Rating Report
Coöperatieve Rabobank U.A.

DBRS Morningstar
8 December 2022

Contents

2 Franchise Strength
4 Earnings Power
6 Risk Profile
8 Funding and Liquidity
10 Capitalisation
11 ESG
13 IA
14 Company Financials
15 Ratings
15 Related Research

Sonja Förster, CFA
Vice President, Global FIG
+49 69 8088 3510
sonja.forster@dbrsmorningstar.com

Elisabeth Rudman
Managing Director, Head of Global FIG
+44 20 7855 6655
elisabeth.rudman@dbrsmorningstar.com

Ratings

Issuer	Debt	Rating	Rating Action	Trend
Coöperatieve Rabobank U.A.	Long-Term Issuer Rating	AA (low)	Confirmed Nov' 22	Stable
Coöperatieve Rabobank U.A.	Short-Term Issuer Rating	R-1 (middle)	Confirmed Nov' 22	Stable
Coöperatieve Rabobank U.A.	Intrinsic Assessment	AA (low)	Maintained Nov' 22	--

Rating Drivers

Factors with Positive Rating Implications

An upgrade of the Long-Term Issuer Rating would require a material improvement in profitability and efficiency metrics, combined with the Bank maintaining its low risk profile and robust capital levels.

Factors with Negative Rating Implications

