17,956
R20 (CCC+)	192	1,974	-	2,166
Default ratings (D)	-	-	9,130	9,130
Non-rated	3,652	5	-	3,657
Total	**398,666**	**29,294**	**9,130**	**437,090**

Credit Risk Profile per External Rating Grade of Financial Assets at Fair Value through Other Comprehensive Income

Amounts in millions of euros

On December 31, 2022	Gross carrying amount			
	Non credit-impaired		*Credit-impaired*	*Total*
	Subject to 12-month ECL	*Subject to lifetime ECL*	*Subject to lifetime ECL*	
AAA-A	10,833	-	-	10,833
BBB-B	493	-	-	493
CCC-C	-	-	-	-
D	-	-	-	-
Non-rated	-	-	-	-
Total	**11,326**	**-**	**-**	**11,326**
On December 31, 2021				
AAA-A	12,735	-	-	12,735
BBB-B	452	-	-	452
CCC-C	-	-	-	-
D	-	-	-	-
Non-rated	202	-	-	202
Total	**13,389**	**-**	**-**	**13,389**

Credit Risk Profile per Internal Rating Grade of Loan Commitments and Financial Guarantees

Amounts in millions of euros

On December 31, 2022	Exposure to credit risk			
	Non credit-impaired		*Credit-impaired*	
	Subject to 12-month ECL	*Subject to lifetime ECL*	*Subject to lifetime ECL*	*Total*
R0-R1 (AAA)	2,086	-	-	2,086
R2-R4 (AA)	2,531	272	-	2,803
R5-R7 (A)	16,847	204	-	17,051
R8-R10 (BBB)	21,523	1,017	-	22,540
R11-R13 (BB)	16,024	1,604	-	17,628
R14-R16 (B+)	5,366	1,579	-	6,945
R17-R19 (B-)	436	618	-	1,054
R20 (CCC+)	19	77	-	96
Default ratings (D)	18	8	478	504
Non-rated	12,074	4	-	12,078
Total	**76,924**	**5,383**	**478**	**82,785**
On December 31, 2021				
R0-R1 (AAA)	2,013	-	-	2,013
R2-R4 (AA)	1,922	1	-	1,923
R5-R7 (A)	12,845	27	-	12,872
R8-R10 (BBB)	21,629	272	-	21,901
R11-R13 (BB)	16,423	806	-	17,229
R14-R16 (B+)	6,685	1,095	-	7,780
R17-R19 (B-)	431	717	-	1,148
R20 (CCC+)	11	60	-	71
Default ratings (D)	-	-	481	481
Non-rated	12,675	-	-	12,675
Total	**74,634**	**2,978**	**481**	**78,093**

4.3.4 Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities

The following tables present a reconciliation from the opening balance to the closing balance of the impairment allowances of financial assets and credit related contingent liabilities.

Impairment Allowances on Loans and Advances to Credit Institutions

Amounts in millions of euros

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
Balance on January 1, 2022	**2**	**-**	**-**	**2**
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	(1)	-	-	(1)
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2022	**1**	**-**	**-**	**1**
Balance on January 1, 2021	**1**	**-**	**-**	**1**
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	1	-	-	1
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2021	**2**	**-**	**-**	**2**

Impairment Allowances on Loans and Advances to Customers

Amounts in millions of euros

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
Balance on January 1, 2022	**372**	**890**	**2,235**	**3,497**
Increases due to origination and acquisition	119	37	100	256
Decreases due to derecognition	(49)	(245)	(146)	(440)
Changes due to change in credit risk	(44)	24	434	414
Write-off of defaulted loans during the year	(13)	(3)	(864)	(880)
Other changes	8	14	(7)	15
Balance on December 31, 2022	**393**	**717**	**1,752**	**2,862**
Balance on January 1, 2021	**720**	**846**	**3,134**	**4,700**
Increases due to origination and acquisition	160	16	88	264
Decreases due to derecognition	(68)	(76)	(199)	(343)
Changes due to change in credit risk	(460)	90	(11)	(381)
Write-off of defaulted loans during the year	(22)	(5)	(778)	(805)
Other changes	42	19	1	62
Balance on December 31, 2021	**372**	**890**	**2,235**	**3,497**

Impairment Allowances on Financial Assets at Fair Value through Other Comprehensive Income

Amounts in millions of euros

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	**Total**
Balance on January 1, 2022	**2**	**-**	**-**	**2**
Increases due to origination and acquisition	1	-	-	1
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	(1)	-	-	(1)
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2022	**2**	**-**	**-**	**2**
Balance on January 1, 2021	**1**	**-**	**-**	**1**
Increases due to origination and acquisition	2	-	-	2
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	(1)	-	-	(1)
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2021	**2**	**-**	**-**	**2**

Impairment Allowances on Loan Commitments and Financial Guarantees

Amounts in millions of euros

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	**Total**
Balance on January 1, 2022	**30**	**16**	**62**	**108**
Increases due to origination and acquisition	7	-	2	9
Decreases due to derecognition	(40)	(18)	(91)	(149)
Changes due to change in credit risk	35	24	103	162
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	2	-	2
Balance on December 31, 2022	**32**	**24**	**76**	**132**
Balance on January 1, 2021	**36**	**18**	**88**	**142**
Increases due to origination and acquisition	4	-	-	4
Decreases due to derecognition	(43)	(14)	(105)	(162)
Changes due to change in credit risk	30	15	77	122
Write-off of defaulted loans during the year	-	-	-	-
Other changes	3	(3)	2	2
Balance on December 31, 2021	**30**	**16**	**62**	**108**

The following table provides an overview of the significant changes in the gross carrying amount of loans and advances to customers during the period that contributed to changes in the total impairment allowance.

Changes in the Gross Carrying Amount of Loans and Advances to Customers

Amounts in millions of euros	*Gross carrying amount*			
	Non-credit-impaired		Credit-impaired	
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	Total
Balance on January 1, 2022	**398,666**	**29,294**	**9,130**	**437,090**
Transfers of financial assets	(19,648)	17,347	2,301	-
New financial assets originated or acquired	138,134	6,132	1,186	145,452
Financial assets that have been derecognized	(122,964)	(13,566)	(2,770)	(139,300)
Write-offs	(13)	(3)	(823)	(839)
Other changes	3,307	(289)	(562)	2,456
Balance on December 31, 2022	**397,482**	**38,915**	**8,462**	**444,859**
Balance on January 1, 2021	**386,166**	**34,211**	**13,507**	**433,884**
Transfers of financial assets	(4,524)	4,778	(254)	-
New financial assets originated or acquired	137,396	2,627	741	140,764
Financial assets that have been derecognized	(126,128)	(12,904)	(4,130)	(143,162)
Write-offs	(23)	(1)	(840)	(864)
Other changes	5,779	583	106	6,468
Balance on December 31, 2021	**398,666**	**29,294**	**9,130**	**437,090**

As a consequence of the vulnerable sector SICR approach newly originated non-credit-impaired financial assets in vulnerable sectors are directly subject to lifetime ECL. This explains the relatively high amount in row ‘New financial assets originated or acquired’ in the non-credit-impaired column ‘Subject to lifetime ECL’.

4.3.5 Criteria for identifying a significant increase in credit risk (SICR)

The parameter taken into account in the quantitative SICR assessment is the lifetime probability of default and its development from origination to reporting date. A relative change which is above a certain threshold in combination with an absolute threshold are considered to be indicators for a significant increase in credit risk. The comparison between the lifetime PD at origination and the lifetime PD at reporting date is made by translating both the rating at the start of the financial instrument and the rating at reporting date into (point-in-time) PD curves. This threshold is 1.6 and represents the multiplier by which the lifetime PD needs to be increased to migrate from stage 1 to stage 2. In addition, an absolute delta PD of 3% should be reached as a minimum to migrate from stage 1 to stage 2. The thresholds are the same for all frameworks.

4.3.6 Judgments and Estimates on Model Based Impairment Allowances on Financial Assets

Rabobank applies the three-stage expected credit loss impairment models for measuring and recognizing expected credit losses which involve a significant degree of management judgment. The impairment methodology results in the recognition of allowances measured at an amount equal to 12 month expected credit losses (stage 1); allowances measured at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired (stage 2); and financial assets that are credit-impaired (stage 3). Rabobank uses estimates and management judgment in determining the expected credit loss in model-based impairment allowances for the elements disclosed below and expert judgment resulting in top level adjustments for those described in Section 2.1.

Significant Increase in Credit Risk

Transferring assets from stage 1 to stage 2 requires judgment. To demonstrate the sensitivity of the ECL to the PD thresholds, an analysis was run, which assumed all assets were below the PD thresholds and apportioned a 12 month ECL. On the same asset base, an analysis was run which assumed all assets were above the PD thresholds and apportioned a lifetime ECL. Both analyses were run without taking into account the impact of top-level adjustments and resulted in ECLs of EUR 610 million (2021: 517 million) and EUR 2,047 million (2021: EUR 1,990 million) respectively.

Forward-looking Information and Macro-economic Scenarios

Estimating expected credit losses for each stage and assessing significant increases in credit risk uses information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions (forward looking information). Rabobank uses three, probability-weighted, macro-economic scenarios (consisting of a baseline scenario, a baseline minus scenario and a baseline plus scenario) in its ECL models to determine the expected credit losses. The baseline macro-economic scenario is considered the most likely at a 60% (December 31, 2021: 60%) likelihood, compared to 30% likelihood for the minus (December 31, 2021: 20%) and 10% for the plus scenarios (December 31, 2021: 20%). Rabobank changed the scenario weighting for year-end 2022 because it considers an increase of uncertainties and risks with regard to macro-economic expectations.

Determination of Plus and Minus Scenarios

Rabobank uses a statistical simulation method from the National Institute Global Econometric Model (NiGEM) to generate its plus and minus scenarios. The procedure for the formulation involves three steps:

1. Application of the stochastic function of NiGEM to run 1,000 scenarios starting in the third quarter where the plus and minus scenarios may differ from the baseline. NiGEM uses historical residuals (randomly chosen) from the model equations

that results in shocks during the forecast period (Monte Carlo simulation). The result is a distribution of possible macroeconomic outcomes. The impact of these scenarios on the volume of world trade is used in step 2.

2. Look up the two scenarios which represent the 20% plus scenarios and the 20% minus scenarios of the distribution

3. At the end of 2022, due to the high uncertainties in the macro-economic environment, management has decided to apply a more conservative weighting of these scenario's by applying a weighting of 30% to the resulting minus scenario and 10% to the plus scenario.

Most important Macro-economic Variables

Important variables are gross domestic product growth, unemployment rates, and private sector investment. These forward-looking macro-economic forecasts require judgment and are largely based on internal Rabobank research. An analysis of the sensitivity of key forward-looking macro-economic inputs used in the ECL modelling process for stage 1, stage 2, and the model-based stage 3 provisioning and the probability-weights applied to each of the three scenarios is presented below without taking into account the impact of top-level adjustments. The countries included in the analysis are the most significant in terms of gross contribution to reportable ECL. Accordingly, Rabobank considers these portfolios to present the most significant risk of resulting in an adjustment to the carrying amount of financial assets. The increase of the weighted model-based ECL compared to December 31, 2021 was caused by a switch from an individually assessed provisioning method (stage 3b) to a model-based provisioning method (stage 3a) for a large part of the Dutch stage 3 exposures.

Key macro-economic inputs and related ECL pre TLAs

							Weighted ECL in millions of euro per	Weighted ECL in millions of euro per
Netherlands		**2023**	**2024**	**2025**	**ECL unweighted**	**Probability**	**December 31, 2022**	**December 31, 2021**
Plus	GDP per capita	1.58%	1.30%	-0.09%				
	Unemployment	3.63%	3.38%	3.38%	1,033	10%		
	Private Sector Investment	6.80%	-1.74%	3.13%				
Baseline	GDP per capita	0.36%	0.78%	0.86%				
	Unemployment	4.05%	4.45%	4.70%	1,106	60%	1,125	532
	Private Sector Investment	6.37%	-2.37%	3.18%				
Minus	GDP per capita	-0.84%	0.23%	1.88%				
	Unemployment	4.49%	5.58%	6.09%	1,195	30%		
	Private Sector Investment	5.92%	-3.06%	3.26%				

							Weighted ECL in millions of euro per	Weighted ECL in millions of euro per
United States		**2023**	**2024**	**2025**	**ECL unweighted**	**Probability**	**December 31, 2022**	**December 31, 2021**
Plus	GDP per capita	1.19%	1.72%	1.19%				
	Unemployment	4.04%	3.74%	2.19%	123	10%		
	Private Sector Investment	4.80%	1.72%	-0.58%				
Baseline	GDP per capita	0.05%	0.35%	1.39%				
	Unemployment	4.45%	4.80%	3.51%	157	60%	167	112
	Private Sector Investment	4.49%	1.16%	-0.67%				
Minus	GDP per capita	-1.11%	-1.10%	1.56%				
	Unemployment	4.89%	5.95%	4.95%	202	30%		
	Private Sector Investment	4.18%	0.58%	-0.77%				

							Weighted ECL in millions of euro per	Weighted ECL in millions of euro per
Brazil		**2023**	**2024**	**2025**	**ECL unweighted**	**Probability**	**December 31, 2022**	**December 31, 2021**
Plus	GDP per capita	1.07%	1.54%	1.01%				
	Unemployment	7.46%	6.98%	4.51%	46	10%		
	Private Sector Investment	2.28%	-0.43%	-0.11%				
Baseline	GDP per capita	0.05%	1.18%	1.45%				
	Unemployment	8.10%	8.66%	6.61%	54	60%	56	40
	Private Sector Investment	1.99%	-0.91%	-0.37%				
Minus	GDP per capita	-0.97%	0.76%	1.90%				
	Unemployment	8.81%	10.49%	8.89%	63	30%		
	Private Sector Investment	1.70%	-1.38%	-0.64%				

							Weighted ECL in millions of euro per	Weighted ECL in millions of euro per
Australia		**2023**	**2024**	**2025**	**ECL unweighted**	**Probability**	**December 31, 2022**	**December 31, 2021**
Plus	GDP per capita	0.83%	0.30%	0.75%				
	Unemployment	3.22%	2.92%	2.47%	15	10%		
	Private Sector Investment	1.34%	2.16%	1.49%				
Baseline	GDP per capita	0.18%	-0.38%	0.85%				
	Unemployment	3.78%	4.36%	4.25%	18	60%	19	17
	Private Sector Investment	1.05%	1.50%	1.22%				
Minus	GDP per capita	-0.46%	-1.09%	0.95%				

						Weighted ECL in millions of euro per	Weighted ECL in millions of euro per
Unemployment	4.41%	6.00%	6.27%	23	30%		
Private Sector Investment	0.76%	0.83%	0.93%				

A probability weighting of 15% (2021: 15%) for both the minus and plus scenario and a probability weighting of 70% (2021: 70%) for the baseline scenario, would decrease the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by EUR 28 million (2021: EUR 4 million). If the probability weighting for both the minus and plus scenario was 25% (2021: 25%) and 50% (2021: 50%) for the baseline scenario, it would increase the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by EUR 25 million (2021: EUR 5 million).

Gross carrying amount of loans to customers in stage 1 and stage 2

Amounts in millions of euros	*2022*	*2021*
Netherlands	291,421	291,485
United States	45,262	42,646
Brazil	10,813	8,116
Australia	18,847	17,483

Measurement of Expected Credit Losses

The probability of default (PD), loss given default (LGD) and the exposure at default (EAD) are used to estimate expected credit losses as inputs for the ECL models. When unexpected external developments or data quality issues are not sufficiently covered by these ECL models, an adjustment will be made based on judgments and estimates. The inputs also require estimates as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.
- LGD – The loss given default is an estimate of the loss arising when a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that Rabobank would expect to receive, including cash flows expected from collateral and other credit enhancements.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date due to prepayment.

The table below shows the impact on the ECL in the baseline scenario resulting from changes in probability of default (PD), collateral value and full prepayment rate.

Impact on ECL	*2022*	*2021*
PD rating 1 notch deterioration (PD)	321	273
PD rating 1 notch improved (PD)	(226)	(192)
Collateral value down by 10 % (LGD)	138	77
Collateral value up by 10% (LGD)	(94)	(60)
Full prepayment rate down by 50% (EAD)	52	42
Full prepayment rate up by 50% (EAD)	(43)	(37)

4.3.7 Credit Risk Mitigation

Rabobank's credit risk exposure is partly mitigated by obtaining collateral and other credit enhancements where necessary. The amount and nature of the collateral required depends partly on the assessment of the credit risk of the loan to the counterparty. Rabobank has guidelines in place for the purpose of accepting and valuing different types of collateral. The major types of collateral are:

- Mortgage collateral on residential immovable property;
- Mortgage collateral on commercial immovable property, pledges on movable property, inventories and receivables (mainly for corporate loans); and
- Cash and securities, mainly for derivatives, securities lending activities and reverse repurchase transactions.

Rabobank also uses credit derivatives to manage credit risks and enters into master netting arrangements with counterparties for a significant volume of transactions. In general, master netting arrangements do not lead to the offsetting of assets and liabilities included in the statement of financial position because transactions are usually settled gross except for transactions that meet the offsetting criteria as mentioned in Section 2.11. Credit risk is limited by master netting arrangements, but only to the extent that if an event or cancellation occurs, all amounts involving the counterparty are frozen and settled net. The total credit risk exposure from derivatives to which offsetting arrangements apply is sensitive to the closure of new transactions, the expiration of existing transactions and fluctuations in market interest and exchange rates.

Offsetting of Financial Instruments

	Offset in the statement of financial position			Not offset in the statement of financial position					Net exposure
Amounts in millions of euros	*Amount before offsetting*	*IAS 32 Offsetting*	*Net carrying amount*	*Master netting agreements*	*Securities and cash collateral*	*Immovable property collateral*	*Other collateral*	*Financial guarantees*	
On December 31, 2022									
Loans and advances to credit institutions	11,121	-	11,121	-	(5,151)	-	-	-	5,970
Derivatives	192,106	(165,241)	26,865	(11,339)	(9,036)	-	-	-	6,490
Loans and advances to customers	431,747	(2,886)	428,861	-	(8,205)	(265,516)	(80,167)	(36,593)	38,380
Other assets	7,039	-	7,039	-	-	-	-	-	7,039
Total	**642,013**	**(168,127)**	**473,886**	**(11,339)**	**(22,392)**	**(265,516)**	**(80,167)**	**(36,593)**	**57,879**
Deposits from credit institutions	32,067	(524)	31,543	-	(206)	-	-	-	31,337
Deposits from customers	404,728	(8,256)	396,472	-	(638)	-	-	-	395,834
Derivatives	179,545	(159,347)	20,198	(11,339)	(3,202)	-	-	-	5,657
Other liabilities	5,850	-	5,850	-	-	-	-	-	5,850
Total	**622,190**	**(168,127)**	**454,063**	**(11,339)**	**(4,046)**	**-**	**-**	**-**	**438,678**
On December 31, 2021									
Loans and advances to credit institutions	22,067	-	22,067	-	(17,079)	-	-	-	4,988
Derivatives	107,910	(84,939)	22,971	(10,770)	(8,331)	-	-	-	3,870
Loans and advances to customers	440,764	(3,763)	437,001	-	(13,964)	(257,452)	(87,108)	(37,634)	40,843
Other assets	9,258	-	9,258	-	-	-	-	-	9,258
Total	**579,999**	**(88,702)**	**491,297**	**(10,770)**	**(39,374)**	**(257,452)**	**(87,108)**	**(37,634)**	**58,959**
Deposits from credit institutions	73,303	(625)	72,678	-	(189)	-	-	-	72,489
Deposits from customers	373,942	(1,561)	372,381	-	(527)	-	-	-	371,854
Derivatives	105,226	(86,516)	18,710	(10,770)	(4,541)	-	-	-	3,399
Other liabilities	5,324	-	5,324	-	-	-	-	-	5,324
Total	**557,795**	**(88,702)**	**469,093**	**(10,770)**	**(5,257)**	**-**	**-**	**-**	**453,066**

The next table shows the credit-impaired financial assets in relation to the collateral that is held as security to mitigate credit risk. In some cases, Rabobank did not recognize a loan impairment allowance for individually assessed exposures because of a surplus of collateral.

Collateral Held as Security and Other Credit Enhancements for Credit-impaired Financial Assets

Amounts in millions of euros	*Gross carrying amount credit impaired financial assets*	*Impairment allowances*	*Carrying amount after deduction impairment allowance*	*Collateral held as security and other credit enhancements*
On December 31, 2022				
Loans and advances to credit institutions	1	-	1	-
Loans and advances to customers	8,462	1,752	6,710	4,447
Financial assets at fair value through other comprehensive income	-	-	-	-
Total	**8,463**	**1,752**	**6,711**	**4,447**
On December 31, 2021				
Loans and advances to credit institutions	1	-	1	-
Loans and advances to customers	9,130	2,235	6,895	4,383
Financial assets at fair value through other comprehensive income	-	-	-	-
Total	**9,131**	**2,235**	**6,896**	**4,383**

The next table sets out the maximum exposure to credit risk to which Rabobank is exposed for financial instruments not subject to the IFRS 9 impairment requirements, without taking into account any collateral or other measures for restricting credit risk. It also shows the financial effect of any collateral provided or other types of credit risk reduction. In some cases the amounts stated deviate from the carrying amounts as presented in the statement of financial position because the outstanding equity instruments are not included in the maximum exposure to credit risk.

Maximum Exposure to Credit Risk of Financial Assets Not Subject to Impairment

Amounts in millions of euros	*Maximum exposure to credit risk*	*Collateral held as security and other credit enhancements*
On December 31, 2022		
Financial assets held for trading	2,491	-
Financial assets mandatorily at fair value	574	42
Derivatives	26,865	8,159
Total	**29,930**	**8,201**
On December 31, 2021		
Financial assets held for trading	2,311	-
Financial assets mandatorily at fair value	879	154
Derivatives	22,971	8,587
Total	**26,161**	**8,741**

Write-off Policy

Rabobank writes off loans when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. Rabobank may write-off loans that are still subject to enforcement activity. The outstanding contractual amounts of partly or wholly written off assets during 2022 was EUR 1,304 million (2021: EUR 534 million).

Rabobank acquired financial and non-financial assets during the year by taking possession of collateral with an estimated value of EUR 18 million as per December 31, 2022 (2021: EUR 17 million). It is Rabobank policy to sell these assets in the reasonably foreseeable future. Yields are allocated to repaying the outstanding amount.

4.3.8 Modified Assets

The risk of default of modified assets is assessed at the reporting date and compared with the risk under the original terms at initial recognition. Rabobank monitors the subsequent performance of these forborne modified assets and may determine that the credit risk has significantly improved, so that the assets are moved from stage 3 or stage 2 (Lifetime ECL) to stage 1 (12-month ECL). The gross carrying amount of such assets held as at December 31, 2022 was EUR 162 million (2021: EUR 251 million).

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period and their respective effect on financial performance:

Financial Assets Modified While Loss Allowance Measured at Lifetime ECL		
Amounts in millions of euros	*2022*	*2021*
Amortized cost before modification	205	455
Net modification gain/ loss	1	(69)
Financial assets modified since initial recognition	**206**	**386**

4.3.9 External Developments potentially affecting Credit Risk

Climate and ESG Risks

The physical consequences (physical risk) of climate change (such as rising average temperatures and extreme weather events) and the transition to a climate-neutral economy (e.g. transition risk) are high on Rabobank's agenda. Rabobank is committed to the Paris Agreement goals; Rabobank is a signatory to the Net Zero Banking Alliance and considers it a shared responsibility to take action.

C&E (Climate & Environmental, Social and Governance) risks impact the traditional risk types through transition channels, for example crop losses of a client impacting credit risk. The materiality of C&E risk as a driver for the traditional risks is assessed and part of Rabobank's risk taxonomy. Both physical and transition risks could impact the quality of Rabobank's credit portfolio, especially F&A, residential real estate, commercial real estate, transport and energy portfolios. Significant climate-related and environmental related regulations and guidance for banks were issued in the last years. The denominator of the guidelines is the focus on environmental, social and governance (ESG) aspects. The ECB requires banks to adopt a full end-to-end approach of climate-related and environmental risks embedded across every aspect of the bank.

In 2022, Rabobank continued to mature its approach on integrating the risk of climate change by developing climate risk management tools, processes and capabilities. A C&E risk roadmap has been developed in 2020 to enable an integrated approach on climate alignment, business strategy and risk management. This year an ESG risk model vision roadmap was added. The focus is on (1) ESG risk assessment, through C&E risk heatmaps, scenario analysis and client risk scoring; (2) sector strategy, including vulnerable sector; (3) credit risk assessment, including provisioning modelling and stress testing; and (4) portfolio strategy, including pricing. The implementation of both the C&E risk roadmap and the roadmap on ESG risk model vision is a continuous journey with a risk based approach.

C&E risk is translated into the IFRS loan impairment allowances through multiple channels. (1) It is captured in the IFRS 9 models through macro-economic developments; (2) It is embedded in individual client assessments; (3) It is included in the sector vulnerability assessments, and (4) it is included in management adjustments made for sectors or regions directly affected by climate change. The first two points cannot be separately measured and quantified. For points 3 and 4 a Top Level Adjustment of EUR 86 million has been recognised (see also Judgments and Estimates: Impairment Allowances on Financial Assets).

4.4 Non-Trading Foreign Exchange Rate Risk (FX risk)

FX risk is the risk that exchange rate movements lead to volatility in Rabobank's cash flows, assets and liabilities, net profit and/ or equity. Rabobank distinguishes two types of non-trading FX risks: (i) FX risk in the banking books and (ii) FX translation risk.

Foreign Exchange Risk in the Banking Books

FX risk in the banking books is the risk where known and/ or ascertainable currency cash flow commitments and receivables in the banking books are unhedged. As a result, movements in exchange rates could have an adverse impact on Rabobank's financial results and/ or financial position.

Foreign Exchange Translation Risk

FX translation risk is the risk that FX fluctuations will adversely affect the translation of assets and liabilities of operations – denominated in foreign currency – into the functional currency of the parent company. Translation risk pertains to Rabobank's equity position, risk weighted assets and capital ratios.

Rabobank manages its FX translation risk with regard to the Rabobank Consolidated CET1 ratio by deliberately taking and/or maintaining FX positions. As a result of these structural FX positions, the impact of exchange rate fluctuations on Rabobank's Consolidated CET1 ratio is mitigated.

FX translation risk management is covered by the Global Standard on FX Translation Risk which outlines Rabobank's global policy towards FX Translation risk to achieve and ensure a prudent and sound monitoring and controlling system, in order to manage these risks. Rabobank uses a pillar 2 framework for those areas where Rabobank is of the opinion that the regulatory framework (i.e. pillar 1) does not (adequately) address the risks. FX translation risk is one of these risks.

4.5 Interest Rate Risk in the Banking Environment

Interest rate risk in the banking environment refers to the risk that the financial results and/or the economic value of the banking book could be adversely affected by changes in market interest rates.

Interest rate risk at Rabobank arises because of repricing and maturity mismatches between loans and funding, and optionality in client products. Customer behavior is an important determining factor with respect to interest rate risk in the banking environment. The modeling of customer behavior is therefore one of the core elements of the interest rate risk framework. Behavioral models and assumptions are in place for mortgage prepayments, savings accounts and current accounts. Movements in interest rates may also affect the creditworthiness of customers. Higher interest rates might for example lead to higher borrowing costs and, hence, have a negative impact on the creditworthiness of a customer. This effect, however, is regarded as credit risk rather than interest rate risk.

Rabobank accepts a certain amount of interest rate risk in the banking environment; this is a fundamental part of banking. But at the same time the bank also aims to avoid unexpected material fluctuations in the financial result and the economic value because of interest rate fluctuations. The Managing Board, overseen by the Supervisory Board, therefore annually approves the interest rate risk appetite and the corresponding interest rate risk limits.

At group level, Rabobank's interest rate risk is managed by the Asset and Liability Committee Group chaired by the Chief Financial Officer. Treasury is responsible for implementing the decisions of this committee, while Risk Management is responsible for monitoring the interest rate risk position independently from a second line of responsibility.

Economic value of equity as a measure for managing interest rate risk differs from the accounting value of equity. For interest rate risk management, the economic value of equity is defined as the present value of the assets minus the present value of the liabilities together with the present value of the off-balance-sheet items. Through the use of hedge accounting and as a large proportion of the balance sheet is carried at amortized cost, a profit or loss in economic value does not automatically equate with accounting profit or loss.

As part of its interest rate risk policy, Rabobank uses the following indicators for managing and controlling interest rate risk:

- Earnings at risk: the EaR is the largest deviation in negative terms of the expected net interest income in the next 12 months as a result of different interest rates scenarios;
- Modified duration of equity; and
- Basis point value (BPV).

Sections 4.5.1 and 4.5.2 provide further details on "Earnings at risk" and "Modified duration and BPV" developments.

4.5.1 Earnings at Risk

Earnings at risk is calculated once a month based on a standard interest-rate-sensitivity analysis. This analysis shows the main reduction of the projected interest income over the next 12 months triggered by a set of scenarios: one in which all market interest rates gradually increase by 2 percentage points, one by a scenario in which all market interest rates gradually decrease by a maximum of two percentage points (interest rates in this scenario are floored at levels deemed as realistic), and by two scenarios in which the yield curve steepens or flattens.

In 2022, Rabobank's net interest income was most sensitive to the interest rate down scenario. Earnings at Risk amounted to EUR -874 million on December 31, 2022, substantially more negative than the Earnings at Risk on December 31, 2021 (EUR -33 million). This was driven by the sharp interest rate increases during 2022. This resulted in higher Earnings at Risk due to a larger potential for downward interest rate shocks that are no longer constrained by flooring ('zero bound').

Earnings at Risk

	December 31, 2022	*December 31, 2021*
Earnings at Risk	-874	-33
Split by main currencies		
Earnings at Risk – EUR	-826	-40
Earnings at Risk – USD	-33	20

4.5.2 Modified Duration

Modified duration (MD) of equity indicates the reduction of economic value of equity in percentage points if money market and capital market interest rates increase by one percentage point. The Managing Board has set an upper MD limit of 6%. Additional limits apply for the basis point value (BPV) of equity and the delta profile (BPV per tenor) of equity.

During 2022 Modified Duration had increased from 3.1% per December 31, 2021, to 4.4% per December 31, 2022. BPV has changed from EUR -13.3 million to EUR -14.3 million. This was mainly related to the interest rate increases in 2022. In line with Rabobank's IRRBB strategy, the sharp rise of interest rates has triggered increased IRRBB positioning and hence higher limit utilization to stabilize earnings on a higher interest rate level.

Modified Duration (%) and BPV		
(in million EUR)	*December 31, 2022*	*December 31, 2021*
Modified Duration (%)	4.4%	3.1%
BPV	-14.3	-13.3
Split by main currencies		
BPV – EUR	-12.4	-13.6
BPV– USD	-1.1	1.2

4.6 Market Risk in the Trading Environment

Market risk arises from the risk of losses on trading book positions affected by movements in interest rates, equities, credit spreads, currencies and commodities. Risk positions acquired from clients can either be redistributed to other clients or dynamically managed by hedging. The trading desks act as a market-maker for secondary markets (by providing liquidity and pricing) in interest rate derivatives and issued debt, including Rabobank bonds and Rabobank Certificates.

Market risk in the trading environment is monitored daily within the market risk framework, which was put in place to measure, monitor and manage market risk in the trading books. This framework contains all derivatives in trading books, bond trading books, and loan syndication books. An important part of the framework is an appropriate system of limits and trading controls. The relevant risk appetite limits are translated into limits and trading controls at book level.

Due to Rabobank's strategy of client risk redistribution, risk hedging and the low secondary market activity, risk appetite for market risk is modest. If limits are breached, remedial actions will be stipulated to decrease the chance of large actual losses. The risk position is reported to senior management on a weekly basis and discussed in the various risk management committees each month. Risk developments that require ad hoc attention are communicated accordingly outside the regular reporting cycle.

At the consolidated level, the risk appetite is defined for event risk trading, event risk underwriting, VaR, interest rate delta, regulatory capital for market risk in the trading book and underwritings of Leveraged Transactions.

Rabobank considers Event Risk the most important indicator for market risk in the trading environment. It is instrumental in gauging the impact of extreme, yet plausible predefined moves in market risk factors on the P&L of individual trading portfolios. These moves are reflected in scenarios which capture risk drivers such as interest rates, tenor basis swap spreads, foreign exchange, credit spreads and commodities. Depending on the scenario, individual risk factors or multiple risk factor categories will be stressed

The event risk, which is measured by taking the worst loss among all predefined scenarios was EUR 69 million on December 31, 2022, well within the set limit. It fluctuated between EUR 33 million and EUR 98 million with an average of EUR 71 million.

Outside the trading environment event risk is applied to the underwriting business. The test is based on internal credit risk scores that mirror debt ratings and the markets categorization of the debt. The event risk result was EUR 43 million on December 31, 2022 and EUR 111 million on December 31, 2021 well within the set limit.

The VaR indicates the maximum loss for a given confidence level and horizon under 'normal' market conditions, based on one year of historical market movements. Rabobank uses a confidence level of 97.5% and an horizon of 1 day for its daily risk management. The table below presents the composition of the VaR and its range of movements. In 2022, the VaR fluctuated between EUR 2.4 million and EUR 8.9 million, with the average being EUR 5.0 million. The VaR amounted to EUR 4.0 million on December 31, 2022.

VAR (1 day, 97.5%) (amounts in millions of euros)	Interest	Credit	Currencies	Shares	Commodities	Diversification	Total
December 31, 2022	2.8	2.6	0.3	0.0	0.6	(2.3)	4.0
2022 – average	3.1	3.2	0.2	0.0	0.9		5.0
2022 – highest	6.6	5.4	0.7	0.0	8.2		8.9
2022 – lowest	1.6	0.8	0.1	0.0	0.2		2.4
December 31, 2021	2.3	0.8	0.2	0.0	0.8	(1.0)	3.1
2021 – average	2.9	1.0	02	0.0	0.7		3.3
2021 – highest	4.4	4.4	2.6	0.0	1.3		6.3
2021 –lowest	2.1	0.3	0.1	0.0	0.5		2.4

The interest rate delta is a measure of the change in the value of positions if there is a parallel increase in the yield curve of 1 basis point (i.e. 0.01 percentage point). The interest rate delta table below shows the sensitivity to changes in the yield curves for the major currencies. On December 31, 2022, the interest rate delta for trading books was EUR 434 thousand positive. The interest rate delta remained well within the set limit during the reporting period.

Interest Rate Delta

Amounts in millions of euros	December 31, 2022	December 31, 2021
EUR	0.2	0.0
USD	0.2	0.1
AUD	0.0	0.0
Other	0.0	0.0
Total	**0.4**	**0.1**

4.7 Liquidity Risk

Liquidity risk is the risk that Rabobank will not be able to meet all of its payment and repayment obligations on time, as well as the risk that Rabobank will not be able to fund increases in assets at a reasonable price, if at all. This could happen if, for instance, customers or professional counterparties suddenly withdraw more funds than expected and which could not be absorbed by the bank's cash resources, by selling or pledging assets in the market or by borrowing funds from third parties. Rabobank considers an adequate liquidity position and retaining the confidence of both professional market parties and retail customers to be crucial in ensuring unimpeded access to the public money and capital markets.

Rabobank has in place a well-suited liquidity management framework equipped with adequate liquidity positions (stable funded balance sheet, sufficient and high-quality liquidity buffers, diversified funding profile, and limited structural currency mismatch with liquidity measures managed to target and well within risk limits).

Liquidity risk is managed based on several components. A key component is to maintain a substantial high-quality buffer of liquid assets. Besides credit balances held at central banks, these assets can be pledged to central banks, in repo transactions, or can be sold directly in the market to generate liquidity immediately. The size of the liquidity buffer is attuned to the risk Rabobank is exposed to in its balance sheet. In addition Rabobank has securitized a portion of the mortgage and SME loan portfolio internally, which means it can be pledged to the central bank, thereby serving as an additional liquidity buffer. Since this concerns retained securitizations, it is not reflected in the consolidated balance sheet.

The next component for managing liquidity risk consists of a good credit rating, high capital levels and prudent funding policies. Rabobank takes various measures to avoid becoming overly dependent on a single source of funding. These include balanced diversification of financing sources regarding maturity, currencies, investors, geography and markets, a high degree of unsecured funding and therefore limited asset encumbrance, and an active and consistent investor-relations policy.

The other components include setting strict limits for the maximum outgoing cash flows within the wholesale banking business. Among other things, Rabobank measures and reports on a daily basis what incoming and outgoing cash flows can be expected during the next 12 months. Limits have been set for these outgoing cash flows, including for each currency and each location. Detailed plans (the contingency funding plans) have been drawn up for contingency funding to ensure the bank is prepared for potential crisis situations. Periodic operational tests are performed for these plans.

Furthermore an internal stress test framework is in place to ensure that in times of severe liquidity stress, Rabobank has adequate counterbalancing capacity to meet the associated, heightened outflow of funding for a prolonged period. The framework covers market wide stress scenarios, Rabobank stress scenarios and combined stress scenarios. Under these various scenarios, the liquidity buffer is compared with anticipated stressed net contractual and contingent outflows.

The table below shows the undiscounted liabilities grouped according to the remaining liquidity period from the reporting date to the expected contract repayment date. The total amounts do not correspond exactly with the amounts in the consolidated statement of financial position because this table is based on undiscounted contractual cash flows relating to both principal and future interest payments. Derivatives are not included in this table and have not been analyzed on the basis of the contractual due date, because they are not essential for the management of liquidity risk or for reporting to senior management. The maturity profile of derivatives used for cash flow hedging is disclosed in Section 10.3 "Derivatives Designated as Hedging Instrument".

Contractual Repayment Date

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2022							
Liabilities							
Deposits from credit institutions	3,691	895	6,080	18,356	624	2,239	31,885
Deposits from customers	346,021	7,363	9,260	9,629	21,783	6,000	400,056
Debt securities in issue	6,337	13,634	32,620	40,454	23,708	-	116,753
Other liabilities (excluding employee benefits and lease liabilities)	1,935	1,263	1,003	610	37	151	4,999
Lease liabilities	3	21	53	216	116	-	409
Financial liabilities held for trading	-	1,543	-	-	-	-	1,543
Financial liabilities designated at fair value	30	112	131	1,006	1,340	-	2,619
Subordinated liabilities	29	62	1,460	6,653	5,955	-	14,159
Total financial liabilities	**358,046**	**24,893**	**50,607**	**76,924**	**53,563**	**8,390**	**572,423**
Financial guarantees	4,520	-	-	-	-	-	4,520
Loan commitments	50,502	-	-	-	-	-	50,502

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2021							
Liabilities							
Deposits from credit institutions	3,318	785	1,861	58,626	637	7,626	72,853
Deposits from customers	326,682	9,265	7,147	7,167	22,747	1,052	374,060
Debt securities in issue	7,062	13,611	24,618	40,535	30,895	-	116,721
Other liabilities (excluding employee benefits and lease liabilities)	1,691	918	813	482	22	149	4,075
Lease liabilities	3	18	58	257	131	-	467
Financial liabilities held for trading	-	1,424	-	-	-	-	1,424
Financial liabilities designated at fair value	39	386	476	940	2,272	-	4,113
Subordinated liabilities	91	59	1,806	5,463	6,858	-	14,277
Total financial liabilities	**338,886**	**26,466**	**36,779**	**113,470**	**63,562**	**8,827**	**587,990**
Financial guarantees	3,868	-	-	-	-	-	3,868
Loan commitments	45,625	-	-	-	-	-	45,625

The table below shows assets and liabilities grouped according to the period remaining from the reporting date to the contractual repayment date. These amounts correspond to the amounts included in the Consolidated Statement of Financial Position.

Current and Non-current Financial Instruments

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2022							
Financial assets							
Cash and cash equivalents	129,110	-	-	10	-	460	129,580
Loans and advances to credit institutions	5,191	2,631	810	86	33	2,370	11,121
Financial assets held for trading	530	362	80	581	938	251	2,742
Financial assets mandatorily at fair value	6	31	200	34	437	1,594	2,302
Derivatives	1,390	1,603	1,612	5,920	16,340	-	26,865
Loans and advances to customers	37,527	14,674	36,195	121,667	217,315	1,483	428,861
Financial assets at fair value through other comprehensive income	724	627	1,185	3,474	5,314	171	11,495
Other assets (excluding employee benefits)	946	718	643	2,532	151	2,046	7,036
Total financial assets	**175,424**	**20,646**	**40,725**	**134,304**	**240,528**	**8,375**	**620,002**
Financial liabilities							
Deposits from credit institutions	3,685	890	5,967	18,227	535	2,239	31,543
Deposits from customers	346,042	7,341	9,277	8,756	19,056	6,000	396,472
Debt securities in issue	6,271	13,500	31,370	38,731	22,435	-	112,307
Derivatives	1,754	2,334	2,031	4,566	9,512	1	20,198
Financial liabilities held for trading	-	1,543	-	-	-	-	1,543
Other liabilities (excluding employee benefits and lease liabilities)	1,991	1,426	908	747	78	151	5,301
Lease liabilities	3	19	46	210	108	-	386
Financial liabilities designated at fair value	29	111	129	962	1,368	-	2,599
Subordinated liabilities	25	51	1,166	5,277	3,577	-	10,096
Total financial liabilities	**359,800**	**27,215**	**50,894**	**77,476**	**56,669**	**8,391**	**580,445**
Net balance	**(184,376)**	**(6,569)**	**(10,169)**	**56,828**	**183,859**	**(16)**	**39,557**

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2021							
Financial assets							
Cash and cash equivalents	120,018	11	-	-	-	505	120,534
Loans and advances to credit institutions	12,504	6,631	1,360	82	39	1,451	22,067
Financial assets held for trading	224	308	165	408	1,206	179	2,490
Financial assets mandatorily at fair value	30	37	283	32	617	1,507	2,506
Derivatives	1,580	1,596	2,286	2,936	14,573	-	22,971
Loans and advances to customers	38,833	15,486	34,230	111,409	233,313	3,730	437,001
Financial assets at fair value through other comprehensive income	355	807	2,056	2,834	7,335	178	13,565
Other assets (excluding employee benefits)	489	1,110	609	1,939	19	5,089	9,255
Total financial assets	**174,033**	**25,986**	**40,989**	**119,640**	**257,102**	**12,639**	**630,389**

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
Financial liabilities							
Deposits from credit institutions	3,317	783	1,840	58,508	604	7,626	72,678
Deposits from customers	326,814	9,251	7,059	6,844	21,361	1,052	372,381
Debt securities in issue	7,032	13,524	24,149	37,902	26,665	-	109,272
Derivatives	1,663	1,985	2,341	3,078	9,635	8	18,710
Financial liabilities held for trading	-	1,424	-	-	-	-	1,424
Other liabilities (excluding employee benefits and lease liabilities)	1,724	1,230	896	608	56	149	4,663
Lease liabilities	3	15	50	227	147	-	442
Financial liabilities designated at fair value	39	386	475	933	2,007	-	3,840
Subordinated liabilities	67	-	1,451	4,115	4,393	-	10,026
Total financial liabilities	**340,659**	**28,598**	**38,261**	**112,215**	**64,868**	**8,835**	**593,436**
Net balance	**(166,626)**	**(2,612)**	**2,728**	**7,425**	**192,234**	**3,804**	**36,953**

The overview presented above was composed based on contractual information and does not represent the actual behavior of these financial instruments. However, this is accounted for in the day-to-day management of liquidity risk. Customer savings are an example. Under contract, these are payable on demand. Experience has shown that they are a very stable source of long-term financing for Rabobank. The liquidity regulations of the supervisory authority also factor this in.

With a Liquidity Coverage Ratio (LCR) of 156% as per December 31, 2022 (2021: 184%), Rabobank complies with the minimum 100% requirement as set by the Dutch Central Bank (DNB).

The liquidity requirements to meet payments under financial guarantees are considerably lower than the notional amount of the liabilities because Rabobank does not generally expect that third parties to such arrangements will draw funds. The total outstanding amount in contractual obligations to provide credit does not necessarily represent Rabobank's future cash resource needs because many of these obligations will lapse or terminate without financing being required.

4.8 Operational Risk

Operational risk is the risk of financial, regulatory and reputational impact due to inadequate or failing processes, people, systems and /or external events. Exposure to operational risk is an inevitable part of Rabobank’s business activities. Rabobank aims to manage this risk within the boundaries set by our risk appetite as appropriate to the complexity and size of our organization and to monitor the risk actively and take additional action where needed. Managing operational risks is an integral part of the way we do business and is supported by our risk and control activities.

Risk Profile Performance

The operational risk profile, including the compliance risk profile, remains high and above risk appetite levels. This includes model risk for compliance (KYC) and credit risk models. Most of Rabobank’s operational losses materialized in conduct, external fraud and process execution failures. Compliance related risks are mainly driven by FEC and Conduct (including Treating Clients Fairly and Data Privacy). Remediation programs are continuing to lower the operational risk profile to accepted levels. Looking forward, the battle for talent is expected to increase and steps have been taken to attract and retain talent and to retain current staff.

Internal Fraud and Integrity Violations

Rabobank maintains a high level of awareness of the risk of internal fraud and integrity violations. Numerous controls to mitigate this risk are embedded in 1st and 2nd line procedures, such as, for example, controls to detect unauthorized access to internal systems by staff. In addition, awareness is maintained through mandatory and non-mandatory internal training on risk and fraud-related subjects for all employees. Governance is provided by several fraud-related policies, which are periodically reviewed, such as the Global Policy on Fraud and the Global Procedure of Internal Integrity Investigations. Numerous reporting mechanisms are available to staff to ensure that signals of internal fraud and integrity violations are referred to the relevant department for follow up. Rabobank is not aware of internal fraud that could potentially result in the financial statements being materially misstated.

4.9 Fair Value of Financial Assets and Liabilities

For fair value measurement Rabobank assumes that the transaction to sell an asset or transfer a liability is conducted in the principal market for the asset or liability, or in the most advantageous market if no principal market exists.

Market prices are not available for a large number of the financial assets and liabilities that Rabobank holds or issues. For financial instruments for which no market prices are available, the fair values shown in the following table have been estimated using the present value or the results of other estimation and valuation methods, based on the market conditions on the reporting date. The values produced using these methods are highly sensitive to the underlying assumptions used for the amounts and for the timing of future cash flows, discount rates and possible market illiquidity. The following methods and assumptions have been used.

Cash and Cash Equivalents

The fair value of cash and cash equivalents is assumed to be almost equal to their carrying amount. This assumption is used for highly liquid investments and for the short-term component of all other financial assets and liabilities.

Loans and Advances to Credit Institutions

Loans and advances to credit institutions also include interbank placings and items to be collected. The fair values of floating rate placings, which are repriced regularly and do not vary significantly in terms of credit risk, and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated based on appropriate money market interest rates for debts with comparable credit risks and terms to maturity.

Financial Assets and Derivatives Held for Trading

Financial assets held for trading are carried at fair value based on available quoted prices in an active market. If quoted prices in an active market are not available, the fair value is estimated based on discounted cash flow models and option valuation models.

Derivatives are recognized at fair value determined on the basis of listed market prices (mid-prices are used for EUR, USD and GBP derivatives that have a bid-ask range), prices offered by traders, discounted cash flow models and option valuation models based on current market prices and contract prices for the underlying instruments which reflect the time value of money, yield curves and the volatility of the underlying assets and liabilities.

Credit valuation adjustments (CVA) are carried out on OTC derivatives to reflect expected credit losses related to the non-performance risk of a given counterparty. A CVA is determined per counterparty and depends on expected future exposure taking into account collateral, netting agreements and other relevant contractual factors, default probability and recovery rates. The CVA calculation is based on available market data including credit default swap (CDS) spreads. If CDS spreads are not available relevant proxies are used. A debit valuation adjustment (DVA) is made to include own credit in the valuation of OTC derivatives. The calculation of DVA is consistent with the CVA framework and is calculated using the Rabobank CDS spread. Another set of factors taken into account is the funding valuation adjustments (FVA). FVA concerns the valuation difference between transactions hedged by securities and transactions not hedged by securities. Collateralized transactions are valued by means of a discounting curve, based on the Overnight Indexed Swap. Non-collateralized transactions are valued by means of a discounting curve, based on Euribor plus a spread which reflects the market conditions.

Financial Assets Mandatorily at Fair Value

These financial assets are carried at fair value based on quoted prices on an active market if available. If not, they are estimated from comparable assets on the market, or using valuation methods, that include the appropriate discounted cash flow models and option valuation models.

Loans and Advances to Customers

The fair value of loans and advances to customers is estimated by discounting expected future cash flows using current market rates for similar loans, considering the creditworthiness of the counterparty. For the fair valuation of residential mortgage loans, the contractual cash flows are adjusted for the prepayment rate of the portfolio. For variable-interest loans that are repriced regularly and do not vary significantly in terms of credit risk, the fair value approximates the carrying amount.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets are measured at fair value based on listed market prices. If quoted prices on an active market are not available, the fair value is estimated based on discounted cash flow models and option valuation models.

Deposits from Credit Institutions

Deposits from credit institutions include interbank placings, items to be collected and deposits. The fair values of floating rate placings, which are repriced regularly and do not vary significantly in terms of credit risk, and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated based on valid money market interest rates for debts with comparable credit risks and terms to maturity.

Deposits from Customers

Deposits from customers includes current accounts and deposits. The fair value of savings and current account balances that have no specific termination date are assumed to be the amount payable on demand on the reporting date, that is, their carrying amount on that date. The fair value of deposits is estimated from the present value of the cash flows based on current bid rates for interest for similar arrangements and terms to maturity that also match the items to be measured. The carrying amount of variable-interest deposits is a good approximation of their fair value on the reporting date.

Financial Liabilities Held for Trading

The fair value of financial liabilities held for trading is based on available quoted prices on an active market. If quoted prices on an active market are not available, the fair value is estimated on the basis of valuation models.

Financial Liabilities Designated at Fair Value

The fair value option is used to eliminate the accounting mismatch and valuation asymmetry between these instruments and the economic hedging derivatives that would occur if these instruments were accounted for at amortized cost. The financial liabilities designated at fair value include structured notes and structured deposits which are managed and reported on a fair value basis with the hedging derivatives. The fair value of these liabilities is determined by discounting contractual cash flows using credit adjusted yield curves based on available market data in the secondary market and appropriate CDS spreads. All other market risk parameters are valued consistently with derivatives used to hedge the market risk in these liabilities. Changes in the fair value that are attributable to changes in own credit risk are reported in "Other comprehensive income". The change in fair value that is attributable to changes in own credit risk is calculated by deducting on a note by note basis the current fair value of the structured notes portfolio at the reporting date from the fair value recalculated based on the prevailing credit curve at the time of origination, with all other pricing components unchanged. This calculation reflects the amount that can be attributed to the change in Rabobank's own credit risk since the origination of these structured notes.

Debt Securities in Issue and Subordinated Liabilities

The fair value of these instruments is calculated using quoted prices on an active market. For debt securities for which no quoted prices on an active market are available, a discounted cash flow model is used based on credit adjusted yield curves appropriate for the term to maturity.

The following table shows the fair value of financial instruments, recognized at amortized cost based on the valuation methods and assumptions detailed below. This table is included because not all financial instruments are recognized at fair value in the balance sheet. Fair value represents the price that would have been either received for the sale of an asset or paid in order to transfer a liability in a standard transaction conducted between market participants on the valuation date.

	2022		*2021*	
Amounts in millions of euros	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Assets				
Cash and cash equivalents	129,580	129,584	120,534	120,533
Loans and advances to credit institutions	11,121	11,119	22,067	22,063
Loans and advances to customers	428,861	417,589	437,001	447,723
Liabilities				
Deposits from credit institutions	31,543	31,311	72,678	72,874
Deposits from customers	396,472	395,533	372,381	376,334
Debt securities in issue	112,307	109,053	109,272	109,594
Subordinated liabilities	10,096	9,692	10,026	11,295

The above figures represent management's best estimates on a range of methods and assumptions. If a quoted price on an active market is available, this is the best estimate of fair value.

If no quoted prices on an active market are available for fixed-term securities, equity instruments, derivatives, and commodity instruments, Rabobank bases the expected fair value on the present value of the future cash flows, discounted at market rates which correspond to the credit ratings and terms to maturity of the investments. A model-based price can also be used to determine fair value.

Rabobank follows a policy of having all models used for valuing financial instruments in the statement of financial position validated by expert staff who are independent of the staff who determine the fair values of the financial instruments.

In determining market values or fair values, various factors have been considered. These factors include the time value of money, volatility, underlying options, and credit quality of the counterparty. The valuation process has been designed in such a way that market prices that are available on a periodic basis are systematically used. Modifications to assumptions might affect the fair value of financial assets and liabilities held for trading and non-trading purposes.

The table on the next page illustrates the fair value hierarchy used in determining the fair value of financial assets and liabilities. The breakdown is:

- Level 1: Quoted prices on active markets for identical assets or liabilities; an "active market" is a market in which transactions relating to the asset or liability occur in sufficient frequency and at a sufficient volume to provide price information on a permanent basis.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability not based on observable market data.

For recurrent valuations of financial instruments at fair value, Rabobank determines when transfers between the various categories of the fair-value hierarchy occurred by reassessing the level at the end of each reporting period.

Amounts in millions of euros	*Level 1*	*Level 2*	*Level 3*	*Total*
On December 31, 2022				
Assets carried at amortized cost in the statement of financial position				
Cash and cash equivalents	129,584	-	-	129,584
Loans and advances to credit institutions	-	8,818	2,301	11,119
Loans and advances to customers	-	51,931	365,658	417,589
Assets carried at fair value in the statement of financial position				
Financial assets held for trading	2,364	50	328	2,742
Financial assets mandatorily at fair value	-	341	1,961	2,302
Derivatives	17	26,643	205	26,865
Financial assets at fair value through other comprehensive income	9,471	1,853	171	11,495
Non-current assets held for sale	-	-	250	250
Liabilities carried at amortized cost in the statement of financial position				
Deposits from credit institutions	-	31,249	62	31,311
Deposits from customers	-	76,141	319,392	395,533
Debt securities in issue	51,566	57,487	-	109,053
Subordinated liabilities	9,549	143	-	9,692

Amounts in millions of euros	*Level 1*	*Level 2*	*Level 3*	*Total*
Liabilities carried at fair value in the statement of financial position				
Derivatives	17	19,946	235	20,198
Financial liabilities held for trading	1,543	-	-	1,543
Financial liabilities designated at fair value	-	2,599	-	2,599

Amounts in millions of euros	*Level 1*	*Level 2*	*Level 3*	*Total*
On December 31, 2021[1]				
Assets carried at amortized cost in the statement of financial position				
Cash and cash equivalents	120,533	-	-	120,533
Loans and advances to credit institutions	-	19,300	2,763	22,063
Loans and advances to customers	71	71,757	375,895	447,723
Assets carried at fair value in the statement of financial position				
Financial assets held for trading	1,525	109	856	2,490
Financial assets mandatorily at fair value	42	647	1,817	2,506
Derivatives	22	22,889	60	22,971
Financial assets at fair value through other comprehensive income	10,265	3,109	191	13,565
Non-current assets held for sale	-	-	73	73
Liabilities carried at amortized cost in the statement of financial position				
Deposits from credit institutions	-	72,761	113	72,874
Deposits from customers	-	72,558	303,776	376,334
Debt securities in issue	59,535	50,059	-	109,594
Subordinated liabilities	11,272	23	-	11,295
Liabilities carried at fair value in the statement of financial position				
Derivatives	36	18,629	45	18,710
Financial liabilities held for trading	1,424	-	-	1,424
Financial liabilities designated at fair value	-	3,840	-	3,840

1 Prior year figures of some assets and liabilities carried at amortized cost have been reclassified between fair value levels as this better reflects the used valuation techniques of these items

The potential effect before taxation, if more favorable reasonable assumptions are used for the valuation of the financial instruments in level 3 on the income statement, is EUR 199 million (2021: EUR 165 million) and EUR 3 million (2021: EUR 3 million) on other comprehensive income. The potential effect before taxation, if more unfavorable reasonable assumptions are used for the valuation of financial instruments in level 3 on the income statement, is EUR -199 million (2021: EUR -166 million) and EUR -3 million (2021: EUR -2 million) on other comprehensive income.

Financial assets at fair value categorized in Level 3 mainly include the equity stake in Mechanics Bank and private equity interests for a total amount of EUR 1,861 million as per December 31, 2022. A significant unobservable input for the valuation of the private equity interests is the multiplier which is applied to the EBITDA. The average weighted multiplier is 10.0, with a bandwidth of -1 (unfavorable) and +1 (favorable) of the multiplier.

The table shows movements in the financial instruments which are stated at fair value in the statement of financial position and which are categorized in Level 3. The fair value adjustments in Level 3 which are included in equity are accounted for in the revaluation reserves for financial assets at fair value through comprehensive income.

In 2022 there were no significant transfers between level 1 and level 2.

Amounts in millions of euros	*Balance on January 1, 2022*	*Fair value changes incorporated in profit or loss*	*Fair value changes incorporated in OCI*	*Purchases*	*Sales*	*Settlements*	*Transfers to or from level 3*	*Transfers to assets held for sale*	*Balance on December 31, 2022*
Assets									
Financial assets held for trading	856	17	-	265	(479)	(331)	-	-	328
Financial assets mandatorily at fair value	1,817	73	-	358	(287)	-	-	-	1,961
Derivatives	60	399	-	-	-	(251)	(3)	-	205
Financial assets at fair value through other comprehensive income	191	-	(6)	2	-	(16)	-	-	171
Liabilities									
Derivatives	45	370	-	-	-	(172)	(8)	-	235
Financial liabilities designated at fair value	-	-	-	-	-	-	-	-	-

Amounts in millions of euros	*Balance on January 1, 2021*	*Fair value changes incorporated in profit or loss*	*Fair value changes incorporated in OCI*	*Purchases*	*Sales*	*Settlements*	*Transfers to or from level 3*	*Transfers to assets held for sale*	*Balance on December 31, 2021*
Assets									
Financial assets held for trading	500	17	-	809	(470)	-	-	-	856
Financial assets mandatorily at fair value	1,355	458	-	461	(171)	(274)	(12)	-	1,817
Derivatives	58	58	-	-	-	(56)	-	-	60
Financial assets at fair value through other comprehensive income	261	-	(72)	-	3	(1)	-	-	191
Liabilities									
Derivatives	28	73	-	-	-	(56)	-	-	45
Financial liabilities designated at fair value	-	-	-	-	-	-	-	-	-

The amount of total gains or losses recognized in the income statement relating to the assets and liabilities in Level 3 is shown in the following table.

Amounts in millions of euros	*Instruments held at the end of the reporting period*	*Instruments no longer held at the end of the reporting period*	*Total*
On December 31, 2022			
Assets			
Financial assets held for trading	17	-	17
Financial assets mandatorily at fair value	56	17	73
Derivatives	258	141	399
Financial assets at fair value through other comprehensive income	-	-	-
Liabilities			
Derivatives	308	62	370
Financial liabilities designated at fair value	-	-	-
On December 31, 2021			
Assets			
Financial assets held for trading	17	-	17
Financial assets mandatorily at fair value	446	12	458
Derivatives	29	29	58
Financial assets at fair value through other comprehensive income	-	-	-
Liabilities			
Derivatives	44	29	73
Financial liabilities designated at fair value	-	-	-

Recognition of Day 1 Gains

When using fair value accounting at the inception of a financial instrument, any positive difference between the transaction price and the fair value (known as "day 1 gains") is accounted for in the statement of income where the valuation method is based on observable inputs from active markets. In all other cases, the entire day 1 gain is deferred and after initial recognition the deferred day 1 gain is recognized as a gain to the extent it results from a change in a factor (including time effects). There are no deferred day 1 gains as at December 31, 2022.

4.10 Legal and Arbitration Proceedings

Rabobank is active in a legal and regulatory environment that exposes it to a substantial risk of litigation. Rabobank is involved in legal cases, arbitrations, and regulatory proceedings in the Netherlands and in other countries. The most relevant legal and regulatory claims which could give rise to liability on the part of Rabobank are described below. Provisions for legal claims are recognized for obligations arising as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When determining whether the probability that claims lead to an outflow of resources is more likely than not (i.e. with a likelihood of over 50%), Rabobank takes several factors into account. These factors include (but are not limited to) the type of claim and the underlying facts; the procedural history of each case; rulings from legal and arbitration bodies; Rabobank's experience and that of third parties in similar cases (if known); previous (third-party) settlements in similar cases (where known); available (potential) recourse; and the advice and opinions of legal advisors and other experts. Similar types of cases are grouped together and some cases may also consist of a number of claims. When information about estimated loss for individual cases is assessed by Rabobank as being expected to seriously prejudice its position in a dispute with other parties, this information is not disclosed separately. The estimated potential losses and provisions are based on the information available at the time and are largely subject to judgments and a number of different assumptions, variables and known and unknown uncertainties. These uncertainties may include the inaccuracy or incompleteness of information available to Rabobank (especially in the early stages of a case). In addition, assumptions made by Rabobank about the future rulings of legal- or other instances or the likely actions or attitudes of supervisory bodies or the parties opposing Rabobank may turn out to be incorrect. Furthermore, estimates of potential losses relating to legal disputes are often impossible to process using statistical or other quantitative analysis instruments that are generally used to make judgments and estimates. The group of cases for which Rabobank determines that the risk of future outflows of funds is more likely than not to occur varies over time, as do the number of cases for which the bank can estimate the potential loss. In practice, the end results could turn out considerably higher or lower than the estimates of potential losses in those cases where an estimate was made. Rabobank can also sustain losses from legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognized. For those cases where (a) the probability of an outflow of funds is not probable but also not remote or (b) the probability of an outflow of funds is more likely than not but the potential loss cannot be estimated reliably, a contingent liability is disclosed. Rabobank may settle legal cases or regulatory proceedings or investigations before any fine is imposed or liability is determined. Reasons for settling could include (i) the wish to avoid costs and/or management effort (ii) avoiding other adverse business consequences and/or (iii) pre-empt the regulatory or reputational consequences of continuing with disputes relating to liability, even if Rabobank believes it has good arguments in its defense. Furthermore, Rabobank may, for the same reasons, compensate third parties for their losses, even in situations where Rabobank does not believe that it is legally required to do so.

Variable Interest Rates Conditions

In the Netherlands, there is a debate about applying correct interest rate conditions for certain products. Such products are also included in the portfolio of Rabobank. In different cases the Dutch Financial Services Complaints Tribunal (Kifid) ruled that lenders of certain consumer products should have followed the market rate while determining the variable interest rate of these products. Based on these Kifid rulings, Rabobank recognized in 2021 that it did not consistently adjust the interest rate of certain consumer credit products in accordance with the reference rate selected by Kifid. Therefore, Rabobank recognized a provision of EUR 301 million (December 31, 2021: EUR 333 million) to compensate clients with certain consumer credit products with a variable interest rate.

There is uncertainty if other products with variable interest rates will also be affected. Rabobank considers this event not probable but more than remote. Rabobank cannot give a reliable estimate of the (potentially substantial) total financial risk of this contingent liability.

Anti-Money Laundering, Counter Terrorism Financing & Sanctions

DNB instruction and remediation

On December 23, 2021, Rabobank received an Instruction (*aanwijzing*) from the Dutch Central Bank (DNB). DNB ordered Rabobank to remedy deficiencies regarding its Dutch retail division's compliance with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financieren van terrorisme, Wwft*) by December 15, 2023. On September 22, 2022, DNB allowed Rabobank for an extension until (and including) December 31, 2024. The deficiencies mainly concern the execution, recording and outsourcing of client due diligence, transaction monitoring and reporting of unusual transactions. The remediation plan that was sent to DNB at the end of June 2022 addresses these deficiencies and aims to further enhance processes and supporting systems to prevent and detect money laundering and financing of terrorism. Furthermore, additional resources are trained and allocated to ensure that all documentation on client due diligence and transaction monitoring of existing and former clients and related transactions, as included in the plan, comply with Wwft-requirements, for which a provision of EUR 146 million is included in Rabobank's 2022 Consolidated Financial Statements (December 31, 2021: EUR 249 million). To execute the remediation plan, Rabobank has expanded its worldwide FEC (Financial Economic Crime) workforce from approximately 4,900 employees in 2021 to 8,100 employees in 2022 (including employees employed at our subsidiaries DLL and Obvion). Rabobank also continued to invest in automation and innovation of processes and technology, such as artificial intelligence and robotics. In 2022, Rabobank spent approximately EUR 735 million on FEC compliance (including DLL and Obvion). Due to additions and usage of the KYC provision the expenses charged to the income statement in 2022 are EUR 632 million.

In 2022, we enhanced our annual Systematic Integrity Risk Analysis (SIRA), which assesses inherent and residual integrity risks related to FEC and the effectiveness of relevant processes and controls that Rabobank has in place. The SIRA provides insight into the FEC risks that Rabobank is exposed to, so we can appropriately manage these risks within our risk appetite. We monitor our FEC compliance and related risks on an ongoing basis against a set of qualitative and quantitative key risk indicators.

While Rabobank has made improvements and continues to do so, the bank acknowledges that at this point in time it has not yet remedied the identified deficiencies. Rabobank will therefore continue its efforts and investments in the required expertise, technology and systems to build a robust and sustainable FEC organization that ensures that Rabobank adequately meets the requirements of the Wwft.

Rabobank's remediation program is executed under the direct responsibility of the Managing Board. In 2022, a new board position has been created with a specific focus on FEC remediation and management. As of October 1, 2022, Mr. Philippe Vollot started as Chief Financial Economic Crime Officer (CFECO) at Rabobank. The Supervisory Board will continue to oversee the remediation program, amongst others by means of a dedicated (temporary) committee. Rabobank remains in constant dialogue on progress of the remediation program with DNB.

Dutch Public Prosecution Service

On December 7, 2022 Rabobank announced that the Dutch Public Prosecution Service considers Rabobank a suspect in connection with the violation of the Wwft and that an investigation is ongoing. This follows the earlier announcement by DNB to Rabobank in 2021 (communicated by Rabobank on November 15, 2021) that a punitive enforcement procedure will be started. Rabobank is fully cooperating with this investigation. It is currently too early to determine the timeframe or potential outcome of the ongoing investigation. The nature and materiality of subsequent fines, penalties or other related actions cannot be reliably estimated either other than stating these have the potential to be significant.

European Union Competition Law Proceedings

As announced by the European Commission on 6 December 2022 by means of a press release, the Commission has initiated antitrust proceedings against Rabobank and one other bank. These proceedings relate to conduct on the secondary market for Euro-denominated "Sovereign, SSA (Supra-Sovereign, Foreign Sovereign, Sub-Sovereign/Agency), Covered and Government Guaranteed bonds." In these proceedings, the Commission is investigating bilateral contacts between certain traders at Rabobank and the other bank in Europe in the period between 2005 and 2016 that the Commission is concerned may have infringed EU competition law. Rabobank is cooperating with this investigation.

Currently, the Commission has issued a statement of objections (SO) informing the parties of the objections raised against them. The SO reflects the Commission's preliminary views on the matter and does not prejudge the outcome of the investigation. Consequently, the parties can examine the documents in the Commission's investigation file, reply in writing and request an oral hearing. If the Commission, after having heard the oral and written replies from the parties, concludes that there is proof for an infringement, it can adopt a decision prohibiting the conduct and imposing a fine. There is no legal deadline for the Commission to complete its investigation. The duration of such investigation depends on a number of factors, including the complexity of the case. The parties have a right to appeal the Commission's decision before the court.

Rabobank does not admit the preliminary allegations raised by the Commission and intends to strongly defend itself against these objections. Without acknowledging any liability, Rabobank considers the probability of an outflow of funds as a consequence of the Commission's investigation more likely than not given the Commission's past practice of issuing a fining decision following this phase of the procedure. Against this background, Rabobank has recognized a provision.

Relatedly, a putative class action suit was brought against Rabobank and the other bank by civil plaintiffs before the United States District Court for the Southern District of New York on 9 December 2022. These civil proceedings are at an early stage and no claim for damages has been quantified as yet. Rabobank takes the stance that it has substantive and convincing legal and factual defenses against the claims made, and Rabobank intends to continue to defend itself against these claims. Rabobank has not taken a provision in respect of these civil proceedings as the bank considers the outflow of funds more than remote but less than likely. As it is currently difficult to predict an eventual outcome Rabobank is not able to quantify this contingent liability.

Imtech

The Imtech Group was declared bankrupt in August 2015. Rabobank was one of the banks that extended financing to this group and participated in the rights offerings of both July 2013 and October 2014. On January 30, 2018, Rabobank received a liability letter from a group of shareholders indicating that legal proceedings may be started at a later stage with respect to a potential collective action based on alleged misstatements in the prospectuses and for alleged fraudulent preference (actio pauliana). By letters dated March 28, 2018, and (also as an interruption of the limitation period) dated June 10, 2022, the VEB (a Dutch party aimed at promoting the interests of shareholders in general) held parties including Rabobank liable for damage allegedly suffered by the Imtech investors. On August 10, 2018 , Rabobank received formal notification from Imtech's trustees that they were seeking to nullify a large number of transactions and claim various damages. The letter aimed to interrupt limitation periods in view of the possible claims. To date, no legal proceedings have been started and no further (legal) actions have been taken by any of the aforementioned parties. Rabobank considers the Imtech case to be a contingent liability because it is not possible to assess the outcome of these (possible) claims at this moment. No provision has been made.

BBA and ICE Libor/ Euribor

Rabobank, along with a large number of other panel banks and inter-dealer brokers, has been named as a defendant in a number of putative class action suits and individual civil court cases brought before the Courts in the United States. These proceedings relate to U.S. Dollar (USD) Libor, British Pound Sterling (GBP) Libor, Japanese Yen (JPY) Libor, Tibor (note: Rabobank was never a member of the Tibor panel) and Euribor. Rabobank also received complaints and writs of summons ordering Rabobank to appear before various Dutch, Argentine, United Kingdom and Israeli courts in civil proceedings (including class action suits) relating to interest rate benchmarks. Since the civil proceedings set out above are intrinsically subject to uncertainties, it is difficult to predict their outcome. Rabobank takes the stance that it has substantive and convincing legal and factual defenses against these claims. Rabobank intends to continue to defend itself against these claims. Rabobank considers the Libor/Euribor group of cases to be a contingent liability because the probability of an outflow of funds is neither probable nor remote. Rabobank cannot give a reliable estimate of the expected total outflow of this contingent liability. No provision has been made.

Other Cases

Rabobank is subject to other legal proceedings for which provisions have been recognized. These cases are individually less significant in size and are therefore not separately disclosed. The total provision for the cases of which the amount of the provision is not specified above amounts to EUR 103 million (December 31, 2021: EUR 76 million). The maximum amount of non-remote measurable contingent liabilities relating to claims not specified above is EUR 180 million (December 31, 2021: EUR 217 million).

5. Segment Reporting

5.1 Business Segments

The business segments Rabobank uses in its reporting are defined from a management viewpoint. This means that the segments are reviewed as part of Rabobank's strategic management and are used to make business decisions with different risks and returns.

Rabobank distinguishes five major business segments: Domestic Retail Banking; Wholesale & Rural (W&R); Leasing; Property Development; and Other Segments.

- Domestic Retail Banking mainly encompasses the activities of the local Rabobanks, Obvion and Financial Solutions.
- Wholesale and Rural (W&R) contains wholesale activities in the Netherlands and focuses on the Food & Agri sectors internationally. This segment develops corporate banking activities and also controls globally operating divisions such as Markets, Mergers & Acquisition, Corporate Finance Origination, Core Lending, Project Finance, Trade & Commodity Finance, Value Chain Finance, and Rabo Investments. The segment also contains International Rural operations under the Rabobank label.
- In the Leasing segment, DLL is responsible for leasing activities and offers a wide range of leasing products. DLL supports manufacturers, vendors and distributors globally in their sales with products relevant to asset financing.
- Property Development mainly encompasses the activities of BPD. The core activity is the development of residential property.
- Other Segments within Rabobank include various sub-segments of which no single segment can be listed separately. This business segment mainly comprises the financial results of investments in associates (in particular Achmea B.V.), Treasury, and the Rabobank Group Organization.

There are no customers who represent more than a 10% share in Rabobank's total revenues. Transactions between the various business segments are conducted under regular commercial terms. Other than operating activities, there is no other material comprehensive income between the business segments. The financial reporting principles used for the segments are identical to those described in the "Accounting Policies" section. As management primarily relies on net interest income to assess the performance of the segments and to make decisions about resources to be allocated to the segment, the segment’s interest income is presented net of its interest expense.

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
For the year ended December 31, 2022							
Net interest income	4,739	2,857	1,259	-	295	(1)	9,149
Net fee and commission income	1,576	426	107	-	4	(7)	2,106
Other results	60	483	346	297	(361)	4	829
Income	**6,375**	**3,766**	**1,712**	**297**	**(62)**	**(4)**	**12,084**
Staff costs	2,663	1,450	638	110	174	(12)	5,023
Other administrative expenses	942	358	253	27	181	(72)	1,689
Depreciation and amortization	101	113	26	10	5	82	337
Operating expenses	**3,706**	**1,921**	**917**	**147**	**360**	**(2)**	**7,049**
(Reversal) impairment on investments in associates	-	-	-	(5)	110	-	105
Impairment charges on financial assets	(91)	170	267	-	(2)	-	344
Regulatory levies	392	220	43	2	10	-	667
Operating profit before tax	**2,368**	**1,455**	**485**	**153**	**(540)**	**(2)**	**3,919**
Income tax	623	426	150	36	(101)	(1)	1,133
Net profit	**1,745**	**1,029**	**335**	**117**	**(439)**	**(1)**	**2,786**
Cost/income ratio including regulatory levies (in %)[1]	64.3	56.9	56.1	50.2	n/a	n/a	63.9
Impairment charges on financial assets (in basis points of average private sector loan portfolio)[2]	(3)	14	68	4	n/a	n/a	8
External assets	276,987	154,179	41,960	3,853	151,534	-	628,513
Goodwill	322	-	-	-	-	-	322
Private sector loan portfolio	273,952	119,804	37,721	100	544	-	432,121

1 Operating expenses plus regulatory levies divided by Income

2 Impairment charges on financial assets divided by 12-month average private sector loan portfolio

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
Impairment allowances on financial assets							
Balance on January 1, 2022	**1,664**	**1,522**	**422**	**1**	**-**	**-**	**3,609**
Increases due to origination and acquisition	108	83	75	-	-	-	266
Decreases due to derecognition	(229)	(146)	(214)	-	-	-	(589)
Changes due to change in credit risk	101	256	217	-	-	-	574
Write-off of defaulted loans during the year	(204)	(567)	(109)	-	-	-	(880)
Other adjustments	(1)	14	4	-	-	-	17
Balance on December 31, 2022	**1,439**	**1,162**	**395**	**1**	**-**	**-**	**2,997**
Impairment allowance 12-month ECL	174	187	67	-	-	-	428
Impairment allowance lifetime ECL non-credit impaired	510	109	122	-	-	-	741
Impairment allowance lifetime ECL credit-impaired	755	866	206	1	-	-	1,828
Balance on December 31, 2022	**1,439**	**1,162**	**395**	**1**	**-**	**-**	**2,997**

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
For the year ended on December 31, 2021							
Net interest income	4,520	2,447	1,147	(23)	261	(1)	8,351
Net fee and commission income	1,490	433	105	-	(5)	(15)	2,008
Other results	76	644	294	401	383	12	1,810
Income	**6,086**	**3,524**	**1,546**	**378**	**639**	**(4)**	**12,169**
Staff costs	2,529	1,288	562	102	189	(13)	4,657
Other administrative expenses	1,359	379	202	28	147	(80)	2,035
Depreciation and amortization	126	98	26	9	4	89	352
Operating expenses	**4,014**	**1,765**	**790**	**139**	**340**	**(4)**	**7,044**
Impairment charges on financial assets	(444)	41	(74)	-	3	-	(474)
Regulatory levies	441	218	46	2	15	-	722
Operating profit before tax	**2,075**	**1,500**	**784**	**237**	**281**	**-**	**4,877**
Income tax	551	397	209	51	(25)	2	1,185
Net profit	**1,524**	**1,103**	**575**	**186**	**306**	**(2)**	**3,692**
Cost/income ratio including regulatory levies (in %)[1]	73.2	56.3	54.1	37.3	n/a	n/a	63.8
Impairment charges on financial assets (in basis points of average private sector loan portfolio)[2]	(16)	4	(21)	n/a	n/a	n/a	(11)
External assets	277,278	140,335	38,595	3,440	179,583	-	639,231
Goodwill	322	-	-	-	-	-	322
Private sector loan portfolio	273,951	108,743	34,484	97	410	-	417,685

1 Operating expenses plus regulatory levies divided by Income

2 Impairment charges on financial assets (in basis points of average private sector loan portfolio)

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
Impairment allowances on financial assets							
Balance on January 1, 2021	**2,393**	**1,849**	**602**	**-**	**-**	**-**	**4,844**
Increases due to origination and acquisition	132	41	97	-	-	-	270
Decreases due to derecognition	(301)	(180)	(24)	-	-	-	(505)
Changes due to change in credit risk	(235)	85	(109)	-	-	-	(259)
Write-off of defaulted loans during the year	(325)	(329)	(151)	-	-	-	(805)
Other adjustments	-	56	7	1	-	-	64
Balance on December 31, 2021	**1,664**	**1,522**	**422**	**1**	**-**	**-**	**3,609**
Impairment allowance 12-month ECL	139	203	64	-	-	-	406
Impairment allowance lifetime ECL non-credit impaired	612	170	124	-	-	-	906
Impairment allowance lifetime ECL credit-impaired	913	1,149	234	1	-	-	2,297
Balance on December 31, 2021	**1,664**	**1,522**	**422**	**1**	**-**	**-**	**3,609**

5.2 Geographic Information (Country-by-Country Reporting)

Rabobank operates in seven main geographical areas. Its country of domicile is the Netherlands. The information below is reported by distinguishable components of Rabobank that provide products and/or services within a particular economic environment within specific geographical locations/ areas. The breakdown is based on the location of the individual subsidiary/ branch from which the transactions are initiated. Revenue is defined as total income as presented in the statement of income plus interest expense, fee and commission expense and expenses from other operating activities.

On December 31, 2022

Amounts in millions of euros

Geographic location	*Country*	*Name of division*	*Type of operations*	*Revenues*	*Average number of internal employees in FTE*	*Operating profit before tax*	*Income tax*
The Netherlands	The Netherlands	Rabobank, DLL, Obvion, Rabo Vastgoedgroep, BPD	Domestic Retail Banking, Wholesale and Rural, Leasing, Property Development	18,719	26,970	2,091	656
Other Eurozone countries	France	DLL, Rabobank, Rabo Vastgoedgroep, BPD	Leasing, Wholesale and Rural, Property Development	177	176	24	25
	Belgium	DLL, Rabobank	Leasing, Wholesale and Rural	53	103	6	4
	Germany	DLL, Rabobank, Rabo Vastgoedgroep, BPD	Leasing, Wholesale and Rural, Property Development	939	757	75	24
	Italy	DLL, Rabobank	Leasing, Wholesale and Rural	95	189	44	10
	Ireland	DLL, Rabobank	Leasing, Wholesale and Rural	424	201	(41)	(3)
	Finland	DLL	Leasing	7	18	2	-
	Austria	DLL	Leasing	5	2	3	1
	Portugal	DLL	Leasing	13	24	-	(1)
	Spain	DLL, Rabobank	Leasing, Wholesale and Rural	61	153	15	5
Rest of Europe (non-Eurozone)	United Kingdom	DLL, Rabobank	Leasing, Wholesale and Rural	821	810	108	17
	Norway	DLL	Leasing	48	54	12	3
	Sweden	DLL	Leasing	67	148	4	(1)
	Denmark	DLL	Leasing	32	37	5	1
	Switzerland	DLL	Leasing	6	8	1	-
	Russia	DLL	Leasing	30	42	9	2
	Poland	DLL	Leasing	40	87	7	2
	Hungary	DLL	Leasing	6	33	1	-
	Turkey	DLL, Rabobank	Leasing, Wholesale and Rural	16	47	8	2
North America	United States	DLL, Rabobank, Rabo Vastgoedgroep	Leasing, Wholesale and Rural	4,623	2,977	752	157
	Canada	DLL, Rabobank	Leasing, Wholesale and Rural	351	271	94	25
Latin America	Mexico	DLL	Leasing	28	87	6	4
	Brazil	DLL, Rabobank	Leasing, Wholesale and Rural	815	860	243	78
	Chile	DLL, Rabobank	Leasing, Wholesale and Rural	67	139	17	(6)
	Argentina	DLL	Leasing	(1)	14	(3)	(1)
	Peru	Rabobank	Wholesale and Rural	1	7	-	-
Asia	India	DLL, Rabobank	Leasing, Wholesale and Rural	36	288	(19)	1
	Singapore	DLL, Rabobank	Leasing, Wholesale and Rural	178	122	22	3
	Indonesia	Rabobank	Wholesale and Rural	-	-	-	-
	China	DLL, Rabobank	Leasing, Wholesale and Rural	16	63	(28)	(6)
	Hong Kong	DLL, Rabobank	Leasing, Wholesale and Rural	308	178	30	5
	South Korea	DLL	Leasing	12	25	3	1
	United Arab Emirates	DLL	Leasing	-	-	-	-
Australia	Australia	DLL, Rabobank	Leasing, Wholesale and Rural	1,260	1,387	254	76
	New Zealand	DLL, Rabobank,	Leasing, Wholesale and Rural	639	502	174	49
Other	Mauritius, Kenya, Uganda	Rabobank	Wholesale and Rural	3	21	-	-
			Consolidation effects	(8,852)	-	-	-
				21,043	**36,800**	**3,919**	**1,133**

On December 31, 2021

Amounts in millions of euros

On December 31, 2021

Geographic location	*Country*	*Name of division*	*Type of operations*	*Revenues*	*Average number of internal employees in FTE*	*Operating profit before tax*	*Income tax*
The Netherlands	The Netherlands	Rabobank, DLL, Obvion, Rabo Vastgoedgroep, BPD	Domestic Retail Banking, Wholesale and Rural, Leasing, Property Development	18,746	25,681	3,178	739
Other Eurozone countries	France	DLL, Rabobank	Leasing, Wholesale and Rural	159	170	69	15
	Belgium	DLL, Rabobank	Leasing, Wholesale and Rural	90	118	14	8
	Germany	DLL, Rabobank, Rabo Vastgoedgroep, BPD	Leasing, Wholesale and Rural, Property Development	1,042	735	109	34
	Italy	DLL, Rabobank	Leasing, Wholesale and Rural	87	176	35	10
	Ireland	DLL, Rabobank	Leasing, Wholesale and Rural	275	184	79	10
	Finland	DLL	Leasing	7	16	1	-
	Austria	DLL	Leasing	4	3	3	1
	Portugal	DLL	Leasing	16	23	4	-
	Spain	DLL, Rabobank	Leasing, Wholesale and Rural	65	146	(28)	14
Rest of Europe (non-Eurozone)	United Kingdom	DLL, Rabobank	Leasing, Wholesale and Rural	478	791	94	18
	Norway	DLL	Leasing	37	49	8	2
	Sweden	DLL	Leasing	63	150	11	1
	Denmark	DLL	Leasing	31	33	2	-
	Switzerland	DLL	Leasing	5	9	1	-
	Russia	DLL	Leasing	32	80	15	1
	Poland	DLL	Leasing	27	78	6	2
	Hungary	DLL	Leasing	7	33	2	-
	Turkey	DLL, Rabobank	Leasing, Wholesale and Rural	26	53	19	5
North America	United States	DLL, Rabobank	Leasing, Wholesale and Rural	2,813	2,953	553	85
	Canada	DLL, Rabobank	Leasing, Wholesale and Rural	247	269	67	17
Latin America	Mexico	DLL	Leasing	31	85	4	2
	Brazil	DLL, Rabobank	Leasing, Wholesale and Rural	456	805	171	67
	Chile	DLL, Rabobank	Leasing, Wholesale and Rural	44	144	11	5
	Argentina	DLL	Leasing	7	14	6	2
	Peru	Rabobank	Wholesale and Rural	1	6	-	-
Asia	India	DLL, Rabobank	Leasing, Wholesale and Rural	55	482	(16)	17
	Singapore	DLL, Rabobank	Leasing, Wholesale and Rural	100	143	14	2
	Indonesia	Rabobank	Wholesale and Rural	-	-	-	-
	Malaysia	Rabobank	Wholesale and Rural	-	2	-	-
	China	DLL, Rabobank	Leasing, Wholesale and Rural	28	81	17	3
	Hong Kong	DLL, Rabobank	Leasing, Wholesale and Rural	135	179	7	1
	South Korea	DLL	Leasing	11	24	3	1
	United Arab Emirates	DLL	Leasing	-	1	-	-
Australia	Australia	DLL, Rabobank	Leasing, Wholesale and Rural	938	1,309	259	78
	New Zealand	DLL, Rabobank,	Leasing, Wholesale and Rural	407	450	159	45
Other	Mauritius, Kenya	Rabobank	Wholesale and Rural	1	19	-	-
			Consolidation effects	(7,134)	-	-	-
				19,337	**35,494**	**4,877**	**1,185**

Rabobank did not receive government subsidies in 2022 and 2021.

5.3 Geographic Information of Non-current Assets

Amounts in millions of euros	*2022*		*2021*	
	Domestic	*Non-domestic*	*Domestic*	*Non-domestic*
Goodwill and other intangible assets	728	119	591	87
Property and equipment and investment properties	1,952	2,875	1,858	3,012
Other assets	4,828	2,211	6,810	2,448
Non-current assets held for sale	152	98	45	28
Total	**7,660**	**5,303**	**9,304**	**5,575**

6. Cash and Cash Equivalents

Amounts in millions of euros	*2022*	*2021*
Cash	395	456
Deposits at central banks	129,185	120,078
Total cash and cash equivalents	**129,580**	**120,534**

The average minimum reserve to be held for the Netherlands for the month of December 2022 was EUR 4,040 million (December 2021: EUR 3,572 million).

7. Loans and Advances to Credit Institutions

Amounts in millions of euros	*2022*	*2021*
Current accounts and receivables	5,611	4,896
Reverse repurchase transactions and securities borrowing agreements	5,146	16,587
Loans	314	536
Other	51	50
Gross carrying amount loans and advances to credit institutions	**11,122**	**22,069**
Loan impairment allowance on loans and advances to credit institutions	(1)	(2)
Total loans and advances to credit institutions	**11,121**	**22,067**

8. Financial Assets Held for Trading

Amounts in millions of euros	*2022*	*2021*
Government bonds	1,527	877
Other debt securities	629	545
Loans	335	888
Equity instruments	251	180
Total	**2,742**	**2,490**

9. Financial Assets Mandatorily at Fair Value

Amounts in millions of euros	*2022*	*2021*
Debt securities	4	7
Loans	570	872
Equity instruments	1,728	1,627
Total	**2,302**	**2,506**

10. Derivatives

Rabobank uses derivatives to mitigate at least a portion of the risks arising from the bank's various operations. For example, interest rate swaps are used to hedge interest rate risks arising from the difference in maturities between assets and liabilities. Another example is cross-currency swaps, which are used to hedge the currency risk to which the bank is exposed after issuing debt instruments in foreign currencies. In addition to hedging purposes, Rabobank also contracts derivatives with corporate customers to serve them in their risk management to hedge currency or interest rate exposures.

10.1 Types of Derivatives Used by Rabobank

Forward currency and interest rate contracts are contractual obligations to receive or pay a net amount based on prevailing exchange or interest rates, or to purchase or sell foreign currency or a financial instrument on a future date at a fixed specified price in an organized financial market. The credit risk is low, since collateral for forward contracts is provided in the form of cash, cash equivalents or marketable securities, and changes in the value of forward contracts are settled daily, mainly via a central counterparty clearing house. Rabobank's credit risk exposure is represented by the potential cost of replacing the swaps if the counterparties default. The risk is monitored continuously against current fair value, a portion of the notional amount of the contracts and the liquidity in the markets. As part of the credit risk management process, Rabobank employs the same methods for evaluating counterparties as it does for evaluating its own lending activities.

Forward rate agreements are individually agreed forward interest rate contracts under which the difference between a contractually agreed interest rate and the market rate on a future date has to be settled in cash, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps entail an economic exchange of currencies or interest rates (such as a fixed rate for one or more variable rates), or a combination (i.e. a cross-currency interest rate swap). Except in certain currency swaps, no transfer of the principal amount takes place.

Currency and interest rate options are contracts under which the seller (known as the writer) gives the buyer (known as the holder) the right, entailing no obligation, to purchase (in the case of a call option) or sell (in the case of a put option) a specific amount of foreign currency or a specific financial instrument on or before an agreed date or during an agreed period at a price set in advance. As consideration for accepting the currency or interest rate risk, the writer receives a payment (known as a premium) from the holder. Options are traded on exchanges or between Rabobank and clients (OTC). Rabobank is only exposed to credit risks as an option holder and only up to the carrying amount, which is equivalent to the fair value.

Credit default swaps (CDSs) are instruments with which the seller of a CDS undertakes to pay an amount to the buyer. This amount is equal to the loss that would be incurred by holding an underlying reference asset if a specific credit event were to occur (i.e. the materialization of a risk). The buyer is under no obligation to hold the underlying reference asset. The buyer pays the seller a credit protection fee usually expressed in basis points, with the size of the fee depending on the credit spread and tenor of the reference asset.

10.2 Derivatives Held for Trading

The derivatives held or issued for trading are those used to hedge economic risks but which do not qualify as hedge accounting instruments and derivatives that corporate customers have contracted with Rabobank to hedge interest rate and currency risks. The exposures from derivatives with corporate customers are normally hedged by entering into offsetting positions with one or more professional counterparties, within set trading limits.

10.3 Derivatives Designated as Hedging Instrument

Rabobank has various derivatives that serve to hedge economic risks, including interest rate and currency risks, which qualify as a hedging instrument in a fair value hedge, a cash flow hedge or a net investment hedge.

Fair value hedges

Rabobank uses interest rate swaps and cross-currency interest rate swaps to hedge potential changes in the fair value due to interest rate or foreign currency rate changes. Hedged items are fixed-income financial assets and liabilities in both local and foreign currencies, such as mortgages, debt securities at fair value through other comprehensive income, issued debt securities and deposits with agreed maturity. Rabobank tests the hedge effectiveness based on statistical regression analysis models, both prospectively and retrospectively for IAS 39 portfolio fair value hedges and analyses the sources of ineffectiveness for IFRS 9 non-portfolio fair value hedges. The identified source of ineffectiveness of the IFRS 9 fair value hedges is the float leg (excluding margin) of the cross currency interest rate swap. The hedged ratio of the IFRS 9 fair value hedges is the actual economic hedge (notional issued bond and notional cross currency interest rate swap).

For Rabobank's main currencies the average fixed rate for interest rate swaps used in fair value hedge accounting is 0.87% (2021: 0.38%) for EUR and 3.07% (2021: 3.02%) for USD.

The following table shows the notional amount of derivatives designated in fair value hedging, split into the maturity of the instruments.

Maturity Profile of Hedging Instruments in Fair Value Hedges

Amounts in millions of euros		*Remaining maturity*		
	Total notional amount	*Less than 1 year*	*1 - 5 years*	*Longer than 5 years*
On December 31, 2022				
Hedging instruments in fair value hedges	184,325	58,677	45,721	79,927
On December 31, 2021				
Hedging instruments in fair value hedges	121,832	23,777	28,271	69,784

The following table shows the carrying amounts of derivatives designated in fair value hedge relationships and the change in fair value used for calculating hedge ineffectiveness. The carrying amounts in this table represent the fair value of the derivatives before netting of collateral. Amounts in Section 10.4 represent carrying amounts after netting of collateral.

Designated Hedging Instruments in Fair Value Hedges of Interest Rate Risk

Amounts in millions of euros	*Carrying amount derivative financial assets*	*Carrying amount derivative financial liabilities*	*Change in fair value used for calculating hedge ineffectiveness*
On December 31, 2022			
Hedge of loans and advances to customers	14,823	2,007	16,059
Hedge of financial assets at fair value through other comprehensive income	898	6	921
Hedge of deposits from customers	-	44	(308)
Hedge of issued debt securities	558	2,305	(5,519)
On December 31, 2021			
Hedge of loans and advances to customers	1,788	661	3,062
Hedge of financial assets at fair value through other comprehensive income	131	145	271
Hedge of deposits from customers	232	4	(103)
Hedge of issued debt securities	2,870	390	(1,403)

Hedge ineffectiveness of fair value hedging amounts to EUR 246 million and is included in the statement of income on line item "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss".

Designated Hedged Items in Fair Value Hedges of Interest Rate Risk

Amounts in millions of euros	*Carrying amount*	*Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item*	*Change in fair value used for calculating hedge ineffectiveness*	*Accumulated amount of fair value hedge adjustments remaining for any hedged items that have ceased to be adjusted for hedging gains and losses*
On December 31, 2022				
Loans and advances to customers	66,026	(13,136)	(15,962)	(4,646)
Financial assets at fair value through other comprehensive income	7,719	-	(925)	(184)
Deposits from customers	2,415	(244)	(307)	(211)
Issued debt securities	44,739	(2,784)	(5,674)	(1,181)
On December 31, 2021				
Loans and advances to customers	68,398	3,408	(3,037)	4,672
Financial assets at fair value through other comprehensive income	8,418	-	(271)	-
Deposits from customers	8,408	(11)	(103)	(3)
Issued debt securities	42,729	2,374	(1,494)	1,596

Cash Flow Hedges

Rabobank's cash flow hedges mainly consist of hedges of the margin of issued bonds in foreign currency hedged with cross-currency interest rate swaps to protect against a potential change in cash flows due to change in foreign currency rates. Rabobank analyzes the sources of ineffectiveness for IFRS 9 cash flow hedges. The IFRS 9 cash flow hedges are 100% effective. The interest rate risk is not hedged in the cash flow hedge (two fixed legs, foreign currency and Euro) and the average interest rate is therefore not disclosed in the table below.

Maturity Profile and Average Price/ Rate of Hedging Instruments in Cash Flow Hedges

Amounts in millions of euros		*Remaining maturity*		
	Total notional amount	*Less than 1 year*	*1 - 5 years*	*Longer than 5 years*
On December 31, 2022				
Cross-currency swaps (USD:EUR)				
Notional amounts of hedging instrument	74	-	-	74
Average exchange rate (USD:EUR)		n/a	n/a	1.25
Cross-currency swaps (GBP:EUR)				
Notional amounts of hedging instrument	151	-	67	84
Average exchange rate (GBP:EUR)		n/a	0.85	0.84
Cross-currency swaps (other currencies)				
Notional amounts of hedging instrument	96	5	70	21
On December 31, 2021				
Cross-currency swaps (USD:EUR)				
Notional amounts of hedging instrument	14	-	-	14
Average exchange rate (USD:EUR)		n/a	n/a	1.41
Cross-currency swaps (GBP:EUR)				
Notional amounts of hedging instrument	86	23	15	48
Average exchange rate (GBP:EUR)		0.78	0.80	0.85
Cross-currency swaps (other currencies)				
Notional amounts of hedging instrument	39	7	23	9

The following table shows the carrying amounts of derivatives designated in cash flow hedging and the change in fair value used for calculating hedge ineffectiveness. These carrying amounts do not reconcile to the amounts presented in section 10.4 as no netting rules are applied.

Cash Flow Hedges of Interest Rate and Foreign Currency Risk, Designated Hedging Instruments

Amounts in millions of euros	*Carrying amount derivative financial assets*	*Carrying amount derivative financial liabilities*	*Change in fair value used for calculating hedge ineffectiveness*
On December 31, 2022			
Cross-currency interest rate swaps (USD:EUR)	26	-	(54)
Cross-currency interest rate swaps (GBP:EUR)	1	14	(149)
Cross-currency interest rate swaps (other currencies)	3	2	205
Total	**30**	**16**	**2**
On December 31, 2021			
Cross-currency interest rate swaps (USD:EUR)	14	-	4
Cross-currency interest rate swaps (GBP:EUR)	15	-	(1)
Cross-currency interest rate swaps (other currencies)	4	1	2
Total	**33**	**1**	**5**

For the changes in the value of the hedging instrument recognized in other comprehensive income and the amount reclassified from the cash flow hedge reserve to profit or loss, reference is made to Section 30 "Reserves and Retained Earnings". Hedge ineffectiveness amounts to nil and is included in the statement of income on line item "Gains/ (losses) on financial assets and liabilities at fair value through profit or loss".

Cash Flow Hedges of Interest Rate and Foreign Currency Risk, Designated Hedged Items

Amounts in millions of euros	*Change in fair value used for calculating hedge ineffectiveness*	*Cash flow hedge reserve for continuing hedges*	*Remaining cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied*
On December 31, 2022			
Issued debt securities	2	2	(25)
On December 31, 2021			
Issued debt securities	5	14	(27)

Net Investment Hedges

Rabobank uses forward currency contracts to hedge a portion of the currency translation risk of net investments in foreign operations.

Maturity Profile and Average Rate of Hedging Instruments in Net Investment Hedges

	Total notional amount	*Remaining maturity on December 31, 2022*		
Amounts in millions of euros		*Less than 1 year*	*1 - 5 years*	*Longer than 5 years*
Forward currency contracts				
Notional amounts of hedging instrument	4,112	4,112	-	-
	Total notional amount	*Remaining maturity on December 31, 2021*		
Forward currency contracts				
Notional amounts of hedging instrument	4,156	4,156	-	-

For the main currencies the average exchange rates used in net investment hedge accounting for 2022 are EUR/AUD 1.52 (2021: 1.58), EUR/NZD 1.66 (2021: 1.67) and EUR/BRL 5.40 (2021: 6.37).

Amounts in millions of euros	*Carrying amount financial assets*	*Carrying amount financial liabilities*	*Change in fair value used for calculating hedge ineffectiveness*
On December 31, 2022			
Forward currency contracts	43	32	(75)
On December 31, 2021			
Forward currency contracts	-	22	(11)

For the changes in the value of the hedging instrument recognized in other comprehensive income and the amount reclassified from the net investment hedge reserve to profit or loss, see Section 30 "Reserves and Retained Earnings". Hedge ineffectiveness amounts to zero and is included in the statement of income in line item "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss".

Net Investment Hedges of Currency Translation Risk, Designated Hedged Items

Amounts in millions of euros	*Change in fair value used for calculating hedge ineffectiveness*	*Foreign currency translation reserve for continuing hedges*	*Remaining foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied*
On December 31, 2022			
Net investment	75	281	144
On December 31, 2021			
Net investment	11	504	146

10.4 Notional Amount and Fair Value of Derivatives

The following table shows the notional amounts and the fair values of derivatives as presented in the statement of financial position.

Notional Amount and Fair Values of Derivatives

	On December 31, 2022			On December 31, 2021		
Amounts in millions of euros	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading	5,753,839	26,227	19,571	5,064,012	21,116	18,316
Derivatives designated as hedging instrument	187,473	638	627	125,201	1,855	394
Total derivatives	**5,941,312**	**26,865**	**20,198**	**5,189,213**	**22,971**	**18,710**
Derivatives held for trading						
Currency derivatives						
Currency swaps	355,833	6,809	7,743	474,129	4,802	5,949
Currency options - purchased and sold	7,050	103	89	6,680	98	37
Listed tradeable contracts	6,317	5	2	7,406	14	22
Currency futures	910	16	18	332	2	6
Total currency derivatives	**370,110**	**6,933**	**7,852**	**488,547**	**4,916**	**6,014**
Interest rate derivatives						
OTC interest rate swaps	5,206,230	17,041	9,402	4,360,076	13,872	9,751
OTC interest rate options	91,119	1,264	1,313	71,696	1,506	1,709
Listed interest rate swaps	72,554	2	4	124,470	1	1
Total interest rate derivatives	**5,369,903**	**18,307**	**10,719**	**4,556,242**	**15,379**	**11,461**
Credit derivatives	2,836	130	8	2,176	141	23
Equity instruments/index derivatives	13	6	88	4	-	46
Other derivatives	10,977	850	903	17,043	680	772
Total derivatives held for trading	**5,753,839**	**26,226**	**19,570**	**5,064,012**	**21,116**	**18,316**
Derivatives designated as hedging instrument						
Derivatives designated as hedging instrument in fair value hedges						
Interest rate swaps and cross-currency interest rate swaps	184,326	565	592	121,832	1,823	371
Derivatives designated as hedging instrument in cash flow hedges						
Currency swaps and cross-currency interest rate swaps	321	30	15	141	32	1
Derivatives designated as hedging instrument as net investment hedges						
Currency futures contracts	2,826	43	20	3,228	-	22
Total derivatives designated as hedging instrument	**187,473**	**638**	**627**	**125,201**	**1,855**	**394**

10.5 Interest Rate Benchmark Reform

The following table contains details of the financial instruments that Rabobank held on December 31, 2022 and that have not yet transitioned to their alternative interest rate benchmarks.

Financial Instruments exposed to IBORs		
Amounts in millions of euros		
On December 31, 2022		
Assets currently exposed to USD Libor	*Carrying amount*	*Of which: matures after transition date*
Non-Derivative financial assets		
- Current accounts	21	21
- Other Loans and advances to customers	14,079	10,618
- Other non-derivative assets	931	-
Liabilities currently exposed to USD Libor		
Non-Derivative financial liabilities		
- Deposits from customers	1,752	1,588
- Other non-derivative liabilities	295	108
	Notional amount	*Of which: matures after transition date*
Derivatives	500,030	438,887

Hedge Accounting Directly Affected by Interest Rate Benchmark Reform

The table below indicates the notional amounts and maturities of the derivatives and the hedged risks in hedge accounting relationships that are affected by the IBOR reform but have not transitioned yet to alternative benchmark rates (i.e., 1-month, 3-month, and 6-months USD LIBOR).

Derivatives and Hedged Risks in Hedge Accounting Relationships affected by the IBOR Reform				
Amounts in millions of euros	*Nominal amount per maturity bucket*			
	Less than 1 year	*1 - 5 years*	*Longer than 5 years*	*Total*
On December 31, 2022				
Interest rate swaps				
USD Libor 1 months	-	352	-	352
USD Libor 3 months	1,641	5,704	4,168	11,513
Total	**1,641**	**6,056**	**4,168**	**11,865**

11. Loans and Advances to Customers

Amounts in millions of euros	*2022*	*2021*[1]
Loans to private sector clients:		
Overdrafts	10,553	10,223
Mortgages	192,909	192,592
Finance leases	20,956	20,551
Corporate loans	195,519	179,666
Other	15,038	18,145
Loans to government clients:		
Finance leases	169	153
Other	1,216	1,856
Reverse repurchase transactions, securities borrowing agreements and settlement accounts	8,499	13,904
Gross carrying amount loans and advances to customers	**444,859**	**437,090**
Hedge accounting adjustment	(13,136)	3,408
Impairment allowances on loans and advances to customers	(2,862)	(3,497)
Total loans and advances to customers	**428,861**	**437,001**

1 Presentation adjusted, see Section 2.1.

Finance Leases

Loans and advances to customers includes receivables from finance leases, which can be broken down as follows:

Amounts in millions of euros	2022	2021
Receivables from gross investment in finance leases		
Not exceeding 1 year	6,421	6,570
1 to 2 years	5,383	5,251
2 to 3 years	3,944	3,987
3 to 4 years	3,105	2,713
4 to 5 years	1,681	1,719
More than 5 years	1,691	1,541
Gross investment in finance leases	**22,225**	**21,781**
Unearned deferred finance income from finance leases	1,389	1,385
Net investment in finance leases	**20,836**	**20,396**
Loan impairment allowance finance leases	289	308
Gross carying amount finance leases	**21,125**	**20,704**
Finance income on net investment	836	780

The finance leases mainly relate to the lease of equipment, cars and factoring products. The unguaranteed residual values accruing to the lessor amounted to EUR 2,413 million (2021: EUR 2,288 million). The contingent lease payments recognized as income in 2022 were zero (2021: zero).

12. Financial Assets at Fair Value through Other Comprehensive Income

Amounts in millions of euros	2022	2021
Government bonds	7,809	9,655
Other debt securities	3,514	3,578
Loans	1	154
Equity instruments	171	178
Total financial assets at fair value through other comprehensive income	**11,495**	**13,565**

Rabobank designated equity investments in foreign financial service providers at fair value through other comprehensive income upon initial recognition because these instruments are held for strategic purposes rather than for the purpose of selling them in the near term.

Amounts in millions of euros	2022	2021
Equity investments in foreign financial service providers	61	63
Equity investments held by subsidiaries	89	91
Other equity investments	21	24
Total equity instruments	**171**	**178**

During 2022, Rabobank recognized dividends of EUR 17 million of which EUR 0 million relates to equity investments that were derecognized in 2022. Transfers of the cumulative gains or losses within equity during the period are disclosed in Section 30 in the movement schedule of the "Revaluation Reserve – Equity Instruments at Fair Value Through Other Comprehensive Income".

13. Investments in Associates and Joint Ventures

Amounts in millions of euros	2022	2021
Opening balance	2,282	2,183
Foreign exchange differences	5	41
Purchases	15	52
Sales	(63)	(214)
Share of profit of associates and joint ventures	115	334
Dividends paid out (and capital repayments)	(142)	(78)
Revaluation	(332)	(15)
Impairment on investments in associates	(110)	-
Reversal impairment on investments in joint ventures	5	-
Transfer to held for sale	(94)	-
Change in accumulated impairment due to buyback of shares	-	(49)
Other	(2)	28
Total investments in associates and joint ventures	**1,679**	**2,282**

13.1 Investments in Associates

The main associate in terms of the size of the capital interest held by Rabobank is Achmea.

On December 31, 2022	*Shareholding*	*Voting rights*
The Netherlands		
Achmea B.V.	31%	31%

Achmea is Rabobank's strategic partner for insurance products and Interpolis, a brand of the Achmea Group, works closely with Rabobank. Achmea's head office is located in Zeist, the Netherlands. No listed market price is available for the equity investment in Achmea. The equity investment in Achmea is valued according to the equity method. Rabobank received dividend from Achmea of EUR 54 million (2021: EUR 45 million).

The financial performance of Achmea in 2022 warranted a reassessment of the valuation of the equity investment in Achmea at December 31, 2022. The impairment test resulted in a downward adjustment of the carrying value of the investment in Achmea of EUR 110 million which was recognized in the income statement as 'Impairment on investments in associates and joint ventures'. Achmea B.V. is part of the operating segment 'Other segments'. The recoverable amount is based on the fair value less costs of disposal which is categorized as level 3 according to the fair value hierarchy. To determine the fair value less costs of disposal for Achmea, Rabobank used a multiple (regression) model. This model uses return on equity (RoE) and price/ book value (P/BV) multiples of a selected peer group consisting of European Life, Non-life and more diversified insurance companies. This is a common valuation method for financial institutions as profitability is generally recognized as a key driver of valuation. The RoE of Achmea in the regression formula yields an estimated P/BV multiple of 0.37x. The costs of disposal are considered to be 1% of the resulting value (model outcome). The fair value less costs of disposal of Rabobank's investment in Achmea per December 31, 2022 is EUR 1,064 million.

Achmea

Amounts in millions of euros	*2022*	*2021*
Cash and balances at central banks	1,935	1,569
Investments	68,932	78,132
Other assets	9,373	9,855
Total assets	**80,240**	**89,556**
Insurance related provisions	44,286	56,168
Loans and funds borrowed	21,413	20,083
Other liabilities	5,263	2,820
Total liabilities	**70,962**	**79,071**
Revenues	15,762	21,235
Net profit	105	468
Other comprehensive income	(1,019)	(40)
Total comprehensive income	**(914)**	**428**

Reconciliation Carrying Amount of Interest in Achmea

	2022	*2021*
Total equity Achmea	9,433	10,633
Minus: hybrid capital	1,250	1,250
Minus: preference shares and accrued dividend	307	350
Shareholder's equity	**7,876**	**9,033**
Share of Rabobank	31.14%	31.14%
	2,453	2,813
Accumulated impairment	(1,389)	(1,281)
Carrying amount	**1,064**	**1,532**

Result from Other Associates

Amounts in millions of euros	*2022*	*2021*
Result from continuing operations	74	161
Net profit	**74**	**161**
Other comprehensive income	(17)	-
Total comprehensive income	**57**	**161**

13.2 Investments in Joint Ventures

Almost all joint ventures are investments of BPD. Their total carrying amount is EUR 104 million (2021: EUR 105 million). Joint ventures are recognized in accordance with the equity method.

BPD often enters into partnerships for developing integrated residential areas. In the majority of cases, each participating member of the partnership has a decisive vote, and decisions can only be passed by consensus. The majority of these partnerships therefore qualify as "joint arrangements."

Each partnership has its own legal structure depending on the needs and requirements of the parties concerned. The legal form (business structure) typically used is the Dutch "CV-BV" structure (a limited partnership-private limited liability company) or the "VOF" structure (general partnership) or a comparable structure. In the case of a CV-BV, the risk of a partner is generally limited to the issued capital and partners are only entitled to the net assets of the entity. In the case of general partnerships ("VOF"), each party bears, in principle, unlimited liability and has, in principle, a proportional right to the assets and obligations for the liabilities of the entity. On the basis of the legal form, a CV-BV structure qualifies as a "joint venture", whereas a VOF structure qualifies as a "joint operation". Particular the contractual terms and other relevant facts and circumstances may result in a different classification.

As a separate legal structure is established for each project, projects have different participating partners and individual projects are not of a substantial size, BPD did not have material joint arrangements in 2022 and 2021.

Result from Joint Ventures

Amounts in millions of euros	*2022*	*2021*
Profit or loss from continuing operations	30	37
Post-tax profit or loss from discontinued operations	-	-
Net profit	**30**	**37**
Other comprehensive income	-	-
Total comprehensive income	**30**	**37**

Contingent Liabilities to Joint Ventures

BPD entered into commitments on December 31, 2022 with regard to real estate projects, commitments with third parties (including subcontractors and architects) for an amount of EUR 14 million (2021: EUR 3 million). The commitments regarding building sites amount to EUR 70 million (2021: EUR 70 million).

14. Goodwill and Other Intangible Assets

Amounts in milliions of euros	*Goodwill*	*Software developed inhouse*	*Other intangible assets*	*Total*
Year ended December 31, 2022				
Opening balance	322	313	43	678
Foreign exchange differences	-	(1)	-	(1)
Additions	-	78	249	327
Disposals	-	(7)	3	(4)
Other	-	26	(3)	23
Amortization	-	(81)	(31)	(112)
Impairments	-	(33)	(31)	(64)
Closing balance	**322**	**295**	**230**	**847**
Cost	322	1,375	483	2,180
Accumulated amortization and impairments	-	(1,080)	(253)	(1,333)
Net carrying amount	**322**	**295**	**230**	**847**
Year ended December 31, 2021				
Opening balance	322	351	67	740
Foreign exchange differences	-	4	1	5
Additions	-	98	11	109
Disposals	-	(2)	(1)	(3)
Other	-	3	(10)	(7)
Amortization	-	(80)	(25)	(105)
Impairments	-	(61)	-	(61)
Closing balance	**322**	**313**	**43**	**678**
Cost	322	1,479	268	2,069
Accumulated amortization and impairments	-	(1,166)	(225)	(1,391)
Net carrying amount	**322**	**313**	**43**	**678**

Goodwill is reviewed for impairment by comparing the carrying amount of the cash generating unit (including goodwill) with the best estimate of the value in use of the cash generating unit. For this purpose, the best estimate of the value in use determined on the basis of cash flow forecasts as taken from annual medium-term plans drawn up as part of the annual planning cycle is used first. The plans reflect management's best estimates of market conditions, market restrictions, discount rates (before taxation), growth in operations, etc. If the outcome shows that there is no material difference between the fair value and the carrying amount, the fair value is assessed in more detail, using the relevant share price for listed companies. In addition, Rabobank uses valuation models that are similar to those applied in the initial recognition of an acquisition, peer reviews, etc. The valuation models are tested and include the development of the activities since the acquisition, the most recent income and expenses forecasts drawn up by management, as well as updated forecasts, assessments of discount rates, final values of growth rates, etc. Peer reviews include an assessment of the price/earnings ratio and price/carrying amount ratio of similar listed companies, or similar market transactions. Assumptions are generally based on experience, management's best estimates of future developments and, if available, external data.

The remaining goodwill is allocated to one of the cash-generating units in the Domestic Retail Banking segment. The carrying amount of this goodwill is EUR 322 million (2021: EUR 322 million) and the cash-generating unit is the collective of local Rabobanks. The recoverable amount is based on the value in use. The value in use is determined using cash flows expected in the near future based on financial forecasts. As the recoverable amount substantially exceeded the carrying amount, Rabobank concluded that the goodwill allocated to this cash-generating unit was not impaired. Rabobank considers a 10% increase in the discount rate or a 10% reduction in the future cash flows to be the maximum of possible changes in key assumptions. Such changes do not cause the carrying amount to exceed the recoverable amount and would not result in an impairment.

Impairments of software developed in-house and other intangible assets are not individually material. The total impairments of software developed in-house was EUR 33 million (2021: EUR 61 million).

15. Property and Equipment

15.1 Tangible fixed assets

Amounts in millions of euros	*2022*	*2021*
Land and buildings	844	849
Equipment	197	216
Operating lease assets	2,923	3,007
Tangible fixed assets	**3,964**	**4,072**
Right-of-use assets	301	360
Total property and equipment	**4,265**	**4,432**

Amounts in millions of euros	*Land and buildings*	*Equipment*	*Operating lease assets*	*Tangible fixed assets*
Year ended December 31, 2022				
Opening balance	849	216	3,007	4,072
Foreign exchange differences	1	1	74	76
Purchases	19	59	1,014	1,092
Disposals	-	(12)	(189)	(201)
Transfers to assets held for sale	(2)	1	(82)	(83)
Impairments	(10)	(2)	-	(12)
Reversal impairments	44	-	-	44
Depreciation	(65)	(66)	-	(131)
Depreciation of operating lease assets	-	-	(859)	(859)
Other	8	-	(42)	(34)
Closing balance as per December 31	**844**	**197**	**2,923**	**3,964**
Cost	1,960	745	4,842	7,547
Accumulated depreciation and impairments	(1,116)	(548)	(1,919)	(3,583)
Net carrying amount as per December 31	**844**	**197**	**2,923**	**3,964**
Year ended December 31, 2021				
Cost	2,322	908	4,583	7,813
Accumulated depreciation and impairments	(1,374)	(648)	(1,659)	(3,681)
Net carrying amount as January 1	**948**	**260**	**2,924**	**4,132**
Opening balance	948	260	2,924	4,132
Foreign exchange differences	3	3	156	162
Purchases	11	46	1,119	1,176
Disposals	-	(29)	(378)	(407)
Transfers from investment property	18	-	-	18
Transfers to held for sale	(54)	-	(118)	(172)
Impairments	(8)	(7)	-	(15)
Reversal impairments	23	-	-	23
Depreciation	(74)	(76)	-	(150)
Depreciation of operating lease assets	-	-	(713)	(713)
Other	(18)	19	17	18
Closing balance as per December 31	**849**	**216**	**3,007**	**4,072**
Cost	1,942	783	4,823	7,548
Accumulated depreciation and impairments	(1,093)	(567)	(1,816)	(3,476)
Net carrying amount as per December 31	**849**	**216**	**3,007**	**4,072**

The impairments and reversal impairments recognized per December 31, 2022 relate to property for own use in the Domestic Retail Banking segment. Vacancy of property as a result of the restructuring (decreasing use of square meters) triggered impairments calculations and resulted in impairments for a total amount of EUR 10 million (2021: EUR 8 million). In 2022, impairments of EUR 44 million were reversed (2021: EUR 23 million).

15.2 Lease contracts as a lessee

Rabobank has several lease contracts as a lessee, predominantly related to property used as office and to cars for employees. The consolidated statement of financial position shows the following amounts relating to leases:

Amounts in millions of euros	*2022*	*2021*
Property-lease	261	323
Car-lease	39	34
Other leases	1	3
Total right-of-use assets	**301**	**360**
Total lease liabilities	**386**	**442**

Additions to right-of-use assets during 2022 were EUR 10 million (2021: EUR 11 million). The consolidated statement of income shows the following amounts relating to leases:

Amounts in millions of euros	*2022*	*2021*
Property-lease	75	79
Car-lease	18	17
Other leases	1	1
Depreciation charge of right-of-use assets	**94**	**97**
Interest expense	16	16
Expense relating to short-term leases	1	-
Expense relating to leases of low-value assets	-	-
Expense relating to variable lease payments not included in lease liabilities	(1)	4

The total cash outflow for leases in 2022 was EUR 66 million (2021: EUR 66 million).

15.3 Operating lease contracts as a lessor

Rabobank has concluded various operating lease contracts as lessor. The undiscounted lease payments to be received from operating leases can be broken down as follows:

Amounts in millions of euros	*2022*	*2021*
Not exceeding 1 year	677	709
1 to 2 years	492	491
2 to 3 years	298	333
3 to 4 years	239	166
4 to 5 years	110	186
More than 5 years	145	133
Total payments receivable from operating leases	**1,961**	**2,018**

16. Investment Properties

Amounts in millions of euros	*2022*	*2021*
Cost	506	521
Accumulated depreciation and impairments	(68)	(71)
Net carrying amount as per January 1	**438**	**450**
Opening balance	438	450
Purchases	66	10
Sales	(4)	(17)
Transfers from real estate projects	134	34
Transfers to held for sale assets	(68)	(10)
Transfers to land and buildings	-	(18)
Depreciation	(10)	(10)
Impairments	(6)	(6)
Reversal impairment	1	3
Other	11	2
Closing balance as per December 31	**562**	**438**
Cost	624	506
Accumulated depreciation and impairments	(62)	(68)
Net carrying amount as per December 31	**562**	**438**

The fair value of the investment properties amounts to EUR 700 million (2021: EUR 563 million). External valuations of investment properties were performed by duly certified external parties in accordance with RICS valuation standards or other equivalent standards. The determination of the fair value of investment properties is based on the methodologies that are most appropriate for the type of property. This includes the discounted cash flow valuation method and the capitalization method based on net initial yields for comparable transactions.

Valuations	*2022*	*2021*
External valuations	54%	75%
Internal valuations	46%	25%

Most investment property is unique. There is often no active market for similar properties in the same location and condition. Appraisals of the different types of investment properties are based on many parameters, which are derived from current contracts and market information as much as possible. A certain degree of judgment and estimation cannot be avoided. Therefore, all investment property has been designated as level 3 in line with the fair value classification under IFRS 13. When determining the fair value of investment property, the parameters used include the following, depending on the type of property: current and expected future market rent per m2, current and expected future vacancy rates, location of the property, the marketability of the property, the average discount rate, the development budget, and any credit risks.

17. Other Assets

Other Assets

Amounts in millions of euros	*Note*	*2022*	*2021*[1]
Receivables and prepayments		2,172	1,635
Commodities and warehouse receipts		1,751	4,590
Real estate projects		2,319	2,047
Accrued income		363	427
Employee benefits	27	13	3
Government grants		91	334
Other assets		330	222
Total other assets		**7,039**	**9,258**

1 Presentation adjusted, see Section 2.1.

Real Estate Projects

Amounts in millions of euros	*2022*	*2021*
Building sites	1,815	1,533
Work in progress	500	507
Finished properties	4	7
Total real estate projects	**2,319**	**2,047**

In 2022 the net realizable value of all current building sites not subject to a zoning plan was calculated and compared with the carrying amount. This resulted in an addition of EUR 12 million to the provision (2021: addition of EUR 24 million).

Movements in Provisions for Real Estate Projects

Amounts in millions of euros	*Balance on January 1, 2022*	*Additions/ release*	*Withdrawals/ other changes*	*Balance on December 31, 2022*
Building sites	338	(5)	(20)	313
Work in progress	14	19	-	33
Finished properties	2	-	-	2
Total	**354**	**14**	**(20)**	**348**

Amounts in millions of euros	*Balance on January 1, 2021*	*Additions/ release*	*Withdrawals/ other changes*	*Balance on December 31, 2021*
Building sites	392	5	(59)	338
Work in progress	11	3	-	14
Finished properties	12	-	(10)	2
Total	**415**	**8**	**(69)**	**354**

Work in Progress

Amounts in millions of euros	*2022*	*2021*
Residential property in preparation and under construction	1,472	1,334
Commercial property in development and under construction	1	4
Instalments invoiced in advance – residential property	(973)	(830)
Instalments invoiced in advance – commercial property	-	(1)
Total work in progress	**500**	**507**

18. Non-Current Assets Held for Sale

The non-current assets held for sale amount to EUR 250 million (2021: EUR 73 million) and include an investment in a foreign associate of EUR 72 million, various types of real estate in the segments Domestic Retail Banking and Property Development for an amount of EUR 66 million, and the investment in Rabobank A.S. The carrying values are expected to be realized through sale rather than through continuing use.

Sale of Rabobank A.S.

Rabobank intends to sell its investment in Turkey, Rabobank A.S., and has signed an SPA to sell all shares of Rabobank A.S.. The completion of the transaction is expected to take place in the first half year of 2023. As per December 31, 2022, Rabobank has lost control of Rabobank A.S. and recognized the fair value of the retained investment in Rabobank A.S. The loss of control leads to a gain of EUR 13 million which is presented in Other income in the W&R segment. As a result of the deconsolidation of this investment Rabobank did not apply IAS 29 (hyperinflation accounting).

19. Deposits from Credit Institutions

Amounts in millions of euros	*2022*	*2021*
Demand deposits	1,187	1,068
Fixed-term deposits	14,704	16,224
Repurchase agreements	206	181
Monetary instruments of central banks	15,444	55,192
Other deposits from credit institutions	2	13
Total deposits from credit institutions	**31,543**	**72,678**

20. Deposits from Customers

Amounts in millions of euros	*2022*	*2021*[1]
Current accounts	136,046	126,618
Deposits with agreed maturity	65,157	61,241
Deposits redeemable at notice	194,644	183,689
Repurchase agreements	625	527
Fiduciary deposits	-	306
Total deposits from customers	**396,472**	**372,381**

1 Presentation adjusted, see Section 2.1.

Non-monetary instruments from central banks amounting to EUR 13 billion (2021: EUR 16 billion) are included in "Deposits with agreed maturity".

21. Debt Securities in Issue

Amounts in millions of euros	*2022*	*2021*[1]
Certificates of deposit	25,613	16,809
Commercial paper	13,030	8,504
Issued bonds	31,096	49,607
Covered bonds	17,897	15,419
Other debt securities	24,671	18,933
Total debt securities in issue	**112,307**	**109,272**

1 Presentation adjusted, see Section 2.1.

22. Financial Liabilities Held for Trading

Financial liabilities held for trading are mainly negative fair values of derivatives and delivery obligations that arise on the short selling of securities. Securities are sold short to realize gains from short-term price fluctuations. The securities needed to settle short sales are acquired through securities lending and repurchasing agreements. The fair value of the shares and bonds sold short are EUR 1,543 million (2021: EUR 1,424 million).

23. Financial Liabilities Designated at Fair Value

Amounts in millions of euros	*2022*	*2021*
Debt securities issued	2,038	3,093
Deposits	561	747
Total financial liabilities designated at fair value	**2,599**	**3,840**

The cumulative change in fair value of the financial liabilities designated at fair value attributable to changes in Rabobank's own credit risk amounts to EUR 83 million (2021: EUR 173 million).

The change in fair value that is attributable to changes in own credit risk is calculated by deducting on a note by note basis the current fair value of the structured notes portfolio at the reporting date from the fair value recalculated based on the prevailing credit curve at the time of origination, with all other pricing components unchanged. This calculation reflects the amount that can be attributed to the change in Rabobank's own credit risk since the origination of these structured notes.

Transfers of the cumulative gains or losses within equity during the period and the amounts presented in other comprehensive income that are realized at derecognition are disclosed in Section 30 in the movement schedule of the "Revaluation Reserve – Fair Value Changes Due to Own Credit Risk on Financial Liabilities Designated at Fair Value".

The carrying value of the issued structured notes designated at fair value is EUR 533 million (2021: EUR 57 million) lower than the amount Rabobank is contractually obliged to repay to the holders of the structured notes.

24. Other Liabilities

Amounts in millions of euros	*Note*	*2022*	*2021*[1]
Payables		5,252	4,624
Lease liabilities		386	442
Employee benefits	27	163	219
Other		49	39
Total other liabilities		**5,850**	**5,324**

1 Presentation adjusted, see Section 2.1.

25. Provisions

Amounts in millions of euros	*Note*	*2022*	*2021*
Restructuring provision		83	145
Provision for legal issues		404	413
Impairment allowances on loan commitments and financial guarantees	4.3.4	132	108
Other provisions		266	406
Total provisions		**885**	**1,072**

Amounts in millions of euros	*Restructuring provision*	*Provision for legal issues*	*Other provisions*	*Total*
Opening balance on January 1, 2022	145	413	406	964
Additions	41	61	111	213
Withdrawals	(36)	(54)	(220)	(310)
Releases	(67)	(16)	(31)	(114)
Closing balance on December 31, 2022	**83**	**404**	**266**	**753**
Opening balance on January 1, 2021	292	84	101	477
Additions	67	355	323	745
Withdrawals	(49)	(16)	(26)	(91)
Releases	(165)	(10)	(28)	(203)
Transfer from other liabilities	-	-	36	36
Closing balance on December 31, 2021	**145**	**413**	**406**	**964**

For additional information regarding the additions to the provision for legal issues and to the other provisions, see Section 4.10, "Legal and arbitration proceedings".

Maturities of Provisions

Amounts in millions of euros	*2022*	*2021*
Not exceeding one year	564	691
Longer than 1 year but less than 5 years	313	377
Longer than 5 years	8	4
Total	**885**	**1,072**

26. Deferred Taxes

Deferred tax assets and liabilities are measured for all temporary differences using the liability-method. Deferred tax assets recognized with respect to carry-forward losses and temporary deductible differences can only be utilized if taxable profits are realized in the future. On December 31, 2022, Rabobank expects that sufficient taxable profits will be generated within the applicable periods.

No deferred tax asset has been recognized for unused tax losses totaling EUR 361 million (2021: EUR 453 million) of which EUR 176 million (2021: EUR 147 million) relates to tax losses with an infinite expiry date and EUR 185 million (2021: EUR 306 million) to state tax losses in the U.S. with an ultimate expiry date in 2035. The tax effect of the unused tax losses amounts to EUR 64 million (2021: EUR 63 million).

The amount of income tax recognized as deferred tax and relating to components of other comprehensive income is disclosed in the following table. The current tax liability relating to foreign currency translation of foreign currency branches that is recognized in other comprehensive income per December, 31, 2022 is EUR 46 million (2021: EUR 79 million).

	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax charges*	*Tax on other comprehensive income*
Amounts in millions of euros				
On December 31, 2022				
Pensions and other post-employment benefits	12	-	9	16
Impairment allowances on financial assets	81	(41)	57	-
Provisions	27	(1)	(4)	-
Hedge accounting	324	27	(77)	-
Carry forward losses	158	(9)	12	-
Tax credits	3	(3)	-	-
Goodwill and other intangible assets	-	-	-	-
Revaluation reserves for financial assets at fair value through other comprehensive income	30	-	38	(83)
Revaluation reserves – Cash flow hedges	4	3	1	0
Revaluation reserves – Costs of hedging	(36)	-	-	9
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	25	4	-	24
Property and equipment, including operating leases	104	189	(134)	-
Other temporary differences	68	60	21	1
Total	**800**	**229**	**(78)**	**(33)**

	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax charges*	*Tax on other comprehensive income*
Amounts in millions of euros				
On December 31, 2021				
Pensions and other post-employment benefits	37	-	(2)	(1)
Impairment allowances on financial assets	160	(14)	127	-
Provisions	23	-	3	-
Hedge accounting	220	-	(29)	-
Carry forward losses	152	(17)	(2)	-
Tax credits	3	(4)	(3)	-
Goodwill and other intangible assets	-	-	-	-
Revaluation reserves for financial assets at fair value through other comprehensive income	(5)	-	-	(60)
Revaluation reserves – Cash flow hedges	2	-	-	11
Revaluation reserves – Costs of hedging	(27)	-	-	15
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	45	-	-	(9)
Property and equipment, including operating leases	100	307	(107)	-
Other temporary differences	93	71	(25)	-
Total	**803**	**343**	**(39)**	**(44)**

27. Employee Benefits

Amounts in millions of euros	*2022*	*2021*
Employee benefits – assets	(13)	(3)
Employee benefits – liabilities	163	219
Total employee benefits	**150**	**216**
Pension plans	29	115
Other employee benefits	121	101
Total employee benefits	**150**	**216**

Amounts in millions of euros	*2022*	*2021*
Defined benefit obligation	357	548
Fair value of plan assets	328	433
Net defined benefit obligation	**29**	**115**

27.1 Pension Plans

Rabobank has placed its Dutch pension scheme with Rabobank Pension Fund. The scheme is a collective defined contribution plan with a pensionable age of 68 and a target accrual percentage of 1.7. Each year Rabobank deposits pension contributions into the Rabobank Pension Fund based on a fixed system which aims to achieve the target pension accrual for services provided during the years of service based on a conditional career-average plan with a conditional indexation. Rabobank complies with all its pension obligations by paying the annual pension premium and therefore has no financial liabilities with regard to underlying membership years and already accrued pension rights.

The Dutch pension plan qualifies as a defined contribution plan under IAS 19. Rabobank's obligation is limited to the premium payments owed, less previously made payments. As of December 31, 2022, a few small plans qualify as defined benefit pension plans. These are career-average defined benefit pension plans, administered by a fund or otherwise that are related to the remuneration of employees upon retirement and which mostly pay annual pensions. Annual contributions are paid to the funds at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements. The assets related to the plans are held independently of Rabobank assets in separate funds managed by trustees. The obligations are valued each year by independent actuaries based on the method prescribed by IFRS. The most recent actuarial valuations were performed at the end of 2022. The tables with the weighted averages of the main actuarial assumptions, the sensitivity analysis and the future premium payments relate to the pension plan of the former Friesland Bank because this is the largest pension plan in terms of plan assets and defined benefit obligations.

Movements in plan assets and liabilities:

Amounts in millions of euros	*2022*	*2021*
Defined benefit obligation		
Opening balance	547	569
Exchange rate differences	(8)	11
Interest expense	6	4
Benefits paid	(14)	(15)
Other	(8)	2
Experience adjustments	(5)	5
Actuarial gains and losses arising from changes in demographic assumptions	1	3
Actuarial gains and losses arising from changes in financial assumptions	(162)	(31)
Defined benefit obligation on December 31	**357**	**548**
Fair value of plan assets		
Opening balance	433	441
Exchange rate differences	(5)	6
Interest income	5	2
Contributions paid by employer	7	11
Benefits paid	(13)	(15)
Other	-	2
Experience adjustments	(7)	8
Remeasurements arising from changes in financial assumptions plan assets	(92)	(22)
Fair value of plan assets on December 31	**328**	**433**

The costs recognized in profit and loss are shown in the table below.

Amounts in millions of euros	*2022*	*2021*
Interest expense on liabilities	6	4
Interest income on plan assets	(5)	(2)
Losses/(gains) on curtailments, settlements and costs	(1)	-
Total cost of defined benefit pension plans	**-**	**2**

Main Actuarial Assumptions

The main actuarial assumptions for the valuation of the defined benefit obligation are the discount rate, the salary increases, and the price inflation. Recent mortality tables have also been used for the valuation of the respective plans. The weighted averages of the actuarial financial assumptions are shown in the table below (in % per year):

	2022	*2021*
Discount rate	3.2%	0.8%
Salary increases	2.6%	2.0%
Price inflation	2.6%	2.0%

Sensitivity Analysis

Rabobank is exposed to risks regarding its defined benefit plans related to the assumptions disclosed in the table below. The sensitivity analysis of these most significant assumptions has been determined based on changes of the assumptions occurring at the end of the reporting period that are deemed reasonably possible.

Amounts in millions of euros	*Change in assumption*	*Effect on defined benefit obligation of increase*		*Effect on defined benefit obligation of decrease*	
		2022	*2021*	*2022*	*2021*
Discount rate	0.25%	(8)	(14)	8	15
Salary increases	0.25%	1	2	(1)	(2)
Price inflation	0.25%	-	-	-	-
Mortality	1 year	9	15	(9)	(15)

Estimated Contribution

The estimated contributions to defined benefit pension plans for 2022 are approximately EUR 6 million (2021: EUR 5 million).

Average Duration

The average duration of the defined benefit plan of the former Friesland Bank is 13 years (2021: 16 years).

27.2 Other Employee Benefits

Other employee benefits mainly consist of liabilities for future long-service awards .

28. Subordinated Liabilities

Amounts in millions of euros	*2022*	*2021*
Issued by Rabobank	10,096	10,026
Total subordinated liabilities	**10,096**	**10,026**

The following table shows details of the issues of subordinated liabilities :

Subordinated Liabilities issued by Rabobank				
Amounts in millions				
Notional	*Currency*	*Coupon*	*Year of issuance*	*Year of maturity*
90	AUD	5.454%	2022	2037
60	AUD	5.00%	2022	2037
750	EUR	3.875%	2022	2032
500	USD	4.00%	2017	2029, early repayment date 2024
1,500	USD	3.75%	2016	2026
1,500	USD	4.375%	2015	2025
1,250	USD	5.25%	2015	2045
1,000	GBP	4.625%	2014	2029
50,800	JPY	1.429%	2014	2024
588	EUR	3.875%	2013	2023
545	USD	4.625%	2013	2023
1,250	USD	5.75%	2013	2043
500	GBP	5.25%	2012	2027
10	EUR	4.21%	2005	2025
10	EUR	5.32%	2004	2024

29. Contingent Liabilities

Credit Related Contingent Liabilities

Rabobank enters into irrevocable loan commitments and contingent liabilities consisting of financial guarantees and standby letters of credit on behalf of its customers. Under these contracts Rabobank is required to perform under an obligation agreement or to make payments to the beneficiary on third party's failure to meet its obligations. The following table shows the amount of the maximum potential utilization of credit related contingent liabilities.

Amounts in millions of euros	*2022*	*2021*
Financial guarantees	4,520	3,868
Loan commitments	50,502	45,625
Other commitments	21,737	20,634
Credit related contingent liabilities	**76,759**	**70,127**

Contingent Liabilities Related to Litigation

Rabobank is involved in a number of legal and arbitration proceedings in the Netherlands and other countries in connection with claims brought by and against Rabobank arising from its operations. For additional information, refer to Section 4.10 "Legal and Arbitration Proceedings".

Other Contingent Liabilities

The contractual commitments relating to the acquisition, construction and development of work in progress and investment properties amount to EUR 720 million (2021: EUR 710 million).

30. Reserves and Retained Earnings

Amounts in millions of euros	*2022*	*2021*
Foreign currency translation reserves	(624)	(887)
Revaluation reserve – Financial assets at fair value through other comprehensive income	(441)	136
Revaluation reserve – Cash flow hedges	(22)	(14)
Revaluation reserve – Costs of hedging	103	78
Remeasurement reserve – Pensions	(19)	(173)
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	(62)	(130)
Retained earnings	34,094	32,087
Total reserves and retained earnings at year-end	**33,029**	**31,097**

Changes in the reserves were as follows:

Amounts in millions of euros	*2022*	*2021*
Foreign currency translation reserves		
Opening balance	(887)	(1,412)
Translation of foreign operations	318	548
Changes in hedging instrument	(75)	(11)
Changes at associates and joint ventures	-	(13)
Transferred to profit or loss	20	1
Closing balance	**(624)**	**(887)**
Revaluation reserves – Debt instruments at fair value through other comprehensive income		
Opening balance	14	165
Foreign exchange differences	3	1
Changes at associates and joint ventures	(415)	4
Fair value changes	(258)	(56)
Transferred to profit or loss	115	(100)
Closing balance	**(541)**	**14**
Revaluation reserves – Equity instruments at fair value through other comprehensive income		
Opening balance	122	156
Foreign exchange differences	(1)	-
Changes at associates and joint ventures	(17)	-
Fair value changes	(4)	(65)
Transferred to retained earnings	-	31
Closing balance	**100**	**122**
Revaluation reserve – Cash flow hedges		
Opening balance	(14)	(47)
Foreign exchange differences	(11)	41
Fair value changes	1	(11)
Transferred to profit or loss	2	3
Closing balance	**(22)**	**(14)**
Revaluation reserve – Costs of hedging		
Opening balance	78	36

Amounts in millions of euros	*2022*	*2021*
Foreign exchange differences	(1)	(4)
Fair value changes	27	46
Transferred to profit or loss	(1)	-
Closing balance	**103**	**78**
Remeasurement reserve – Pensions		
Opening balance	(173)	(171)
Foreign exchange differences	2	(5)
Changes at associates and joint ventures	100	(6)
Remeasurements defined benefit plans	52	9
Closing balance	**(19)**	**(173)**
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value		
Opening balance	(130)	(109)
Fair value changes	68	(22)
Realization at derecognition	-	1
Closing balance	**(62)**	**(130)**
Retained earnings		
Opening balance	32,087	29,234
Net profit	2,710	3,596
Payments on equity instruments	(699)	(687)
Redemption of Capital Securities	-	(27)
Disposal of financial assets at fair value through other comprehensive income	-	(31)
Other	(4)	2
Closing balance	**34,094**	**32,087**
Total reserves and retained earnings	**33,029**	**31,097**

31. Rabobank Certificates

Rabobank Certificates represent participation rights issued by Rabobank via the foundation Stichting Administratie Kantoor Rabobank Certificaten (AK Foundation) and belong to Rabobank's Common Equity Tier 1 capital. Rabobank Certificates are listed on Euronext Amsterdam.

The total number of certificates is 313,005,461 with a nominal value of EUR 25 each. Rabobank's actual payment policy pursuant to the Participation Rules in respect of the participation issued by Rabobank (and via AK Foundation in respect of the Rabobank Certificates) can be found on the Rabobank website.

The cash distribution paid per certificate in 2022 was EUR 1.625. The amounts listed in the table below are based on the nominal value of EUR 25 per Rabobank Certificate. Cash flows arising from changes during the year in the Rabobank Certificates are included in the consolidated statement of cash flows.

Amounts in millions of euros	*2022*	*2021*
Changes during the year:		
Opening balance	7,825	7,822
Change in Rabobank Certificates during the year	-	3
Closing balance	**7,825**	**7,825**

32. Capital Securities

All Capital Securities are perpetual securities and have no expiry date. The discretionary distribution on Capital Securities per issue is as follows:

Issue of EUR 750 million

Rabobank issued Capital Securities for an amount of EUR 750 million. The coupon is 3.10% per year and was made payable semi-annually in arrears as of the issue date (April 21, 2021) for the first time on June 29, 2021. These Capital Securities are perpetual and first redeemable on June 29, 2028. As of December 29, 2028, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the five-year euro swap rate + 3.234%. The coupon is fully discretionary.

Issue of EUR 1,000 Million

The coupon is 4.625% per year and is made payable every six months in arrears as of the issue date (September 11, 2018), for the first time on December 29, 2018. These Capital Securities are perpetual and first redeemable on December 29, 2025. As of December 29, 2025, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the 5-year euro swap rate + 4.098%. The coupon is fully discretionary.

Issue of EUR 1,250 Million

The coupon is 3.25% per year and is made payable every six months in arrears as of the issue date (September 9, 2019), for the first time on December 29, 2019. These Capital Securities are perpetual and first redeemable on December 29, 2026. As of December 29, 2026, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the 5-year euro swap rate + 3.702%. The coupon is fully discretionary.

Issue of EUR 1,000 Million

The coupon is 4.375% per year and is made payable every six months in arrears as of the issue date (July 14, 2020), for the first time on December 29, 2020. These Capital Securities are perpetual and first redeemable on June 29, 2027. As of December 29, 2027, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the 5-year euro swap rate + 4.679%. The coupon is fully discretionary.

Issue of EUR 1,000 Million

The coupon is 4.875% per year and was made payable every six months in arrears as of the issue date (April 6, 2022) for the first time on June 29, 2022. The Capital Securities are perpetual and first redeemable on June 29, 2029. As of December 29, 2029, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the five-year euro swap rate + 3.717%. The coupon is fully discretionary.

33. Non-Controlling Interests

This item relates to shares held by non-controlling parties in Rabobank's subsidiaries.

Amounts in millions of euros	*2022*	*2021*
Opening balance	502	476
Net profit	76	96
Exchange rate differences	14	17
Entities included in consolidation/deconsolidated	(1)	-
Dividends	(58)	(87)
Other	-	-
Closing balance	**533**	**502**

The Rabobank subsidiaries with the largest non-controlling interests are AGCO Finance SAS and AGCO Finance LLC. Both entities are accounted for in the segment Leasing.

AGCO Finance SAS is located in Beauvais, France, and Rabobank has a capital and voting right interest of 51%. The non-controlling interests with regard to this entity amount to EUR 126 million (2021: EUR 111 million). The following financial data apply:

AGCO Finance SAS

Amounts in millions of euros	***2022***	***2021***
Revenues	50	45
Net profit	33	29
Other comprehensive income	-	-
Total comprehensive income	**33**	**29**
Profit attributable to non-controlling interests	16	14
Dividends paid to non-controlling interests	1	10
Financial assets	2,093	1,967
Other assets	4	4
Financial liabilities	1,766	1,684
Other liabilities	73	60

AGCO Finance LLC is located in Johnston, United States, and Rabobank has a capital and voting right interest of 51%. The non-controlling interests with regard to this entity amount to EUR 87 million (2021: EUR 68 million). The following financial data apply:

AGCO Finance LLC

Amounts in millions of euros	***2022***	***2021***
Revenues	107	87
Net profit	55	41
Other comprehensive income	-	-
Total comprehensive income	**55**	**41**
Profit attributable to non-controlling interests	27	20
Dividends paid to non-controlling interests	12	17
Financial assets	2,775	2,142
Other assets	111	265
Financial liabilities	2,547	2,120
Other liabilities	161	148

34. Changes in Liabilities Arising from Financing Activities

Amounts in millions of euros	*Debt securities in issue*	*Subordinated liabilities*	*Total*
Year ended December 31, 2022			
Opening balance	109,272	10,026	119,298
Changes from financing cash flows	7,939	(151)	7,788
Effect of changes in foreign exchange rates	406	215	621
Other non-cash changes	(5,310)	6	(5,304)
Closing balance	**112,307**	**10,096**	**122,403**
Year ended December 31, 2021			
Opening balance	114,318	13,693	128,011
Changes from financing cash flows	(7,037)	(4,288)	(11,325)
Effect of changes in foreign exchange rates	3,414	599	4,013
Other non-cash changes	(1,423)	22	(1,401)
Closing balance	**109,272**	**10,026**	**119,298**

35. Net Interest Income

Amounts in millions of euros	*2022*	*2021*
Interest income		
Cash and cash equivalents	1,270	61
Loans and advances to credit institutions	213	99
Loans and advances to customers	13,573	11,593
Derivatives used for fair value hedge-accounting	292	199
Financial assets at fair value through other comprehensive income	190	99
Interest income from financial assets using the effective interest method	**15,538**	**12,051**
Financial assets held for trading	50	31
Financial assets mandatorily at fair value	12	14
Interest income on financial liabilities with a negative interest rate	302	1,083
Other	91	84
Other interest income	**455**	**1,212**
Total interest income	**15,993**	**13,263**
Interest expense		
Deposits from credit institutions	387	77
Deposits from customers	2,415	1,321
Debt securities in issue	2,241	1,487
Financial liabilities held for trading	25	16
Derivatives held as economic hedges	731	811
Financial liabilities designated at fair value	228	119
Subordinated liabilities	475	566
Interest expense on financial assets with a negative interest rate	320	454
Other	22	61
Total interest expense	**6,844**	**4,912**
Net interest income	**9,149**	**8,351**

Capitalized interest attributable to qualifying assets amounted to EUR 25 million (2021: EUR 17 million). The average interest rate applied in determining interest charges to be capitalized ranged between 1.0% and 4% (2021: between 0.9% and 4%). The interest income on credit-impaired financial assets accrued is EUR 315 million (2021: EUR 267 million). In the interest income on financial liabilities with a negative interest rate, an amount of EUR 292 million (2021: EUR 602 million) is included from the TLTRO III program which includes EUR 133 million (2021: EUR 334 million) for the government grant and the full cumulative hedge accounting loss on the TLTRO for an amount of EUR 339 million.

36. Net Fee and Commission Income

Amounts in millions of euros	*2022*	*2021*
Fee and commission income		
Payment services	896	829
Lending	450	437
Purchase and sale of other financial assets and handling fees	347	364
Insurance commissions	406	382
Investment management	-	1
Lease-related fee	50	60
Other commission income	283	228
Total fee and commission income	**2,432**	**2,301**
Fee and commission expense		
Payment services	217	181
Purchase and sale of other financial assets and handling fees	59	53
Custodial fees and securities services	11	11
Other commission expense	39	48
Total fee and commission expense	**326**	**293**
Net fee and commission income	**2,106**	**2,008**

37. Net Income from Other Operating Activities

Amounts in millions of euros	*2022*	*2021*
Income from real estate activities	1,164	1,575
Expenses from real estate activities	898	1,233
Net income real estate activities	**266**	**342**
Income from operational lease activities	1,153	960
Expenses from operational lease activities	864	719
Net income from operational lease activities	**289**	**241**
Income from investment property	33	32
Expenses from investment property	27	11
Net income from investment property	**6**	**21**
Net income from other operating activities	**561**	**604**

All expenses from investment properties relate to properties that are leased.

38. Income from Investments in Associates and Joint Ventures

Amounts in millions of euros	*2022*	*2021*
Rabobanks share of profit of investments in associates and joint ventures	115	334
Result on disposal of investments in associates and joint ventures	-	-
Income from investments in associates and joint ventures	**115**	**334**

39. Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss

Amounts in millions of euros	*2022*	*2021*
Gains/ (losses) on financial assets and liabilities held for trading and from derivatives held for trading	211	268
Gains/ (losses) on financial assets mandatorily at fair value through profit or loss	(95)	452
Gains/ (losses) on financial liabilities designated at fair value and derivatives used to hedge the interest rate risk of those financial liabilities	(5)	(44)
Total gains/ (losses) on financial assets and liabilities at fair value through profit or loss	**111**	**676**

Gains/ (losses) on financial liabilities designated at fair value and derivatives used to hedge the interest rate risk of those financial liabilities mainly relate to fair value changes of the structured notes portfolio attributable to changes in i) market interest rates and ii) day-one gains that are directly recognized in profit or loss for an amount of EUR 7 million (2021: EUR 2 million). The results related to fair value changes of the structured notes due to changes in market interest rates are largely offset by the fair value changes of the derivatives used to hedge this interest rate risk.

Amounts in millions of euros	*2022*	*2021*
Gains/ (losses) on interest rate instruments	413	(140)
Gains/ (losses) on equity instruments	7	410
Gains/ (losses) on foreign currency instruments	(401)	395
Translation gains/ (losses) on foreign currency	(88)	33
Other	180	(22)
Gains/ (losses) on financial assets and liabilities at fair value through profit or loss	**111**	**676**

40. Other Income

Amounts in millions of euros	*2022*	*2021*
Gains/ (losses) arising from the derecognition of financial liabilities at amortised cost	21	(124)
Result on sale of group companies	13	8
Other	187	179
Other income	**221**	**63**

41. Staff Costs

Amounts in millions of euros	*2022*	*2021*
Wages and salaries	2,912	2,821
Social security contributions and insurance costs	325	286
Pension costs - defined contribution plans	466	430
Pension costs - defined benefit pension plans	-	2
Training and traveling expenses	127	79
Addition/ (release) of other post-employment provisions	43	3
Other staff costs	1,150	1,036
Staff costs	**5,023**	**4,657**

Expressed in FTEs, the number of internal and external employees in Rabobank was 46,959 (2021: 43,361).

Rabobank has a Group Remuneration Policy which is updated on a regular basis and includes the provisions under the Dutch Act on Remuneration Policies for Financial Companies. Insofar as employees in the Netherlands are still eligible for variable remuneration, it never amounts to more than an average of 20% of the fixed income. Outside the Netherlands, any variable remuneration never amounts to more than 100% of the fixed income. Insofar as identified staff (employees who can have a material influence on the risk profile of Rabobank Group) are eligible for variable remuneration, it is awarded for periods in which the risks associated with the underlying business activities are adequately taken into account. Payment of a significant part of variable remuneration is deferred; 40% of the variable pay is paid on a deferred basis. If the total variable pay exceeds EUR 500,000, 60% of the total variable pay will be deferred. The direct part of variable remuneration is unconditional, whereas the deferred part is conditional. One-fourth of the deferred part becomes unconditional each year (also known as vesting). For senior management, 40% of the variable pay is direct and therefore unconditional, whereas the deferred part is 60%. One-fifth of the deferred part becomes unconditional each year (becomes vested). Among other things, Rabobank assesses whether there has been a significant reduction in financial performance or a significant change in risk management at Rabobank or one of its business unit that puts the circumstances assessed when the relevant variable remuneration was awarded in a different perspective. In principle, the right to any conditionally awarded remuneration lapses when the staff member's employment ends. 50% of both the direct and the deferred part of the variable remuneration is awarded in cash. The cash component of the direct part vests immediately. The cash component of the deferred part is awarded to employees only after vesting (within a period of four or five years). 50% of the direct and the deferred part of the variable remuneration is awarded in the form of an instrument (instrument component) i.e. the Deferred Remuneration Note (DRN).

The value of a DRN is linked directly to the price of a Rabobank Certificate (RC) as listed on the NYSE Euronext. The instrument component is converted into DRNs at the time of awarding on completion of the performance year. The number of DRNs is determined on the basis of the closing rates for Rabobank Certificates, as traded on the NYSE Euronext on the first trading day of each month of the performance year. This represents both the instrument component of the direct and the deferred part of the variable remuneration. The final value of the DRNs relating to the deferred part is established on vesting (within a period of four or five years). The payment of the instrument component is subject to a one year retention period. After the end of the retention period, the employee receives, for each DRN (or a portion thereof) an amount in cash that corresponds with the value of the DRN at that moment.

Payment of the variable remuneration is measured in accordance with IAS 19 Employee benefits. The direct part of the variable remuneration is recognized in the performance year, whereas the deferred part is recognized in the years before vesting.

The same system also applies, in broad terms, to the non-identified staff, although no deferral policy applies to the first 130.000 euros. Both the direct and the deferred part are paid fully in cash, which means that no DRNs are awarded.

On December 31, 2022, the costs of equity instrument-based payments were EUR 13 million (2021: EUR 13 million) and a liability of EUR 26 million was recognized (2021: EUR 26 million) of which EUR 12 million (2021: EUR 13 million) was vested. The costs of variable remuneration paid in cash were EUR 227 million (2021: EUR 200 million). The number of outstanding DRNs is presented in the following table.

in thousands	*2022*	*2021*
Opening balance	1,015	1,165
Awarded during the year	540	425
Paid during the year	(317)	(563)
Changes from previous year	(5)	(12)
Closing balance	**1,233**	**1,015**

The value of a DRN is linked directly to the price of a Rabobank Certificate. The estimated payments to be made for the variable remuneration are shown in the following table.

On December 31, 2022			*Year of payment*					
Amounts in millions of euros	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*Total*
Variable remuneration, excluding DRNs	227.3	4.4	4.9	4.2	1.9	0.1	-	242.9
DRNs	10.9	12.0	3.5	3.5	2.8	1.8	0.1	34.8
Total	**238.3**	**16.4**	**8.4**	**7.8**	**4.8**	**1.9**	**0.1**	**277.7**
On December 31, 2021			*Year of payment*					
Amounts in millions of euros	*2022*	*2023*	*2024*	*2025*	*2026*	*2027*	2028	Total
Variable remuneration, excluding DRNs	202.8	6.0	2.8	2.8	1.6	0.1	-	216.1
DRNs	10.5	12.8	4.0	2.5	2.5	1.6	0.1	34.0
Total	**213.3**	**18.8**	**6.8**	**5.3**	**4.1**	**1.7**	**0.1**	**250.1**

42. Other Administrative Expenses

Amounts in millions of euros	*2022*	*2021*
Additions and releases of provisions	99	542
IT expenses and software costs	490	387
Consultants fees	526	419
Publicity expenses	98	87
Result on derecognition and impairments on (in)tangible assets	56	56
Other expenses	420	544
Other administrative expenses	**1,689**	**2,035**

43. Depreciation and Amortization

Amounts in millions of euros	*2022*	*2021*
Depreciation of tangible fixed assets	131	150
Depreciation of right-of-use assets	94	97
Amortization of intangible assets	112	105
Depreciation and amortization	**337**	**352**

44. Impairment Charges on Financial Assets

Amounts in millions of euros	*2022*	*2021*
Loans and advances to customers and credit institutions	460	(333)
Financial assets at fair value through other comprehensive income	-	1
Recoveries following write-off	(139)	(107)
Loan commitments and financial guarantees	23	(35)
Impairment charges on financial assets	**344**	**(474)**

45. Regulatory Levies

The regulatory levies consist of bank tax, bank levies and contributions to the Single Resolution Fund and the Deposit Guarantee Scheme.

Amounts in millions of euros	*2022*	*2021*
Bank tax Netherlands	149	214
Bank tax other countries	7	9
Contribution Single Resolution Fund	331	272
Contribution Deposit Guarantee Fund	180	227
Regulatory levies	**667**	**722**

46. Income Tax

Amounts in millions of euros	*2022*	*2021*
Income tax		
Reporting period	1,225	1,182
Adjustments of previous years	(2)	43
Recognition of previously unrecognized tax losses	(12)	(1)
Deferred tax	(78)	(39)
Total income tax	**1,133**	**1,185**

The effective tax rate is 28.9% (2021: 24.3%) and differed from the theoretical rate that would have arisen using the Dutch corporate tax rate. This difference is explained as follows:

Amounts in millions of euros	*2022*		*2021*	
Operating profit before taxation		3,919		4,876
Applicable tax rate	25.8%	1,011	25%	1,219
Increase/(decrease) in taxes resulting from:				
Tax-exempt income	(0.6%)	(22)	(3.4%)	(164)
Impact of foreign tax rates	1.3%	51	1.1%	52
Non-deductible expenses	3.8%	149	2.3%	111
Recognition of previously unrecognized tax losses	(0.3%)	(12)	(0.0%)	(1)
Other permanent differences	(1.9%)	(73)	(1.3%)	(62)
Adjustments of previous years	(0.1%)	(2)	0.9%	43
Adjustment due to changes in tax rates	(0.1%)	(5)	(0.1%)	(4)
Write down deferred tax	0.1%	2	0.2%	9
Other non-recurring tax items	0.9%	34	(0.4%)	(19)
Total income tax	**28.9%**	**1,133**	**24.3%**	**1,185**

The other permanent differences mainly consist of the tax effect on the interest payments on Capital Securities.

47. Transactions with Related Parties

Two parties are considered related if one party exercises control or has significant influence over the other party regarding financial or operating decisions. In the normal course of business, Rabobank conducts a wide variety of transactions with related entities. These involve different types of loans, deposits and transactions in foreign currencies. Transactions between related parties also includes transactions with associates, pension funds, joint ventures, the Managing Board and the Supervisory Board. These transactions are conducted under commercial terms and conditions and against market prices. Intragroup transactions are not disclosed in the consolidated financial statements.

In the normal course of Rabobank's business operations, banking transactions are carried out with related parties. These involve loans, deposits and transactions in foreign currencies. These transactions are conducted under commercial terms and conditions and against market prices. The volumes of related party transactions, year-end outstanding balances and the corresponding income and expenses during the year are presented in the following table. Transactions and balances outstanding with members of the Managing Board and members of the Supervisory Board are disclosed in Section 49. Transactions with pension funds are disclosed in Section 27.

Amounts in millions of euros	*Investments in associates*		*Other related parties*	
	2022	*2021*	*2022*	*2021*
Loans				
Outstanding at beginning of year	11	17	131	12
Provided during the year	12	5	1	120
Redeemed during the year	(7)	(11)	(19)	(1)
Other	-	-	-	-
Gross loans as of December 31	**16**	**11**	**113**	**131**
Less: loan impairment allowance	-	-	-	-
Total loans as of December 31	**16**	**11**	**113**	**131**
Deposits from credit institutions and deposits from customers				
Outstanding at beginning of the year	5,914	5,870	50	34
Received during the year	952	1,454	212	165
Repaid during the year	(880)	(1,410)	(210)	(149)
Other	1	-	1	-
Total deposits as of December 31	**5,987**	**5,914**	**53**	**50**
Credit related contingent liabilities	202	268	-	-
Income				
Net interest income	8	11	-	-
Net fee and commission income	257	255	-	-
Trading income	4	-	-	-
Other	-	1	-	-
Total income from transactions with related parties	**269**	**267**	**-**	**-**
Expenses				
Interest expense	186	200	-	-
Net fee and commission expense	98	46	-	-
Impairments	-	-	-	-
Total expenses from transactions with related parties	**284**	**246**	**-**	**-**

48. Cost of External Independent Auditor

Expenses for services provided by Rabobank's independent auditor, PricewaterhouseCoopers Accountants N.V. ("PwC") and its member firms and/ or affiliates to Rabobank and its subsidiaries in 2022 are specified as follows:

Amounts in millions of euros	*2022*			*2021*		
	PwC Netherlands	*Other PwC network firms*	*Total*	*PwC Netherlands*	*Other PwC network firms*	*Total*
Audit services	8.7	9.3	18.0	8.7	9.2	17.9
Other audit services	2.5	0.6	3.1	1.6	0.4	2.0
Tax advisory services	-	0.2	0.2	-	0.3	0.3
Other non-audit services	-	0.3	0.3	-	-	-
Total	**11.2**	**10.4**	**21,6**	**10.3**	**9.9**	**20.2**

The audit fees listed above relate to Rabobank and its consolidated group entities audited by PwC and other member firms in the global PwC network, including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

Rabobank's independent auditor, PricewaterhouseCoopers Accountants N.V., has rendered, for the period to which the statutory audit relates, in addition to the audit of the statutory financial statements the following services to the company and its controlled entities (Section 10, subsection 2.g of the EU Regulation 537/2015):

Other Audit Services Required By Law or Regulatory Requirements including

- Audit of the regulatory returns to be submitted to DNB/ECB
- Assurance engagement cost price models for the AFM
- ISAE 3402 assurance engagements on the deposit guarantee scheme for DNB
- Agreed upon procedures for the Single Resolution Fund.

Other Audit Services including:

- Assurance engagement on the sustainability reporting
- Agreed upon procedures on cost allocations
- Assurance engagement on the effectiveness of internal control over financial reporting
- Comfort letters issued in connection with funding programme updates and drawdowns thereunder
- Special purpose financial statement audits of controlled and related entities.

49. Remuneration of the Supervisory Board and the Managing Board

The members of the Supervisory Board and the Managing Board are listed in Section 54 of these Consolidated Financial Statements. Rabobank regards the members of the Managing Board and the Supervisory Board as key management personnel. The members of the Managing Board are among the identified staff as disclosed in Section 41. The remuneration of members of the Managing Board is set out below.

Amounts in thousands of euros	*Short-term employee benefits*		*Post-employment benefits*		*Total*
	Salary	*Other*	*Pension scheme*	*Individual pension contribution*	
Bas Brouwers, CFO and interim chairman per Oct 1, 2022 until Dec 31, 2022	908	-	29	192	1,129
Els de Groot, CRO	792	20	29	164	1,005
Kirsten Konst, Business Clients	800	-	29	166	995
Bart Leurs, CITO	800	-	29	166	995
Mariëlle Lichtenberg, Private Clients	792	7	29	164	992
Berry Marttin, Wholesale & Rural/LKSD	884	20	29	186	1,119
Philippe Vollot, CFECO (per October 1, 2022)	337	708	8	74	1,127
Janine Vos, CHRO	775	-	29	160	964
Wiebe Draijer, Chair (till October 1, 2022)	735	-	22	157	914
Total 2022	**6,823**	**755**	**233**	**1,429**	**9,239**
Members Managing Board	6,448	126	224	1,347	8,146
Former Members Managing Board	500	750	19	103	1,372
Total 2021	**6,948**	**876**	**243**	**1,450**	**9,518**

At year-end 2022, 7,277 DRNs were outstanding among members of the Managing Board (2021: 0 pieces). The pension scheme for the members of the Managing Board is classified as a collective defined contribution scheme. The maximum income on the basis of which the members of the Managing Board can build up a pension amounts to a maximum for 2022 of EUR 108,612. Any income exceeding this amount is not pensionable. The members of the Managing Board therefore receive an individual pension contribution. There is entitlement to a car lease arrangement. There is also a company car policy in place for some members of the Managing Board for the purpose of commuting and business travels.

Philippe Vollot has been appointed as Chief FEC Officer as from October 1, 2022. As per his appointment a sign-on was granted, referred to as one-year variable. A buyout has been awarded to compensate for the loss of the deferred variable remuneration at the previous employer. The vested part has been taken into consideration as multi-year variables. The sign-on and the buyout are disclosed in the table as other short-term employee benefits. Wiebe Draijer resigned as Chair of the Managing Board per October 1, 2022 and will be available until April 1, 2023, as an employee, for the transfer of his activities to the new chair and for completion of some remaining tasks, receiving the same remuneration. As from April 1, 2023 a six-month notice period starts.

Expenses related to members and former members of the Supervisory Board totaled EUR 1.0 million (2021: EUR 1.1 million). This includes VAT and payable employer's contributions. In addition to the role of Member of the Supervisory Board of Rabobank, the remuneration also depends on the roles in the various committees. The composition of these committees is detailed in the Annual Report. The remuneration structure (exclusive of VAT and other charges) is the following:

Amounts in euros	*Remuneration*
Chair	220,000
Vice-Chair	120,000
Member	90,000
Chair of a regular Supervisory Board committee, additional	20,000

The table below shows the remuneration (excluding VAT and other charges) for individual members of the Supervisory Board.

Amounts in thousands of euros	*Remuneration*
Marjan Trompetter	220
Gert-Jan van den Akker	90
Johan van Hall	108
Petri Hofsté	120
Arian Kamp	110
Mark Pensaert	120
Pascal Visée	110
Jan Nooitgedagt (vice chairman until April 15, 2022)	31
Annet Aris (member until Dec 7, 2022)	84
Total 2022	**993**
Total 2021	**1,027**

At Rabobank, the Chairman of the Supervisory Board holds a number of roles which are related to the cooperative such as Chairman of the General Members' Council.

Amounts in millions of euros	*Managing Board*		*Supervisory Board*	
Loans, advances and guarantees	*2022*	*2021*	*2022*	*2021*
Outstanding on 1 January	**3.4**	**3.5**	**1.8**	**1.7**
Provided during the year	1.3	1.1	0.7	1.0
Redeemed during the year	(0.6)	(1.2)	(0.2)	(0.9)
Reduction on account of leaving office	-	-	-	-
Increase on account of taking office	-	-	-	-
Outstanding on 31 December	**4.0**	**3.4**	**2.4**	**1.8**

The loans, advances and guarantees of the members of the Managing Board in office and the average interest rates were as follows:

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2022		
Bas Brouwers	0.7	1.5
Bart Leurs	0.8	1.4
Mariëlle Lichtenberg	1.5	2.7
Janine Vos	1.1	1.6

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2021		
Bas Brouwers	0.7	1.5
Bart Leurs	0.8	1.4
Mariëlle Lichtenberg	0.8	2.6
Janine Vos	1.1	1.6

The loans, advances and guarantees of the members of the Supervisory Board in office and the average interest rates were as follows:

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2022		
Arian Kamp	1.8	3.5
Marjan Trompetter	0.6	3.0

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2021		
Arian Kamp	1.2	1.4
Marjan Trompetter	0.6	2.4

At year-end 2022, the members of the Supervisory Board not listed in the table had not received any loans, advances or guarantees. These transactions with members of the Managing Board and Supervisory Board were completed in person on the basis of employee terms and conditions and/or market rates for the Supervisory Board. The rates depend in part on the currency, on the agreed fixed-interest period and on the time at which the transaction was completed or on the time at which a new fixed-interest term becomes effective.

Some members of the Managing Board have invested in Rabobank Certificates in person.

Managing Board	*Number of Rabobank Certificates*
On December 31, 2022	
Kirsten Konst	840
Mariëlle Lichtenberg	1,398
Berry Marttin	26,084

50. Principal Subsidiaries

On December 31, 2022	*Share*	*Voting rights*
Principal subsidiaries		
The Netherlands		
DLL International B.V.	100%	100%
BPD Europe B.V.	100%	100%
Obvion N.V.	100%	100%
North America		
Utrecht America Holdings Inc.	100%	100%
Australia and New Zealand		
Rabobank Australia Limited	100%	100%
Rabobank New Zealand Limited	100%	100%

All subsidiaries listed in the table have been consolidated. In 2022, none of the subsidiaries experienced any significant restrictions in the payment of dividends or the redemption of loans and repayment of advances. The possibility for subsidiaries to pay dividend to Rabobank depends on various factors, including local regulatory requirements, statutory reserves and financial performance.

Several structured entities in W&R segment are not consolidated, even if Rabobank retains more than half of the voting rights. These structured entities are not consolidated because the relevant activities and the variable returns are determined by a third party to the contract.

Rabobank controls several entities in the "Leasing" segment as part of its vendor leasing operations, even though it retains less than half of the voting rights. This is because control is not determined based on voting rights, but rather on management participation.

51. Transfer of Financial Assets and Financial Assets Provided as Collateral

51.1 Reverse Repurchase Transactions and Securities Borrowing Agreements

Reverse repurchase transactions and securities borrowing agreements concluded by Rabobank are included under "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers" and amount to:

Amounts in millions of euros	*2022*	*2021*
Loans and advances to credit institutions	5,146	16,587
Loans and advances to customers	8,139	13,898
Total reverse repurchase transactions and securities borrowing agreements	**13,285**	**30,485**

In accordance with the terms of the reverse repurchase transactions and securities borrowing agreements, Rabobank receives collateral under conditions that enable it to re-pledge or resell the collateral to third parties. On December 31, 2022, the total fair value of the securities received under the terms of the agreements was EUR 13,356 million (2021: EUR 31,043 million). In accordance with the agreement terms, a portion of the securities was re-pledged or sold as collateral. These transactions were effected subject to the normal conditions for standard reverse repurchase transactions and securities borrowing agreements. The securities have not been recognized in the statement of financial position because almost all the associated risks and benefits accrue to the counterparty. A receivable has been recognized at a value equivalent to the amount paid as collateral.

51.2 Repurchase Transactions and Securities Lending Agreements

Repurchase transactions and securities lending agreements concluded by Rabobank are included under "Deposits from Credit Institutions" and "Deposits from Customers". They amount to:

Amounts in millions of euros	*2022*	*2021*
Deposits from credit institutions	206	181
Deposits from customers	625	527
Total repurchase and securities lending	**831**	**708**

Rabobank provided interest-bearing securities with a carrying amount (equal to fair value) per December 31, 2022 of EUR 844 million (2021: EUR 716 million) as collateral for repurchase agreements. The counterparty retains the right to sell or re-pledge the securities. Rabobank performed these transactions subject to the normal conditions for standard repurchase transactions and securities lending agreements. The bank may provide or receive securities or cash as collateral if the value of the securities changes. The securities have not been de-recognized because almost all the associated risks and benefits accrue to Rabobank, including credit and market risks. A liability is recognized at a value equivalent to the amount received as collateral.

51.3 Securitizations

As part Rabobank's financing activities and liquidity management, and in order to reduce credit risk, cash flows from certain financial assets are transferred to third parties (true sale transactions). Most of the financial assets subject to these transactions have been mortgages and other loan portfolios that have been transferred to a special purpose vehicle that has subsequently been consolidated. After securitization, the assets continue to be recognized in Rabobank's statement of financial position, mainly under "Loans and Advances to Customers". The securitized assets have been measured in accordance with the accounting policies referred to in Section 2.15.

The carrying amount of the transferred financial assets related to own-asset securitization is EUR 79,396 million (2021: EUR 91,189 million) with the corresponding liability amounting to EUR 78,411 million (2021: EUR 89,963 million). Approximately 83% (2021: 80%) of the transferred assets have been securitized internally for liquidity purposes. The carrying amount of the assets where Rabobank acts as a sponsor (Nieuw-Amsterdam) is EUR 2,526 million (2021: EUR 2,404 million) with the corresponding liability amounting to EUR 2,525 million (2021: EUR 2,403 million). Rabobank retains 5% to 6% of the outstanding commercial paper issued by Nieuw Amsterdam for regulatory purposes.

51.4 Carrying Amount of Financial Assets Pledged as Collateral for (Contingent) Liabilities

The assets referred to below have been pledged as collateral for (contingent) liabilities (with exception of repo transactions, securities lending and own-asset securitizations) with the objective of providing security for the counterparty. Should Rabobank enter into default, the counterparties may use the security to settle the debt.

Amounts in millions of euros	*2022*	*2021*
Cash and cash equivalents	65	49
Loans and advances to credit institutions	2,370	1,443
Loans and advances to customers	27,321	27,482
Financial assets held for trading	477	370
Financial assets at fair value through other comprehensive income	730	1,397
Total assets pledged as collateral	**30,963**	**30,741**

52. Structured Entities

52.1 Consolidated Structured Entities

A structured entity is an entity that is structured so that voting rights or comparable rights do not constitute the dominant factor in determining who exercises control over the entity. Rabobank uses structured entities in order to securitize mortgages and other loan portfolios as part of its financing activities, liquidity management and in order to reduce credit risk. The loans are actually transferred to the structured entities. Own-asset securitization is handled by Rabobank, Obvion and DLL. In addition to providing cash facilities, Rabobank also acts as a swap counterparty for all own-asset securitizations.

Rabobank acts as a sponsor in Nieuw Amsterdam Receivables Corporation. Nieuw Amsterdam issues asset-backed commercial paper (ABCP) in various currencies and provides Rabobank customers access to liquidity through the commercial paper market. Rabobank provides advice and manages the program, markets ABCP, provides cash facilities and credit risk enhancements and other facilities for the underlying transactions and as well as for the program itself.

Rabobank consolidates the own-asset securitization vehicles and Nieuw Amsterdam because it is exposed to or entitled to fluctuating income in respect of its involvement in these entities. In addition, Rabobank also has the option to influence the amount of the investor’s income by virtue of having control over the entities.

52.2 Non-Consolidated Structured Entities

Non-consolidated structured entities refer to all structured entities over which Rabobank has no control. These interests are comprised mainly of debt securities to securitization vehicles and private equity interests. The amount of these debt securities is almost always limited when compared to the vehicle’s total assets. Rabobank usually refinances these securitization vehicles by issued debt securities or credit facilities.

The following table lists the nature and risks of Rabobank’s interests in non-consolidated structured entities. The size of non-consolidated structured entities generally reflects the carrying amount of the assets and the contingent liabilities. The maximum exposure equals the carrying amount disclosed in the table below.

Amounts in millions of euros	*On December 31, 2022*			*On December 31, 2021*		
Assets recognized by Rabobank	*Securitisations*	*Other*	*Total*	*Securitisations*	*Other*	*Total*
Financial assets held for trading	-	25	25	5	30	35
Financial assets mandatorily at fair value	2	983	985	2	727	729
Derivatives	-	-	-	25	-	25
Loans and advances to customers	958	-	958	542	-	542
Financial assets at fair value through other comprehensive income	-	-	-	3	-	3
Investments in associates	104	93	197	105	116	221
Total financial assets recognized by Rabobank	**1,064**	**1,101**	**2,165**	**682**	**873**	**1,555**
Liabilities recognized by Rabobank						
Derivatives	238	-	238	46	-	46
Deposits from customers	179	-	179	201	-	201
Total liabilities recognized by Rabobank	**417**	**-**	**417**	**247**	**-**	**247**

Income from sponsored, non-consolidated structured entities in which Rabobank holds no interest is zero (2021: zero).

53. Events after the Reporting Period

There were no subsequent events to be disclosed.

54. Authorization of the Financial Statements

The financial statements were signed by the Supervisory Board and Managing Board on March 2, 2023. The financial statements will be presented for adoption to the General Meeting, to be held on April 12, 2023. With regard to the adoption of Rabobank's financial statements, the Articles of Association state: "The resolution to adopt the financial statements will be passed by an absolute majority of the votes validly cast by the General Members' Council".

Managing Board
Stefaan Decraene, *Chair*
Bas Brouwers, *CFO and interim CRO*
Kirsten Konst, *Member*
Bart Leurs, *Member*
Mariëlle Lichtenberg, *Member*
Berry Marttin, *Member*
Philippe Vollot, *Member*
Janine Vos, *Member*

Supervisory Board
Marjan Trompetter, *Chair*
Johan van Hall, *Vice Chair*
Gert-Jan van den Akker
Arian Kamp
Petri Hofsté
Pascal Visée
Mark Pensaert

Company Financial Statements

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Statement of Financial Position (Before Profit Appropriation)

Statement of Financial Position (Before Profit Appropriation)

Amounts in millions of euros	*Note*		*December 31, 2022*		*December 31, 2021*
Assets					
Cash and balances at central banks	1		128,627		119,707
Short-term government papers	2		251		232
Professional securities transactions		4,516		15,909	
Other loans and advances to credit institutions		15,313		15,278	
Loans and advances to credit institutions	3		19,829		31,187
Public sector lending		1,103		1,749	
Private sector lending		370,747		369,934	
Professional securities transactions		8,836		14,129	
Loans and advances to customers	4		380,686		385,812
Interest-bearing securities	5		70,167		77,725
Shares	6		267		198
Interests in group companies	7		17,484		15,251
Other equity investments	8		1,119		1,586
Goodwill and other intangible assets	9		497		333
Tangible fixed assets	10		1,144		1,233
Other assets	11		4,752		6,631
Derivatives	12		27,302		24,517
Total assets			**652,125**		**664,412**

Amounts in millions of euros	*Note*		*December 31, 2022*		*December 31, 2021*
Liabilities					
Professional securities transactions		206		181	
Other liabilities to credit institutions		31,057		74,053	
Due to credit institutions	14		31,263		74,234
Savings		150,273		145,548	
Professional securities transactions		124		120	
Other due to customers		236,277		219,133	
Due to customers	15		386,674		364,801
Debt securities in issue	16		98,753		92,969
Other liabilities	17		53,521		59,596
Derivatives	12		25,103		18,771
Provisions	18		890		1,115
Subordinated liabilities	19		10,096		10,026
			606,300		**621,512**
Rabobank Certificates		7,825		7,825	
Capital Securities		4,971		3,978	
Revaluation reserves		(349)		220	
Legal reserves		251		17	
Other reserves		30,417		27,264	
Profit for the year		2,710		3,596	
Equity	**20**		**45,825**		**42,900**
Total equity and liabilities			**652,125**		**664,412**

Statement of Income

Statement of Income

		For the year ended 31 December	
Amounts in millions of euros	*Note*	*2022*	*2021*
Interest income	21	13,294	11,408
Interest expense	21	7,058	5,654
Net interest income	**21**	**6,236**	**5,754**
Fee and commission income	22	2,244	2,109
Fee and commission expense	22	298	272
Net fee and commission income	**22**	**1,946**	**1,837**
Income from equity interests	23	2,695	2,493
Gains/ (losses) from trading portfolio with external parties		(27)	147
Gains/ (losses) from trading portfolio with group companies		(2,492)	(739)
Gains/ (losses) from investment portfolio		273	363
Net income from financial transactions		**(2,246)**	**(229)**
Other results		75	(29)
Income		**8,706**	**9,826**
Staff costs	24	3,861	3,579
Other administrative expenses		1,136	1,591
Depreciation		272	291
Operating expenses		**5,269**	**5,461**
Impairment on investments in associates		110	-
Impairment charges on financial assets		2	(322)
Regulatory levies	25	586	637
Operating profit before taxation		**2,739**	**4,050**
Income tax	26	29	454
Net profit		**2,710**	**3,596**

Notes to the Company Financial Statements

1. Basis of Preparation

The company financial statements of Coöperatieve Rabobank U.A., a credit institution as referred to in Section 1:1 of the Financial Supervision Act, have been prepared in accordance with accounting policies generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362 of Book 2 of the Dutch Civil Code, the accounting policies in the company financial statements are the same as those used in preparing Rabobank's consolidated financial statements, reference is made to Section 2 "Accounting Policies of the Consolidated Financial Statements", with one exception regarding the measurement of interests in group companies as these are measured at net asset value. The hedge accounting entries of the consolidated financial statements have also been applied in the company financial statements by using combination 3 (Option 3 RJ).

The Coöperatieve Rabobank U.A. and the legal entities and companies that form part of the group, is an international financial services provider operating on the basis of cooperative principles. Rabobank has its registered office in Amsterdam and is registered under Chamber of commerce number 30046259.

Change in presentation

The presentation of accrued interest in the statement of financial position was changed in line with market practice. Accrued interest balances are no longer separately presented in the balance sheet items Prepayments and accrued income and Accruals and deferred income, but rather included in the corresponding balance sheet item of the host contract. The new accrued interest presentation is applied retrospectively and the largest impact was on the following balance sheet items per December 31, 2021. A decrease of Prepayments and accrued income of EUR 1,269 million and a decrease of Accruals and deferred income of EUR 1,091 million. And on the other hand an increase of Loans and advances to customers of EUR 506 million, an increase of Other assets of EUR 361 million, an increase of Due to customers for an amount of EUR 258 million, a decrease of Due to credit institutions of EUR 331 million and an increase of Debt securities in issue for an amount of EUR 584 million. This change in presentation also led to the removal of the balance sheet items Prepayments and accrued income and Accruals and deferred income in the 2022 Statement of Financial Position.

2. Risk Exposure on Financial Instruments

Rabobank manages risks at various levels within the organization. At the highest level, the Managing Board (under the supervision of the Supervisory Board) determines the risk strategy it will pursue, the risk appetite, the policy framework as well as the limits. The Supervisory Board regularly assesses the risks attached to Rabobank's activities and portfolio. The Chief Risk Officer, as a Member of the Managing Board, is responsible for the risk management policy within Rabobank.

Rabobank considers risks at company level the same as risks at consolidated level. Please refer to Section 4 "Risk Exposure on Financial Instruments" of the Consolidated Financial Statements. Additional remarks on solvency on solo level are presented below.

Solvency

Coöperatieve Rabobank U.A. (solo) must comply with a number of minimum solvency positions as stipulated under law. The solvency position is determined on the basis of ratios. These ratios compare the qualifying capital (total capital ratio), the tier 1 capital (tier 1 ratio) and the core capital (common equity tier 1 ratio) with the total of the risk-adjusted assets. The minimum percentages are determined on the basis of CRD IV/CRR and reflect the application of article 104a of the CRR2 to partly fulfil the pillar 2 requirement with additional tier 1 and tier 2 requirements.

Minimum Capital Buffer

	CET 1	*AT 1*	*Tier 1*	*Tier 2*	*Overall capital requirements*
Pillar 1 requirement	4.5%	1.50%	6.0%	2.0%	8.0%
Pillar 2 requirement	1.07%	0.36%	1.43%	0.47%	1.90%
Capital conservation buffer	2.5%	-	2.5%	-	2.5%
Countercyclical buffer	0.03%	-	0.03%	-	0.03%
Total required	**8.10%**	**1.86%**	**9.96%**	**2.47%**	**12.43%**

The CET1-ratio of Coöperatieve Rabobank U.A. (solo) is 15.2% (2021: 16.2%).

Legal and Arbitration Proceedings

Rabobank considers risks regarding legal and arbitration proceedings the same at company level as at consolidated level. For a description of these proceedings, see Section 4.10 "Legal and Arbitration Proceedings" in the Consolidated Financial Statements. For legal and arbitration proceedings related to Coöperatieve Rabobank U.A. the following amounts apply.

Amounts in millions of euros	*2022*	*2021*
Legal provisions	390	400
Contingent liabilities	370	189

Notes to the Statement of Financial Position

1. Cash and Balances at Central Banks

This item consists of balances available on demand with central banks in countries in which Rabobank operates and with De Nederlandsche Bank (the Dutch Central Bank) as required under its minimum reserve policy.

2. Short-term Government Papers

This item relates to government securities with an original term to maturity of up to two years. The cost and market value of short-term government papers are virtually the same.

Amounts in millions of euros	*2022*	*2021*
Recognized in the trading portfolio	-	17
Recognized in the investment portfolio	251	215
Total short-term government papers	**251**	**232**

3. Loans and Advances to Credit Institutions

This item represents loans and advances to other credit institutions, other than in the form of interest-bearing securities.

Amounts in millions of euros	*2022*	*2021*
Loans and advances to other credit institutions	9,617	20,545
Loans and advances to group companies	10,212	10,642
Total loans and advances to credit institutions	**19,829**	**31,187**
Of which subordinated	315	252
The terms of loans and advances to credit institutions can be broken down as follows:		
On demand	4,139	11,805
≤ 3 months	3,430	7,332
> 3 months ≤ 1 year	5,505	5,463
> 1 year ≤ 5 years	4,074	4,575
> 5 years	315	565
No maturity	2,366	1,447
Total loans and advances to credit institutions	**19,829**	**31,187**

The fair value of accepted collateral in the form of securities is EUR 4,522 million (2021: EUR 16,400 million).

4. Loans and Advances to Customers

This item consists of loans and advances arising in the course of business operations, other than receivables from credit institutions and interest-bearing securities.

Amounts in millions of euros	*2022*	*2021*
Breakdown of loans and advances to customers:		
Public sector lending	1,103	1,749
Private sector lending	370,747	369,934
Professional securities transactions	8,836	14,129
Total loans and advances to customers	**380,686**	**385,812**
Totals include:		
Of which to group companies	88,487	77,116
Of which mortgages	158,065	159,505
Loans recognized in the trading portfolio	335	888
Loans recognized in the investment portfolio	1	154
Loans recognized in the investment portfolio at fair value through profit or loss	560	861
Loans at amortized cost	379,790	383,909
Total loans and advances to customers	**380,686**	**385,812**
The terms of loans and advances can be broken down as follows:		
On demand	49,122	47,995
≤ 3 months	14,348	16,203
> 3 months ≤ 1 year	22,237	25,309
> 1 year ≤ 5 years	90,741	79,831
> 5 years	202,245	211,328
No maturity	1,097	3,243
Loans at amortized cost	**379,790**	**383,909**
Loans (excluding government loans and reverse repos) can be classified as follows by their concentration in specific business sectors:		
Food & agri	18%	17%
Trade, industry and services	27%	24%
Private individuals	55%	59%
Total	**100%**	**100%**

The fair value of accepted collateral in the form of securities is EUR 8,205 million (2021: EUR 12,456 million).

5. Interest-Bearing Securities

This item represents interest-bearing securities other than short-term government papers.

Amounts in millions of euros	*2022*	*2021*
Interest-bearing securities of:		
Public authorities	6,912	8,239
Other issuers	63,255	69,486
Total interest-bearing securities	**70,167**	**77,725**
Breakdown of interest-bearing securities:		
Trading portfolio	2,167	1,434
Investment portfolio	67,996	76,284
Investment portfolio at fair value through profit or loss	4	7
	70,167	**77,725**
The portfolio also includes:		
Securities issued by group companies	59,287	65,545
Listed portion of the portfolio	10,710	11,633
Non-listed securities and securities issued by group companies	59,457	66,092
Total interest-bearing securities	**70,167**	**77,725**

6. Shares

This item consists of shares and other non-interest-bearing securities.

Amounts in millions of euros	*2022*	*2021*
This breaks down as follows:		
Investment portfolio	34	38
Investment portfolio at fair value through profit or loss	7	10
Trading portfolio	226	150
Total	**267**	**198**
Listed portion of the portfolio	208	133
Non-listed portion of the portfolio	59	65
Total	**267**	**198**

7. Interests in Group Companies

This item includes the interests held directly in group companies.

Amounts in millions of euros	*2022*	*2021*
Equity investments in:		
Credit institutions	3,900	3,611
Other entities	13,584	11,640
Total	**17,484**	**15,251**
Changes in equity investments:		
Carrying amount on January 1	15,251	13,986
Additions, capital contributions during the financial year	143	110
Sales, disposals and liquidations during the financial year	-	-
Profit	2,686	2,374
Dividend/capital reimbursements	(1,026)	(1,519)
Revaluation	459	299
Other	(29)	1
Carrying amount on December 31	**17,484**	**15,251**

8. Other Equity Investments

This item includes participating interests in associates, particularly in Achmea B.V.

Amounts in millions of euros	*2022*	*2021*
Equity investments in:		
Credit institutions	-	-
Other entities	1,119	1,586
Total other equity investments	**1,119**	**1,586**
Changes in equity investments:		
Carrying amount on January 1	1,586	1,511
Acquisitions during the financial year	8	13
Disposals during the financial year	-	(6)
Profit/ (loss)	6	119
Revaluation	(316)	(6)
Impairment	(110)	-
Dividend	(55)	(45)
Carrying amount on December 31	**1,119**	**1,586**

9. Intangible Assets

The intangible assets mainly consist of software.

Amounts in millions of euros	*2022*	*2021*
Carrying amount on January 1	333	389
Acquisitions during the financial year (to group companies)	-	3
Acquisitions during the financial year	315	96
Disposals during the financial year (to group companies)	-	-
Disposals during the financial year	(8)	(4)
Depreciation	(101)	(96)
Impairment losses	(63)	(61)
Exchange differences and other	21	6
Carrying amount on December 31	**497**	**333**
Accumulated depreciation and impairment losses	1,278	1,212

10. Tangible Fixed Assets

Amounts in millions of euros	*2022*	*2021*
Land and buildings in own use	808	810
Equipment	129	164
Right-of-use assets	207	259
Total tangible fixed assets	**1,144**	**1,233**

Amounts in millions of euros	*Land and buildings in own use*	*Equipment*
Carrying amount on January 1, 2022	810	164
Acquisitions during the financial year	18	19
Disposals during the financial year	-	(4)
Depreciation	(61)	(49)
Impairment losses	(10)	-
Reversal impairment losses	44	-
Transfers to other assets	(2)	
Exchange differences and other	9	(1)
Carrying amount on December 31, 2022	**808**	**129**
Accumulated depreciation and impairment losses	1,051	445
Amounts in millions of euros		
Carrying amount on January 1, 2021	898	212
Acquisitions during the financial year	11	31
Disposals during the financial year	-	(28)
Depreciation	(69)	(61)
Impairment losses	(8)	(6)
Reversal impairment losses	23	-
Transfers to other assets	(36)	-
Exchange differences and other	(9)	16
Carrying amount on December 31, 2021	**810**	**164**
Accumulated depreciation and impairment losses	1,034	469

11. Other Assets

This item relates to current and deferred tax assets and assets that cannot be classified under any other heading.

Amounts in millions of euros	*2022*	*2021*
This item can be broken down as follows:		
Current tax assets	53	51
Deferred tax assets	1,082	424
Employee benefits	13	3
Commodities and warehouse receipts	1,751	4,590
Other	1,853	1,563
Total other assets	**4,752**	**6,631**

Fiscal Unity for Corporate Tax Purposes

For corporate tax purposes Rabobank forms a fiscal unity with a number of domestic subsidiaries. Under this fiscal unity, each participating legal entity is jointly and severally liable for the fiscal unity's corporate tax liabilities.

12. Derivatives

Amounts in millions of euros	*2022*	*2021*
Assets		
This item can be broken down as follows:		
Derivative contracts with third parties	26,622	22,652
Derivative contracts with group companies	680	1,865
Total derivatives	**27,302**	**24,517**
Liabilities		
This item can be broken down as follows:		
Derivative contracts with third parties	19,953	18,577
Derivative contracts with group companies	5,150	194
Total derivatives	**25,103**	**18,771**

The table below shows the notional amounts and the positive and negative fair values of Rabobank's derivative contracts.

Amounts in millions of euros	*Notional amounts*	*Fair values*	
Balance on December 31, 2022		*Assets*	*Liabilities*
Derivatives held for trading			
OTC	5,433,127	18,752	15,643
Listed	71,894	2	4
Interest rate contracts	**5,505,021**	**18,755**	**15,647**
OTC	370,442	6,972	7,852
Listed	-	-	-
Currency contracts	**370,442**	**6,972**	**7,852**
Credit derivatives	2,836	130	8
OTC	11,197	851	990
Listed	-	-	-
Other contracts	**11,197**	**851**	**990**
Derivatives designated as hedging instrument			
Derivatives designated as hedging instrument in fair value hedges			
Interest rate contracts	176,319	38	-
Currency contracts	8,007	527	592
	184,326	**565**	**592**
Derivatives designated as hedging instrument in cash flow hedges			
Currency contracts	321	30	15
Total derivative contracts	**6,074,143**	**27,302**	**25,103**

Amounts in millions of euros	*Notional amounts*	*Fair values*	
Balance on December 31, 2021		*Assets*	*Liabilities*
Derivatives held for trading			
OTC	4,537,352	16,635	11,507
Listed	123,681	1	1
Interest rate contracts	**4,661,033**	**16,636**	**11,508**
OTC	484,970	5,195	6,039
Listed	-	-	-
Currency contracts	**484,970**	**5,195**	**6,039**
Credit derivatives	2,176	141	23
OTC	17,193	691	829
Listed	-	-	-
Other contracts	**17,193**	**691**	**829**
Derivatives designated as hedging instrument			
Derivatives designated as hedging instrument in fair value hedges			
Interest rate contracts	113,408	469	46
Currency contracts	8,424	1,354	325
	121,832	**1,823**	**371**

Amounts in millions of euros	*Notional amounts*	*Fair values*	
Balance on December 31, 2022		*Assets*	*Liabilities*
Derivatives designated as hedging instrument in cash flow hedges			
Currency contracts	141	32	1
Total derivative contracts	**5,287,346**	**24,517**	**18,771**

13. Trading and Investment Portfolios

Breakdown of Trading and Investment Portfolios

Amounts in millions of euros	*2022*	*2021*
Trading portfolio		
Short-term government papers	-	17
Loans and advances to customers	335	888
Interest-bearing securities	2,167	1,434
Shares	226	150
Total trading portfolio	**2,728**	**2,489**
Investment portfolio		
Short-term government papers	251	215
Interest-bearing securities	67,996	76,284
Shares	34	38
Loans and advances to customers	1	154
Total investment portfolio	**68,282**	**76,691**
Included in the investment portfolios of group companies	59,276	65,534
Changes in the investment portfolio		
Balance on January 1	76,691	63,171
Foreign exchange differences	29	465
Acquisitions during the financial year	7,998	22,249
Disposals during the financial year	(15,440)	(9,139)
Fair value changes	(898)	(361)
Other	(98)	306
Balance on December 31	**68,282**	**76,691**
The terms of the investment portfolio can be broken down as follows:		
On demand	286	96
≤ 3 months	202	418
> 3 months ≤ 1 year	402	1,296
> 1 year ≤ 5 years	2,616	1,828
> 5 years	64,742	73,015
No maturity	34	38
Total investment portfolio	**68,282**	**76,691**

Amounts in millions of euros	*2022*	*2021*
Investment portfolio at fair value through profit or loss		
Interest-bearing securities	4	7
Shares	7	10
Loans and advances to customers	560	861
Total investment portfolio at fair value through profit or loss	**571**	**878**

14. Due to Credit Institutions

This item represents amounts owed to credit institutions, other than debt securities and subordinated debt, of which:

Amounts in millions of euros	*2022*	*2021*
Due to credit institutions	12,475	14,761
Due to group companies	3,528	4,593
Monetary instruments of central banks	15,040	54,786
Due to other equity investments	220	94
Total due to credit institutions	**31,263**	**74,234**
On demand	6,656	6,378
≤ 3 months	857	856
> 3 months ≤ 1 year	4,836	2,261
> 1 year ≤ 5 years	16,170	56,254
> 5 years	504	841
No maturity	2,240	7,644
Total due to credit institutions	**31,263**	**74,234**

15. Due to Customers

This item consists of amounts due to customers other than debt securities. Due to customers also includes the investments of central banks amounting to EUR 13 billion (2021: EUR 16 billion).

Amounts in millions of euros	*2022*	*2021*
Due to other customers	373,609	350,570
Due to group companies	7,309	8,423
Due to other equity investments	5,756	5,808
Total due to customers	**386,674**	**364,801**

Due to other customers comprises all deposits and savings accounts of natural persons, non-profit making associations and foundations, as well as non-transferable savings bonds.

Amounts in millions of euros	*2022*	*2021*
On demand	343,075	324,677
≤ 3 months	5,562	6,279
> 3 months ≤ 1 year	5,613	4,351
> 1 year ≤ 5 years	7,816	7,189
> 5 years	18,638	21,265
No maturity	5,970	1,040
Total due to customers	**386,674**	**364,801**

16. Debt Securities in Issue

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit.

Amounts in millions of euros	*2022*	*2021*
Tradeable debt securities	50,015	60,648
Other debt securities	48,738	32,321
Total debt securities in issue	**98,753**	**92,969**
On demand	4,090	5,035
≤ 3 months	10,722	11,105
> 3 months ≤ 1 year	28,246	21,331
> 1 year ≤ 5 years	32,985	28,178
> 5 years	22,710	27,320
Total debt securities in issue	**98,753**	**92,969**

17. Other Liabilities

This item includes liabilities that cannot be classified under any other heading, such as liabilities associated with securitized receivables, current taxes, short positions on securities, liabilities for staff costs, and creditors. At year-end 2022, approximately EUR 48 billion in Rabobank mortgages were securitized.

Amounts in millions of euros	*2022*	*2021*
This item can be broken down as follows:		
Liabilities associated with securitized receivables	47,510	53,574
Current tax liabilities	145	429
Other liabilities	5,866	5,593
Total other liabilities	**53,521**	**59,596**

18. Provisions

Amounts in millions of euros	*2022*	*2021*
Provision for pension plans and other post-retirement provisions	129	168
Provision for deferred tax liabilities	1	-
Impairment allowances on loan commitments and financial guarantees	121	105
Other provisions	639	842
Total provisions	**890**	**1,115**

Provision for Employee Benefits

The provision for employee benefits consists of a provision for pension plans of EUR 24 million (2021: EUR 84 million) and of other post-retirement provisions of EUR 105 million (2021: EUR 84 million).

Other Provisions

Amounts in millions of euros	*Restructuring provision*	*Provision for legal issues*	*Other*	*Total*
Opening balance on January 1, 2022	133	400	309	842
Additions	20	58	99	177
Withdrawals	(33)	(53)	(199)	(285)
Releases	(63)	(15)	(17)	(95)
Closing balance on December 31, 2022	**57**	**390**	**192**	**639**
Opening balance on January 1, 2021	278	73	42	393
Additions	62	351	312	725
Withdrawals	(43)	(15)	(14)	(72)
Releases	(164)	(9)	(31)	(204)
Closing balance on December 31, 2021	**133**	**400**	**309**	**842**

19. Subordinated Liabilities

This represents the loans relating to the issue of subordinated loans.

Amounts in millions of euros	2022	2021
Subordinated loans	10,096	10,026
Balance on December 31	**10,096**	**10,026**

In the following table details of the issues of subordinated liabilities are shown:

Subordinated Liabilities

Amounts in millions				
Notional	*Currency*	*Coupon*	*Year of issuance*	*Year of maturity*
90	AUD	5.454%	2022	2037
60	AUD	5.00%	2022	2037
750	EUR	3.875%	2022	2032
500	USD	4.00%	2017	2029, early repayment date 2024
1,500	USD	3.75%	2016	2026
1,500	USD	4.375%	2015	2025
1,250	USD	5.25%	2015	2045
1,000	GBP	4.625%	2014	2029
50,800	JPY	1.429%	2014	2024
588	EUR	3.875%	2013	2023
545	USD	4.625%	2013	2023
1,250	USD	5.75%	2013	2043
500	GBP	5.25%	2012	2027
10	EUR	4.21%	2005	2025
10	EUR	5.32%	2004	2024

20. Equity

Amounts in millions of euros	2022	2021
This item can be broken down as follows:		
Rabobank Certificates	7,825	7,825
Capital Securities	4,971	3,978
Revaluation reserves	(349)	220
Legal reserves	251	17
Other reserves	30,417	27,264
Profit for the year	2,710	3,596
Total equity	**45,825**	**42,900**

Rabobank Certificates

Rabobank Certificates represent participation rights issued by Rabobank via the foundation Stichting Administratie Kantoor Rabobank Certificaten (AK Foundation) and belong to Rabobank's Common Equity Tier 1 capital. Rabobank Certificates are listed on Euronext Amsterdam.

The total number of certificates is 313,005,461 with a nominal value of EUR 25 each. Rabobank's actual payment policy pursuant to the Participation Rules in respect of the participation issued by Rabobank (and via AK Foundation in respect of the Rabobank Certificates) can be found on the Rabobank website.

The cash distribution paid per certificate in 2022 was EUR 1.625. The amounts listed in the table below are based on the nominal value of EUR 25 per Rabobank Certificate. Cash flows arising from changes during the year in the Rabobank Certificates are included in the consolidated statement of cash flows.

Rabobank Certificates

Amounts in millions of euros	*2022*	*2021*
Changes during the year:		
Opening balance	7,825	7,822
Changes Rabobank Certificates during the year	-	3
Closing balance	**7,825**	**7,825**

Capital Securities

For issues and redemptions, please refer to Section 32 "Capital Securities" of the Consolidated Financial Statements.

Capital Securities		
Amounts in millions of euros	*2022*	*2021*
Movements were as follows:		
Balance on January 1	3,978	4,482
Issuance of Capital Securities	1,000	750
Costs of issuance of Capital Securities	(5)	(4)
Redemption of Capital Securities	-	(1,282)
Other	(2)	32
Balance on December 31	**4,971**	**3,978**

Revaluation Reserves

Amounts in millions of euros	*2022*	*2021*
The revaluation reserves can be specified as follows:		
Cash flow hedges	(22)	(14)
Interest-bearing securities	(542)	15
Shares and non-interest-bearing securities	112	141
Costs of hedging	103	78
Total revaluation reserves	**(349)**	**220**
Movements were as follows:		
Balance on January 1	220	376
Exchange rate differences	(9)	38
Revaluations	(665)	(82)
Other	(11)	(44)
Transferred to profit or loss	116	(68)
Balance on December 31	**(349)**	**220**

Rabobank’s cash flow hedges mainly consist of hedges of the margin of issued bonds in foreign currency hedged with cross-currency interest rate swaps to protect against a potential change in cash flows due to change in foreign currency rates.

Rabobank assesses the hedge effectiveness on the basis of statistical regression analysis models, both prospectively and retrospectively for IAS 39 cash flow hedges and analyses the sources of ineffectiveness for IFRS 9 cash flow hedges. The IFRS 9 cash flow hedges are 100% effective.

Legal Reserves

Amounts in millions of euros	*2022*	*2021*
The legal reserves can be specified as follows:		
Retained profits of investments in associates	598	605
Software developed in-house	277	299
Translation differences	(624)	(887)
Total legal reserves	**251**	**17**
Movements were as follows:		
Balance on January 1	17	(666)
From other reserves to legal reserves	(29)	159
Exchange rate differences	263	524
Balance on December 31	**251**	**17**

Other Reserves

Amounts in millions of euros	2022	2021
The other reserves can be specified as follows:		
Recalibration of pensions	(19)	(173)
Fair value changes due to own credit risk on financial liabilities designated at fair value	(62)	(130)
Retained earnings	30,498	27,567
Total other reserves	**30,417**	**27,264**
Movements in the recalibration of pensions:		
Balance on January 1	(173)	(171)
Recalibration of pensions	154	(2)
Balance on December 31	**(19)**	**(173)**
Movements in the fair value changes due to own credit risk on financial liabilities designated at fair value:		
Balance on January 1	(130)	(109)
Fair value changes	68	(22)
Realization at derecognition	-	1
Balance on December 31	**(62)**	**(130)**
Movements in retained earnings:		
Balance on January 1	27,567	27,367
Profit for previous financial year	3,596	1,055
Distribution to third parties	(698)	(686)
Transferred to legal reserves	29	(159)
Transferred to revaluation reserves	8	46
Redemption of Capital Securities	-	(27)
Disposal of assets	-	(31)
Other changes	(4)	2
Balance on December 31	**30,498**	**27,567**

The reserves cannot be distributed among members.

The Consolidated Financial Statements of Rabobank include the financial information of Rabobank and other group companies. Rabobank's consolidated net profit was EUR 2,786 million (2021: EUR 3,692 million); Rabobank's net profit in the company financial statements was EUR 2,710 million (2021: EUR 3,596 million). The difference of EUR 76 million (2021: EUR 96 million) represents profit attributed to the other non-controlling interests.

The table below shows the reconciliation between the equity of Coöperatieve Rabobank U.A. and consolidated equity:

Amounts in millions of euros	2022	2021
Equity of Rabobank according to Part 9 of Book 2 of the Dutch Civil Code	45,825	42,900
Non-controlling interests	533	502
Equity according to IFRS as presented in the consolidated financial statements	**46,358**	**43,402**

Notes to the Statement of Income

21. Net Interest Income

Amounts in millions of euros	*2022*	*2021*
Interest income		
Cash and cash equivalents	1,249	46
Loans and advances to credit institutions	341	155
Loans and advances to customers	9,721	8,260
Derivatives used for fair value hedge-accounting	292	199
Financial assets at fair value through other comprehensive income	498	205
Interest income from financial assets using the effective interest method	**12,101**	**8,865**
Financial assets held for trading	52	31
Derivatives held as economic hedges	769	1,355
Financial assets mandatorily at fair value	12	14
Interest income on financial liabilities with a negative interest rate	344	1,132
Other	16	11
Other interest income	**1,193**	**2,543**
Total interest income	**13,294**	**11,408**
Interest expense		
Deposits from credit institutions	366	61
Deposits from customers	3,538	2,875
Debt securities in issue	2,048	1,485
Financial liabilities held for trading	25	16
Financial liabilities designated at fair value	228	119
Subordinated liabilities	472	563
Interest expense on financial assets with a negative interest rate	350	490
Other	31	45
Total interest expense	**7,058**	**5,654**
Net interest income	**6,236**	**5,754**

22. Net Fee and Commission Income

Amounts in millions of euros	*2022*	*2021*
Fee and commission income		
Payment services	898	829
Lending	457	446
Purchase and sale of other financial assets and handling fees	391	397
Insurance commissions	303	298
Other commission income – group companies	2	2
Other commission income	193	137
Total fee and commission income	**2,244**	**2,109**
Fee and commission expense		
Payment services	216	180
Handling fees	26	23
Custodial fees and securities services	11	11
Other commission expense – group companies	16	24
Other commission expense	29	34
Total fee and commission expense	**298**	**272**
Net fee and commission income	**1,946**	**1,837**

23. Income from Equity Interests

Amounts in millions of euros	*2022*	*2021*
Dividend income from shares	3	-
Results from interests in group companies	2,686	2,374
Results from other equity investments	6	119
Results from disposed interests	-	-
Total income from equity interests	**2,695**	**2,493**

24. Staff Costs

Amounts in millions of euros	*2022*	*2021*
Wages and salaries	2,108	2,096
Social security contributions and insurance costs	237	208
Pension costs	398	371
Training and travelling expenses	92	61
Other staff costs	1,026	843
Total staff costs	**3,861**	**3,579**

The average number of internal and external employees was 36,751 (2021: 35,372), of which outside the Netherlands 2,936 (2021: 3,002). Expressed in FTEs, the average number of internal and external employees was 35,739 (2021: 33,563).

25. Regulatory Levies

The regulatory levies consist of bank tax, bank levies and contributions to the Single Resolution Fund and the Deposit Guarantee Scheme.

Amounts in millions of euros	*2022*	*2021*
Bank tax Netherlands	126	179
Bank tax other countries	7	9
Contribution Single Resolution Fund	276	226
Contribution Deposit Guarantee Fund	177	223
Regulatory levies	**586**	**637**

26. Income Tax

The major components of the income tax are included below.

Amounts in millions of euros	*2022*	*2021*
Income tax		
Reporting period	670	575
Adjustments of previous years	(3)	28
Deferred tax	(638)	(149)
Total income tax	**29**	**454**
Effective tax rate	1.1%	11.2%
Applicable tax rate	25.8%	25.0%

The effective tax rate differs from the applicable tax rate in 2022 mainly because of the net inclusion of income from group entities and the deduction of interest payments on Capital Securities.

The effective tax rate was 1.1% (2021: 11.2%) and differs from the theoretical rate that would arise using the Dutch corporate tax rate. This difference is explained as follows:

Amounts in millions of euros	*2022*		*2021*	
Operating profit before taxation		2,739		4,050
Applicable tax rate	25.8%	707	25%	1,013
Increase/(decrease) in taxes resulting from:				
Increase/(decrease) from interests in group companies	(25.3%)	(693)	(14.7%)	(593)
Other tax-exempt income	(1.7%)	(46)	(0.9%)	(39)
Impact of foreign tax rates	(0.4%)	(11)	(0.1%)	(4)
Non-deductible expenses	4.1%	112	2.3%	95
Other permanent differences	(1.8%)	(49)	(1.1%)	(44)
Adjustments of previous years	(0.1%)	(3)	0.7%	28
Adjustment due to changes in tax rates	(0.1%)	(4)	0.2%	7
Write-down deferred tax items	0.1%	3	0.4%	18
Other non-recurring tax items	0.5%	13	(0.7%)	(27)
Total income tax	**1.1%**	**29**	**11.1%**	**454**

Other Notes to the Financial Statements

27. Professional Securities Transactions and Assets Not Freely Available

Reverse repurchase transactions and securities borrowing agreements concluded by Rabobank are included under "Loans and advances to credit institutions" or "Loans and advances to customers".

Amounts in millions of euros	*2022*	*2021*
Loans and advances to credit institutions	4,516	15,909
Loans and advances to customers	8,836	14,129
Total	**13,352**	**30,038**

Repurchase transactions and securities lending agreements concluded by Rabobank are included under "Due to credit institutions" and "Due to customers" .

Amounts in millions of euros	*2022*	*2021*
Due to credit institutions	206	181
Due to customers	124	120
Total	**330**	**301**

The assets referred to in the table below (with exception of professional securities transactions) were provided to counterparties as security for (contingent) liabilities. If Rabobank would enter into default, the counterparties may use the security to settle the debt.

Amounts In millions of euros		*2022*	*2021*
Assets not freely available:	**Related to type of liabilities:**		
Loans and advances to credit institutions	Derivatives	2,370	1,443
Loans and advances to customers	Due to customers, Debt securities in issue	21,638	21,349
Interest-bearing securities	Due to customers	1,207	1,768
Total		**25,215**	**24,560**

28. Contingent Liabilities

Rabobank enters into irrevocable loan commitments as well as contingent liabilities consisting of financial guarantees and standby letters of credit on behalf of its customers. Under these contracts Rabobank is required to perform under an obligation agreement or to make payments to the beneficiary on third party's failure to meet its obligations. The following table shows the amount of the maximum potential utilization of contingent liabilities.

Amounts in millions of euros	*2022*	*2021*
Contingent liabilities consist of:		
Financial guarantees	7,178	6,234
Loan commitments	46,932	42,354
Other commitments	25,670	23,629
Total contingent liabilities	**79,780**	**72,217**
Of which:		
Contingent liabilities of group companies	14,331	12,666

Liability Undertakings

Pursuant to Section 403 of Book 2 of the Dutch Civil Code, Rabobank has assumed liability for the debts arising from the legal transactions of the following group companies:

- Bodemgoed B.V.
- De Lage Landen International B.V.
- De Lage Landen Vendorlease B.V.
- Fideaal B.V.
- Rabo Direct Financiering B.V.
- Rabo Factoring B.V.
- Rabo Financial Solutions Holding B.V.
- Rabo Financieringsmaatschappij B.V.
- Rabo Groen Bank B.V.
- Rabo Lease B.V.
- Rabo Merchant Bank N.V.
- Rabo Vastgoed Lease B.V.

Rabobank issued a liquidity guarantee for Rabo Groen Bank B.V.

Fiscal Unity for Corporate Tax Purposes

For corporate tax purposes Rabobank forms a fiscal unity with a number of domestic subsidiaries. Under the fiscal unity, each participating legal entity is jointly and severally liable for the fiscal unity’s corporate tax liabilities.

29. Principal Group Companies

In 2022, none of the group companies experienced any significant restrictions in the payment of dividends or the redemption of loans and repayment of advances. The option of group companies to pay dividend to Rabobank depends on various factors, including local regulatory requirements, statutory reserves and financial performance.

On December 31, 2022	*Share*	*Voting rights*
Principal group companies		
The Netherlands		
DLL International B.V.	100%	100%
BPD Europe B.V.	100%	100%
Obvion N.V.	100%	100%
North America		
Utrecht America Holdings Inc.	100%	100%
Australia and New Zealand		
Rabobank Australia Limited	100%	100%
Rabobank New Zealand Limited	100%	100%

30. Remuneration of the Supervisory Board and the Managing Board

The members of the Managing Board and the Supervisory Board are listed in Section 33. The information on remuneration of the members of the Managing Board and the Supervisory Board is included in Section 49 "Remuneration of the Supervisory Board and the Managing Board" in the Consolidated Financial Statements.

31. Proposals Regarding the Appropriation of Available Profit for Rabobank

Of the profit of EUR 2,710 million, EUR 699 million is payable to the holders of Rabobank Certificates and Capital Securities in accordance with Managing Board resolutions. Rabobank proposes to add the remainder of the profit to the general reserves held by Rabobank.

32. Events After the Reporting Period

There were no subsequent events to be disclosed.

33. Authorization of the Financial Statements

The financial statements were signed by the Supervisory Board and Managing Board on March 2, 2023. The financial statements will be presented for adoption to the General Meeting, to be held on April 12, 2023. With regard to the adoption of the financial statements of Rabobank, the Articles of Association state: "The resolution to adopt the financial statements will be passed by an absolute majority of the votes validly cast by the General Members' Council."

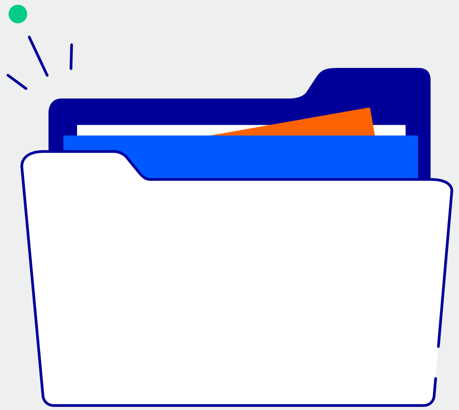
Managing Board

Stefaan Decraene, *Chair*
Bas Brouwers, *CFO and interim CRO*
Kirsten Konst, *Member*
Bart Leurs, *Member*
Mariëlle Lichtenberg, *Member*
Berry Marttin, *Member*
Philippe Vollot, *Member*
Janine Vos, *Member*

Supervisory Board

Marjan Trompetter, *Chair*
Johan van Hall, *Vice Chair*
Gert-Jan van den Akker
Arian Kamp
Petri Hofsté
Pascal Visée
Mark Pensaert

Other Information



Statutory Provisions

Profit can be used under a Managing Board resolution to pay distributions on participation rights and distributions on additional tier 1 instruments.

The remainder of the profit is added to the general reserves held by Rabobank. The Managing Board can also decide to make interim distributions to holders of participation rights and the holders of additional tier 1 instruments from the profit and/or the result. While Rabobank still exists, the reserves cannot be distributed to the members, neither in full, nor in part. The Managing Board has the right to make a distribution from the reserves on participation rights and/or additional tier 1 instruments. If the decision is taken at any time to dissolve Rabobank in order to have its business continued by another legal entity or institution, the reserves will be transferred to said other legal entity or institution.

pwc

Independent auditor's report

To: the General Members' Council and Supervisory Board of Coöperatieve Rabobank U.A.

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of Coöperatieve Rabobank U.A. together with its subsidiaries ('the Group', 'Rabobank' or 'the Bank') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code; and
- the company financial statements of Coöperatieve Rabobank U.A. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Coöperatieve Rabobank U.A., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of income for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Coöperatieve Rabobank U.A. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, hence we do not provide a separate opinion or conclusion on these matters.

Overview and context

Rabobank is an international bank operating on the basis of cooperative principles. Rabobank operates globally in 37 countries with a focus on universal banking in the Netherlands and food and agricultural financing in the Netherlands and abroad. Its operations include domestic retail banking, wholesale banking, international rural banking, leasing and real estate. As the Group comprises multiple components, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

Rabobank continues to operate in a challenging environment due to the unstable economic conditions driven by rising inflation, higher energy prices and low consumer confidence, all mainly due to the conflict in Ukraine as well as other global geopolitical tensions. Furthermore, the Group is impacted by changes to customer preferences which require ongoing investments in digitization and by high expectations from society towards compliance with laws and regulations. The reliability of information processing is significant to the Group's operational, regulatory and financial reporting processes and we have therefore identified the design and effectiveness of IT general controls as a key audit matter.

Furthermore, there is an industry risk that compliance areas have not or not sufficiently been identified and/or addressed by management that requires considerations for financial statement purposes. This includes considerations regarding the need for the recognition of a provision or a contingent liability disclosure on the future outcome of the following compliance matters:

- further punitive enforcement procedures following the instruction that was received from De Nederlandsche Bank N.V. ('DNB') on 23 December 2021 in which DNB determined that Rabobank did not meet the requirements of the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financiering van terrorisme, Wwft)*. Following this, on 7 December 2022 Rabobank was informed by the Dutch Public Prosecution Service that they consider Rabobank a suspect in connection with violation of the Wwft and that an investigation is ongoing; and
- as announced by the European Commission ('EC') on 6 December 2022, the EC has initiated antitrust proceedings against Rabobank s to whether the Bank infringed EU competition law.

We also identified matters relating to client care exposures, such as the industry wide discussion on the variable interest rates set in the past for certain consumer lending products, as an important matter in our audit. In this respect the Bank identified that it did not consistently adjust the interest rate of certain consumer lending products in accordance with the reference rate selected by Kifid. As a result of the above compliance and client care matters, we have identified regulatory and client care exposures as a key audit matter.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Managing Board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In paragraph 'Judgements and Estimates in note 2.1 of the financial statements, the Bank describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. From the estimates and judgements mentioned in this paragraph, we considered the impairment allowances on loans and advances to customers is a key audit matter, given the significant estimation uncertainty in combination with the magnitude. The continuing economic uncertainty has heightened the impact of certain estimations and judgements made by the Group, specifically towards forward-looking assumptions applied to the probability of default and the associated macroeconomic scenarios across the Group's loan portfolio.

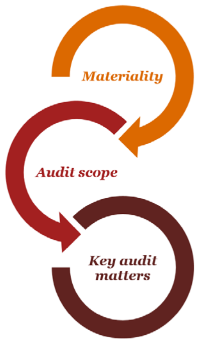
Other areas of focus, that were not considered to be key audit matters, were revenue recognition, management override of controls, fair value of financial instruments (more specifically level 2 and level 3 financial instruments including debit/credit valuation adjustments), hedge accounting, recoverability of goodwill and other intangible assets, investments in associates and buildings, taxation (more specifically valuation of deferred tax assets), and litigation and other provisions. Though these are areas of focus in our audit, they were not the matters of most significance in the audit of the financial statements of the current period.

The uncertainty within the current economic environment adds complexity and challenges when auditing accounting estimates such as impairment allowances on loans and advances to customers, impairment assessments on goodwill, buildings, and the Bank's equity investments in Achmea B.V. and Mechanics Bank. Our procedures include assessments of these accounting matters and the relevant disclosures in the financial statements in accordance with the financial reporting framework applied by the Bank. We refer to the section on key audit matters for procedures performed on impairment allowances on loans and advances to customers. The other estimates were other areas of focus in our audit, but not considered to be key audit matters.

The Group assessed the possible effects of climate change on its financial position. These effects impact the financial statements mostly as one of the potential drivers of credit risk exposures of the Group, refer to note 4.3.9 of the financial statements. We discussed the Group's assessment and governance thereof with the Managing Board and evaluated the potential impact on the financial position including underlying assumptions and estimates applied in connection with the impairment allowances on loans and advances to customers. The expected effects of climate change are not considered a separate key audit matter, but we took this into account as part of the key audit matter on impairment allowances on loans and advances to customers.

We ensured that the audit teams, both at group and at component levels, collectively contain the appropriate skills and competences which are needed for the audit of a bank. We included specialists and experts in the areas of IT, cyber security, taxation, forensics, valuation of financial instruments, real estate valuations, employee benefits, macroeconomic forecasting and hedge accounting in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €195 million (2021: €175 million).

Audit scope
- We conducted audit work on 15 components.
- We held meetings with the component teams and local Rabobank management in the following locations: the Netherlands, USA, Australia, New Zealand, and Brazil.
- For the significant components, we gained digital access to component files and performed a review of selected working papers of the work performed by component auditors.
- Audit coverage: 93% of total assets, 95% of profit before tax and 92% of net interest income.

Key audit matters
- Impairment allowances on loans and advances to customers
- Regulatory and client care exposures
- Design and effectiveness of IT General Controls

Materiality
The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

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Overall group materiality	€195 million (2021: €175 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before tax of the current period. As a result of the Covid-19 pandemic, in our 2020 and 2021 audits, we used a 5% weighted average of profit before tax of the current year and previous two years. However, as the Covid-19 pandemic eased, we considered this approach not suitable anymore in our 2022 audit as the economic markets are less responsive to Covid-19, restrictions are no longer in place and governments are no longer providing substantial support to the economy.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax is an important metric for the financial performance of the Bank and is widely used within the industry. Furthermore, we utilized a 5% threshold, based on our professional judgement, noting it is within the range of commonly acceptable thresholds and the predominant threshold used for a bank with similar characteristics.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €34 million and €120 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons. Examples of areas that we focused on due to qualitative reasons are the accuracy of disclosures on impairment allowances on loans and advances to customers, fair value, recoverability of investments in associates, impairment of goodwill, regulatory exposures and the remuneration of the Supervisory Board and the Managing Board.

We agreed with the Supervisory Board that we would report to them any misstatement identified during our audit above €9.8 million (2021: €8.75 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Coöperatieve Rabobank U.A. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatieve Rabobank U.A.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

In determining the scope of the group audit, we first assessed the components that are individually financially significant to the Group (i.e., significant components), namely Domestic Retail Banking Netherlands (not including Obvion and other associated entities), Wholesale and Rural in the Netherlands ('W&R') and De Lage Landen ('DLL'). These components were subject to audits of their complete financial information (full scope audit). To achieve appropriate audit coverage over the consolidated financial statements, we further selected twelve additional components for full scope audit, audit of certain specific account balances, or specified procedures.

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In total, in performing these procedures, we achieved the following coverage on the financial line items:

Net interest income	92%
Total assets	93%
Profit before tax	95%

None of the remaining components represented more than 2% of total group total assets, profit before tax or net interest income. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Group components in the Netherlands include the significant components Domestic Retail Banking, W&R, DLL, but also include Property Development, Obvion, the Bank's equity investment in Achmea and some other smaller components (including group components). The group engagement team utilised the work of component teams for these entities. For components in the USA, Australia/New Zealand and Brazil, we used component auditors who are familiar with the local laws and regulations to perform the audit work. Except for Achmea B.V., all components in scope for group reporting are audited by PwC member firms.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk assessment, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We were in active dialogue throughout the year with all component audit teams in scope for group reporting including upon the conclusion of their work. During these dialogues, we discussed the planning, risk assessment, significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements. For the significant components, we gained access to component files and performed a review of selected working papers of the work performed by component auditors.

We conducted a series of meetings with local management along with component audit teams in the Netherlands, USA, Australia/New Zealand and Brazil. During these meetings, we discussed the strategy and financial performance of the local businesses, as well as the audit plan of the component auditors and execution thereof, significant audit risks and other relevant audit topics. The active dialogues, clear communication and effective use of technology have allowed us to direct and supervise the performance of our component teams.

The group engagement team performed the audit work on the group consolidation, IT general controls, central cost centre, financial statement disclosures, certain specific accounts in scope and a number of complex items such as impairment allowances on loans and advances to customers, hedge accounting, and certain other accounting matters, such as the valuation of investments in associates, part of the Bank's goodwill, income tax on the Dutch fiscal unity, regulatory matters and the legal provisions at the head office.

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Rabobank has an internal audit department (Audit Rabobank) that performs operational audits, compliance audits, IT audits, loan (valuation) audits and audits on internal control on financial reporting. We considered, in the context of Dutch Standard 610 'Using the work of internal auditors', whether we could make use of the work of Audit Rabobank and we concluded that this was appropriate in the testing of design and operating effectiveness of certain controls (mainly relating to IT general controls, loan impairment provisioning, Wholesale and Rural the Netherlands), and procedures performed over individually assessed credit- impaired loans. To arrive at this conclusion, we evaluated the competence, objectivity as well as the systematic and disciplined approach applied by Audit Rabobank. Subsequently, we developed a detailed approach and model to make use of work of Audit Rabobank in our financial statement audit. We were substantially and independently involved in the higher risk areas and/or in areas or procedures that require significant judgement. During the audit process we worked closely with Audit Rabobank, had frequent status meetings and reviewed and reperformed some of their work which confirmed our initial assessment and reliance approach.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the Managing Board's risk assessment process, the Managing Board's process for responding to the risks of fraud and monitoring the internal control system and how the Supervisory Board exercised oversight, as well as the outcomes. We refer to section note 4.8 'Operational Risk' of the financial statements on how the risk of fraud is managed and mitigated by the Bank.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Together with our forensic specialists, we evaluated the risk of material misstatement due to fraud to the financial statements. We conducted interviews with members of the Managing Board and the Supervisory Board and others within the Bank, including the internal audit, legal and compliance departments, to obtain an understanding of the Bank's fraud risk assessment and of the processes for identifying and responding to the risks of fraud and the internal controls that the Managing Board has established to mitigate these risks. As described in the auditing standards, management override of controls and risk of fraud in revenue recognition are presumed risks of fraud. Inherently, management of a company is in a unique position to perpetrate fraud, because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We addressed this risk of management override of controls, including evaluating whether there was evidence of bias in management's estimates and judgements that may represent a risk of material misstatement due to fraud (we refer in this respect to the key audit matters 'impairment allowances on loans and advances to customers' and 'regulatory and client care exposures').

The audit procedures to respond to the assessed risks include, amongst others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks (such as processing and review of journal entries), back testing of prior year's estimates, and procedures on unexpected journal entries with the support of data analytics. Furthermore, we paid attention to significant transactions

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outside the normal course of business. With regards to the risk of fraud in revenue recognition, based on our risk assessment procedures, we concluded that this risk is related to revenue recognition in areas that are more complex, non-systematic or manual in nature such as fee and commission income in the Wholesale and Rural segment and Domestic Retail Banking segment, property development income in the Property Development segment and the valuation of equity investments held by Rabo Corporate Investments. We instructed our component auditors to perform procedures over this risk, including evaluation of the design and implementation of relevant internal controls, and procedures over revenue recognition such as testing a sample of fees and commissions to ensure that the income recorded is accurate and had occurred, cut-off procedures to identify potential shifts in property development income, and the appropriateness of the valuation methodologies, inputs and assumptions applied in the valuation of equity investments. We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

Finally, as part of our procedures we had dialogues throughout the year with the Rabobank Financial and Economic Crime ('FEC') team. The FEC team investigates, amongst others, reported internal integrity, whistleblowing and fraud matters. We assessed the process which the Bank has in place. This assessment included: assessing the skills of the investigators, the investigation approach and based on risk-based criteria, selecting a number of individual cases, and reviewing the documentation, conclusions, reporting and responses from the FEC team. We involved our forensic specialists in these procedures. This did not lead to indications of fraud that could potentially result in the financial statements being materially misstated.

Audit approach to non-compliance with laws and regulations

The objectives of our audit, with respect to non-compliance with laws and regulations are:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

In line with Dutch Standard 250 we made in our audit approach a distinction between those laws and regulations which:

- have a direct effect on the determination of material amounts and disclosures in the financial statements. For this category, we obtained amongst others audit evidence regarding compliance with the provision of those laws and regulations; and
- do not have a direct effect on the determination of material amounts and disclosures in the financial statements, but where compliance may be fundamental to the operating aspects of the business. Those include amongst others the Bank's ability to continue its business or to avoid material penalties. For this category, we performed specific audit procedures to identify non-compliance with those laws and regulations that may have a material effect on the financial statements, as described in the key audit matter: 'regulatory and client care exposures.'

The primary responsibility for the prevention and detection of non-compliance with laws and regulations lies with the Managing Board with the oversight of the Supervisory Board.

Audit approach going concern

As disclosed in paragraph 'Going concern' in note 2.1 to the financial statements, the Managing Board performed their assessment of the Group's ability to continue as a going concern for the foreseeable future and has not identified events or conditions that may cast significant doubt on the Group's ability to continue as a going concern (hereafter: going concern risks). Our procedures to evaluate management's going concern assessment include, amongst others:

- considering whether the Managing Board's going concern assessment includes all relevant information of which we are aware as a result of our audit.
- understanding and evaluating the Bank's medium-term planning and budget process (including the Group's funding plan), specifically for the next twelve months.
- understanding and evaluating the Group's financial position and stress testing of liquidity and regulatory capital requirements, including the severity of the stress scenarios that were applied.
- considering the results of our (other) risk assessment procedures and related activities performed to identify events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
- performing inquiries of the Managing Board as to their knowledge of going concern risks beyond the period of their assessment.
- reading and evaluating the adequacy of the disclosures in paragraph 'Going concern' in note 2.1 to the financial statements in relation to going concern.

Our procedures did not result in outcomes contrary to the Managing Board's assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

As compared to last year, there have been no changes in key audit matters. The key audit matters described below are mostly related to the nature of the Group and are therefore expected to occur every year. These are described in more detail in the individual key audit matters below.

Key audit matter

Impairment allowances on loans and advances to customers

Refer to note 2.1 section 'Judgements and estimates', note 2.16 'Impairment allowances on financial assets', note 4.3.4 'Impairment allowances on financial assets and credit related contingent liabilities' and note 11 'Loans and advances to customers'.

In accordance with the requirements of IFRS 9, Rabobank calculated the impairment allowances on loans and advances to customers using a three-stage expected credit loss impairment model. Rabobank determined loan impairments in stage 1 and 2 on a modelled basis whereas the loan impairments in stage 3 are determined on either a modelled basis or on a specific loan-by-loan basis.

Model based loan impairments

For the model based loan impairments, Rabobank utilised point in time probability of default ('PD'), loss given default ('LGD') and exposures at default ('EAD') models for the majority of the loan portfolio. Three macroeconomic scenarios (consisting of a baseline, a baseline minus and a baseline plus scenario) were incorporated into these models and probability weighted in order to determine the expected credit losses. The increased degree of estimation uncertainty due to economic impacts of uncertain economic conditions in developing macroeconomic scenarios including the associated weightings given the range of potential economic outcome and suitability of models used have led to a high degree of estimation uncertainty and required significant management judgement.

To date, Rabobank's models do not (yet) specifically measure or quantify the impact of risk resulting from transitional or physical climate change impact into the credit risk provisions. Rabobank includes climate risk in the IFRS 9 assessment through:

- determining impact of climate risk on the macroeconomic scenarios;
- determining impact of climate risk in individual client assessments;
- determining sectors which are considered to be vulnerable due to climate risk (all exposures in these sectors are moved to stage 2 to reflect the long-term challenging conditions and reflect the significant increase in credit risk ('SICR')); and
- top level adjustments in specific regions in response to extreme climate conditions.

In case of data quality issues, or when unexpected external developments were not sufficiently covered by the outcome of the impairment models, adjustments were made (top level adjustments). This year, in addition to other adjustments, top level adjustments are recognized in relation to external conditions not captured in the IFRS 9 model (such as Covid-19 delay effect, economic effects of the Russia-Ukraine war, uncertainties in the supply chain and energy prices and transition risk impact of Dutch government's nitrogen approach and climate exposures) for the following matters:

- an adjustment of €123 million to reflect the risk of expected further defaults related to Covid-19. Based on management's judgement, the IFRS 9 model outcome related to business loans did not appropriately reflect the increase in credit risk as the government support measures have postponed to a certain extent the direct financial impact of the lockdown measures for most of the clients;

Our audit work and observations

Control design and operation effectiveness

We evaluated the design and tested the operating effectiveness of key controls over:

- the internal credit management process to assess the loan quality classification to identify impaired loans;
- the assessment of the future cash flows and existence and valuation of collateral, based on the appropriate use of key parameters for the specific impairment allowance;
- the methodology and controls applied in measuring and determining significant increase in credit risk;
- the governance over development, validation, calibration and implementation of the PD, LGD and EAD impairment models; and
- the review and approval process that management has in place for the outputs of the impairment models, and the top level adjustments that are applied to model outputs.

The majority of these controls were designed and operated effectively. For certain controls, specifically around the credit risk classification process in the Dutch business loans domain, remedial control activities and impact assessments were performed by management. Based on the testing of controls and additional testing of remedial actions, we determined that it was appropriate to place reliance on the above controls for the purpose of our audit.

Assessment of model-based impairment allowances

We have tested management's process for model-based loan impairments. We (together with our internal model experts) have:

- evaluated the reasonableness of PD and LGD model methodology;
- assessed model validation reports prepared by Rabobank's model validation department;
- together with our internal economist office, evaluated the reasonableness of management's inputs and assumptions used in the design of multiple future macroeconomic scenarios, the forecasted macroeconomic variables, the probability weights assigned to the scenarios including evaluation of the consistency of these assumptions with external market and industry data;
- performed back testing procedures on key model parameters as at 31 December 2022; and
- evaluated the reasonableness of the prepayment rate applied in the EAD calculations based on historical prepayments.

Based on the above we assessed the methodology in line with industry practice and the inputs to be reasonable.

Finally, we evaluated the top level adjustments as at 31 December 2022 by obtaining supporting evidence and evaluating alternative and contradictory information that these adjustments were necessary to balance underlying model and data limitations. Specifically, for the top level adjustments recognized in relation to external conditions not captured in the IFRS 9 model, we have exercised professional scepticism in our audit given the significance and subjective nature of these top level adjustments. In doing so, we challenged management to consider multiple scenarios and information such as historical analysis and sensitivity analysis. Also, together with our internal economist office, we evaluated the reasonableness of management's assessment of vulnerable sectors including evaluation of the consistency with external market and industry data. We found the provided

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Key audit matter

- an adjustment of €19 million relating to exposures of DLL towards Russia and an adjustment of €58 million for exposures that are affected by supply chain disruptions and increased energy prices following the Russia-Ukraine war;
- an adjustment of €47 million for the elevated risk relating to interest only mortgages;
- an adjustment of €84 million related to the transition risks of the Dutch government's approach relating to nitrogen in the Netherlands; and
- an adjustment of €2 million for changes in physical climate risk conditions.

Individually assessed credit-impaired loans

For credit-impaired loans that are assessed on an individual basis, the impairment allowance is based on the weighted average of the net present value of expected future cash flows (including forward looking information and the valuation of underlying collateral) in three different scenarios: a sustainable cure, an optimizing scenario and a liquidation scenario.

Judgements and estimation uncertainty

The judgement and estimation uncertainty in the impairment allowance of loans and advances is primarily linked to the following aspects:

- determining significant increase in credit risk which is applied to transfer assets from stage 1 to stage 2;
- complex models such as the PD and LGD models that are used to estimate expected credit losses;
- determining the EAD which takes into account expected changes due to prepayments;
- probability weighting applied in the macroeconomic scenarios applied in the modelled loan impairments;
- determination of top level adjustments to the outcome of models due to external conditions not captured in the IFRS 9 model, such as the Covid-19 delay effect, economic effects on Russia, uncertainties in the supply chain and energy prices as well as risks relating to nitrogen;
- estimating the impact of transitional or physical climate related risks on the level of expected credit losses; and
- estimation of the expected future cash flows and the weighting of the three scenarios for credit-impaired loans and advances that are assessed on an individual basis.

Given the significance of the number of accounting policy choices, judgements taken by management, the complexity and the inherent limitations to the inputs required by the loan impairment models, this area is subject to a higher risk of material misstatement due to

Our audit work and observations

supporting evidence to be reasonable in the determination of the impairment allowances on loans and advances to customers. As part of our audit procedures, we considered the risk of management bias, for this estimation but also together with other estimations, and concluded that the resulting impairment allowances are not indicative of such bias.

In response to the impact of risk resulting from climate change on credit risk, we evaluated both corroborative and contradictory information on whether climate related adjustments were necessary to balance underlying model and data limitations. For that purpose, we evaluated managements risk analysis of the potential impact change on certain client sectors. Based on this assessment no sectors were classified as vulnerable, other than the sector Pork and the other livestock sectors (Dairy, Beef and Poultry) with a distance between 0 to 4 kilometres from Natura 2000 areas (total exposure of €6.9 billion) for which is a top level adjustment is recognized due to the 'transition risk' resulting from the Dutch government's nitrogen approach. Furthermore, we assessed how the Bank considers the impact of climate risk on counterparties through our individual loan assessments. In addition, we performed inquiry with both management at group level and management in the main territories. We also evaluated other information gathered from our audit procedures, such as the assessment of the top level adjustments relating to climate risk, and our assessment of client rating settings on certain client exposures.

Assessment of individually assessed credit- impaired loans

Considering the inherent estimation risk of individually credit-impaired loans, we selected appropriate samples and analysed the latest developments at the borrowers and considered whether the key judgements and significant estimates applied in the impairment allowance were acceptable for 31 December 2022. This included the following procedures:

- evaluating the reasonableness of the forecasted cash flows (including the use of forward-looking information) for each scenario by comparing them to historical performance of the customer and evidence (such as collateral values) to support forecasted cash flows;
- assessing the external collateral valuator's valuations that we challenge with an independent valuation performed by our valuation experts, for a sample of loans; and
- assessing management's analysis of the probability allocation of each individual scenario for each

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Key audit matter

error or fraud. Therefore, we considered this a key audit matter in our audit.

Our audit work and observations

credit-impaired loan, corroborate with actual facts and circumstances.

Based on the above, we assessed the methodology and inputs to be in line with market and industry practice for the determination of the impairment allowances on loans and advances to customers.

Given the high estimation uncertainty, we gave specific and detailed attention as to whether the disclosures in the consolidated financial statements are adequate and in accordance with IFRS-EU. We found the disclosures to be appropriate in this context.

Key audit matter

Regulatory and client care exposures

Refer to note 4.10 'Legal and Arbitration Proceedings'.

Developments in emerging compliance areas

We identified that the risk of non-compliance with laws and regulations on the one hand relates to laws and regulations which have an indirect impact on the financial statements, such as Anti-Money Laundering and Anti-Terrorist Financing Act ('Wwft') (inclusive regulations on Anti-Money Laundering ('AML') in other territories relevant for Rabobank), Counter Terrorist Financing ('CTF') and sanctions, Know Your Customer ('KYC')), Market Abuse Regulation, Markets in Financial Instruments Directive II (MiFID II – including transaction reporting), the General Data Protection Regulation ('GDPR'), the Capital Requirements Regulations ('CRR') and Capital Requirements Directive IV ('CRD IV').

On the other hand, the risk of non-compliance with laws and regulations may also have a direct effect on the financial statements. In this respect, Rabobank disclosed the following matters in note 4.10 'Legal and Arbitration Proceedings':

- following the instruction that was received from DNB on 23 December 2021 (in which DNB determined that Rabobank did not meet the requirements of the Wwft) on 7 December 2022 Rabobank was informed by the Dutch Public Prosecution Service that they consider Rabobank a suspect in connection with violation of the Wwft and that an investigation is ongoing. Rabobank disclosed that currently it is too early to determine the timeframe or potential outcome of the ongoing investigation and that the nature and materiality of subsequent fines, penalties or other related actions cannot be reliably estimated either other than stating these have the potential to be significant. Finally, the Bank included a provision of €146 million to cover for the incremental costs to resolve

Our audit work and observations

We obtained an understanding of the significant laws and regulations that are relevant to the Bank's operations and how it is instituting and operating appropriate systems of internal control to comply with those laws and regulations.

Specific audit procedures to identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

We had dialogues with members of the Managing Board, the compliance officer and chief legal officer on a regular basis to understand emerging and potential regulatory exposures. We challenged management's view on these regulatory exposures based upon our knowledge and experience of emerging industry trends and the regulatory environment.

To identify potential regulatory investigations that could lead to the need for potential new provisions or disclosures in the financial statements, we read the Bank's relevant correspondence with its key regulators being the Autoriteit Financiële Markten ('AFM'), the DNB, the Federal Reserve Bank ('FRB') and the European Central Bank ('ECB'). Also, we met on a bilateral basis with the joint supervisory team of DNB and ECB during the year.

We read the minutes of the Managing Board and the Supervisory Board meetings and attended all Risk and Audit Committee meetings throughout the year up to the signing date of our auditor's report. We held regular bilateral meetings with the chairs of the Supervisory Board, Audit Committee and Risk Committee.

We inquired with the Bank's internal compliance department to understand the risk position of each new and ongoing regulatory investigations and reviewed reports and assessments of the Bank's internal audit department relating to compliance with laws and regulations.

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Key audit matter	*Our audit work and observations*
backlog files in client due diligence and transaction monitoring; • as announced by the European Commission ('EC') on 6 December 2022, the EC has initiated antitrust proceedings against Rabobank as to whether the Bank infringed EU competition law. In this respect, the Bank disclosed that a provision was recorded for this investigation by the EC, and disclosed a related contingent liability in connection with a putative class action suit that was brought against Rabobank; and • the Bank concluded in 2021 that it did not consistently adjust the interest rate of certain consumer credit products in accordance with the reference rate selected by Kifid. Therefore, Rabobank included a provision of €301 million in the financial statements to compensate part of its clients with certain consumer credit products with a variable interest rate. *Management judgement* The recognition and measurement of provisions and the disclosure of contingent liabilities require considerable management judgement around the future outcome of further punitive actions, client care and regulatory investigations. Given the inherent uncertainty and the judgemental nature, we determined the provisions and disclosures on contingent liabilities due to non-compliance with laws and regulations to be of particular importance to our audit, since this area is subject to a higher risk of material misstatement due to error or fraud including to what extent there is evidence of management bias. Therefore, we determined this to be a key audit matter in our audit.	From our audit work, we noted that there are specific programs in place that aim to improve AML and KYC processes throughout the Group. These programs are also connected to the regulatory investigations related to AML and KYC in the Netherlands (including the instruction received from the DNB) and the USA. We obtained an understanding of the initiatives which are part of these programs through reading of program deliverables, inquiry of the program owners, Managing Board, Audit Committee, reading correspondence with AFM, DNB, Federal Reserve and ECB related to these matters and discussed the outcomes of audits performed by the Bank's internal audit department with respect to AML and KYC. Furthermore, we held meetings with the Bank's internal and external legal counsel in connection with the status of the investigation by the Dutch Prosecution Service and the antitrust proceedings by the EC. With respect to the provision to cover for the incremental costs to resolve backlog files in client due diligence and transaction monitoring, the provision in connection with the antitrust proceedings by the EC, and the provision in relation to client compensation for certain consumer credit products with a variable interest rate, we performed audit procedures to assess the accuracy and completeness of these provisions, including validating key assumptions and source data. Also, we assessed to what extent there was evidence of bias by management in determining these provisions. Based on these procedures we found these provisions to be within an acceptable range. Finally, we assessed the disclosures that were made in highlighting the uncertainties and exposures of contingent liabilities due to non-compliance with laws and regulations. When doing so, we paid specific attention to the disclosure on the further punitive action in response to the instruction received from DNB (including the status of the investigation by the Dutch Public Prosecution Service), the disclosure in connection with the antitrust proceedings by the EC and the disclosure on application of the variable interest rate conditions for certain products included in note 4.10 'Legal and Arbitration Proceedings' of the financial statements. We found the disclosures to be appropriate in this context.
Design and effectiveness of IT General Controls The Bank's operations and financial reporting systems are heavily dependent on IT systems, including automated accounting procedures and IT dependent manual controls. The Information Technology General Controls (ITGCs) over IT systems include:	Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting, focusing on: • entity level controls over information technology in the IT organisation, including IT governance, IT risk management and cybersecurity management;

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Key audit matter	*Our audit work and observations*
· the framework of governance over IT systems; · controls over program development and changes; · controls over access to programs, data and IT operations; and · governance over generic and privileged user accounts. ITGCs assist to determine the continued reliability of information generated by applications and ensure automated applications operate effectively in a consistent manner. Effective ITGCs are conditional for reliance on automated controls in the Bank's operations, and in our audit approach. Deficiencies in ITGCs could have a pervasive impact across the Bank's internal control framework and may provide opportunities to commit fraud. The Bank has a number of long-term strategic regulatory and transformation projects, with important IT-components to continue to meet the high reporting standards and expectations from stakeholders relating to operating effectiveness, efficiency and data quality. The reliability of information processing is significant to the Group's operational, regulatory and financial reporting processes and we have therefore identified the design and effectiveness of IT general controls as a key audit matter.	• management of access to programs and data, including user access to the network, access to and authorizations within applications and privileged access rights to applications, databases and operating systems. As the Bank uses automated tools to manage access rights, we have evaluated the appropriate use of these tools and tested the correct operation of these tools; • governance over the strategic IT transformation projects and assessment of the impact on our 2022 audit; • management of changes to applications and IT infrastructure, including the change management process and the implementation of changes in the production systems using automated deployment mechanisms; • computer perations, including monitoring of batch processing, back-up and disaster recovery testing and incident management; and • management of cybersecurity, through understanding of Rabobank's approach to enhancing cybersecurity and evaluating the status of the implementation in certain critical areas. We focused on the ITGCs to the extent relevant for the purpose of our audit of the financial statements. Most of these controls operated effectively. For certain controls, specifically relating to privileged access rights to a limited number of systems controls deficiencies were noted, and therefore remedial control actions were taken by management. Based on the testing of controls and additional testing of remedial control actions, we determined that we could place reliance on these controls for the purpose of our audit.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures

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was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Managing Board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Coöperatieve Rabobank U.A. on 18 June 2015 by the Supervisory Board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 18 June 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 7 years.

European Single Electronic Format (ESEF)

Coöperatieve Rabobank U.A. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by Coöperatieve Rabobank U.A., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;

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  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Bank and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 48 'Cost of external independent auditor' to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going-concern basis of accounting unless the Managing Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Managing Board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 2 March 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.M. de Jonge RA

Appendix to our auditor's report on the financial statements 2022 of Coöperatieve Rabobank U.A.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board.
- Concluding on the appropriateness of the Managing Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Assurance report of the Independent auditor

To: The General Members' Council and Supervisory Board of Coöperatieve Rabobank U.A.

Assurance report on the internal control over financial reporting

Our opinion

In our opinion Coöperatieve Rabobank U.A. maintained, in all material respects, effective internal control over financial reporting as of 31 December, 2022, in accordance with criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), as set out in the section 'Applicable criteria'.

What we have audited

The object of our assurance engagement concerns the internal control over financial reporting of Coöperatieve Rabobank U.A., Amsterdam (hereafter: Rabobank) as of 31 December 2022 (hereafter: the internal control over financial reporting).

For the purpose of this engagement, Rabobank's internal control over financial reporting is defined as the process designed, when working effectively, to provide reasonable assurance regarding the reliability of financial reporting for the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

The basis for our opinion

We conducted our assurance engagement in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information (attestation engagements)' ('Assuranceopdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)'). This assurance engagement is aimed to provide reasonable assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence and quality control

We are independent of Rabobank in accordance with the Code of Ethics for Professional Accountants, a regulation with respect to independence ('Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' - ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct ('Verordening gedrags- en beroepsregels accountants' - VGBA).

We apply the detailed rules for quality systems ('Nadere voorschriften kwaliteitssystemen' - NVKS) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Applicable criteria

For the purpose of this engagement Rabobank's internal control over financial reporting is the process designed, when working effectively, to provide reasonable assurance regarding the reliability of financial reporting for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Rabobank's internal control over financial reporting is designed in accordance with the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO, (hereafter: COSO criteria) and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with a generally acceptable reporting framework, and that receipts and expenditures are being made only in accordance with authorisations of management; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets that could have a material effect on the consolidated financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct all misstatements. Also, the projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Responsibilities for the internal control over financial reporting and the assurance engagement

Responsibilities of the Managing Board

The Managing Board of Rabobank is responsible for implementing, maintaining and assessing effective internal control over financial reporting, in accordance with the COSO criteria as further set out in the section 'Applicable criteria' of our report. The Managing Board is also responsible for its conclusion as included in their 'Management Report on Internal Control over Financial Reporting', including the identification of the intended users and the COSO criteria being applicable for the purposes of the intended users.

Our responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our opinion aims to provide reasonable assurance that Rabobank maintained, in all material respects, effective internal control over financial reporting in accordance with the COSO criteria, as set out in the section 'Applicable criteria'. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all weaknesses in the internal control over financial reporting.

Procedures performed

An assurance engagement includes, amongst others, examining appropriate evidence on a test basis. We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our main procedures included, among others:

- identifying and assessing the risks that the conclusion of management on internal control over financial reporting is not fairly presented and that the internal control over financial reporting is not effectively maintained by Rabobank, whether due to fraud or error, designing and performing assurance procedures responsive to those risks, and obtaining evidence that is sufficient and appropriate to provide a basis for our opinion;
- gaining knowledge about Rabobank's internal control over financial reporting, including the effectiveness of controls in accordance with the COSO criteria;
- based on this knowledge, assessing the risks that the internal control statement contains material misstatements;
- responding to the assessed risks, including the development of an overall approach, and determining the nature, timing and extent of further procedures;

- performing further procedures linked to the identified risks, using a combination of inspection, observation, confirmation, recalculation, re-run, analytical procedures and making inquiries; such further procedures involve substantive procedures, including obtaining corroborating information from sources independent of the entity and, depending on the nature of the object, testing the actual effectiveness of the control measures; and
- evaluating the adequacy of the assurance information.

Amsterdam, 2 March 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.M. de Jonge RA

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Limited assurance report of the independent auditor

To: the General Members' Council and the Supervisory Board of Coöperatieve Rabobank U.A.

Assurance report on the non-financial information 2022

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the non-financial information included in the annual report 2022 of Coöperatieve Rabobank U.A. ('Rabobank') does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 31 December 2022, in accordance with the International Integrated Reporting Framework (hereafter: the International <IR> Framework) of the International Integrated Reporting Council (hereafter: the IIRC) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the non-financial information included in the following sections of the annual report for 2022 (hereafter: the non-financial information):

- About Us;
- Creating Value;
- Excellent Customer Focus;
- Meaningful Cooperative;
- Rock-Solid Bank;
- Empowered Employees; and
- Appendices
  - o Appendix 1: About this Report
  - o Appendix 2: Methodology & Definitions of Non-Financial Key Figures 2022.

A review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' (assurance engagements relating to sustainability reports), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the non-financial information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Ref.nr.

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Independence and quality control

We are independent of Coöperatieve Rabobank U.A. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria used for the preparation of the non-financial information are International <IR> Framework of the IIRC and the applied supplemental reporting criteria, as disclosed in Appendix 1: 'About this Report' and Appendix 2: 'Methodology & Definitions of Non-Financial Key Figures 2022' of the annual report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the non-financial information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The non-financial information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the non-financial information references are made to external sources or websites. The information on these external sources or websites is not part of the non-financial information reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities for the non-financial information and the review thereon

Responsibilities of the Managing Board and the Supervisory Board for the non-financial information

The Managing Board of Coöperatieve Rabobank U.A. is responsible for the preparation of reliable and adequate non-financial information in accordance with the reporting criteria as included in the section 'Reporting criteria', including selecting the reporting criteria, the identification of stakeholders, and determining the material matters. The Managing Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate

Coöperatieve Rabobank U.A.– Ref.nr.

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information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Managing Board regarding the scope of the non-financial information and the reporting policy are summarised in Appendix 1: 'About this Report' and Appendix 2: 'Methodology & Definitions of Non-Financial Key Figures 2022' of the annual report.

Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing Rabobank's reporting process on the non-financial information.

Our responsibilities for the review of the non-financial information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance to determine the plausibility of the non-financial information. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things, the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company and the themes that are most relevant to achieve the company's strategy and value creation model.
- Obtaining an understanding of the value creation model of Rabobank.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Managing Board.
- Through inquiries, obtaining a general understanding of the control environment, processes and information relevant to the preparation of the non-financial information, but not for the purpose of obtaining assurance evidence about their implementation or testing their operating effectiveness.
- Obtaining an understanding of the procedures performed by the Internal Audit department of Coöperatieve Rabobank U.A.
- Identifying areas of the non-financial information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. Those other procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information.
  - Obtaining assurance evidence that the non-financial information reconciles to underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
- Performing an analytical review of the data and trends evaluating the consistency of the non-financial information with the information in the annual report, which is not included in the scope of our review.
- Evaluating the overall presentation, structure and content of the non-financial information.
- Considering whether the non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 2 March 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.M. de Jonge RA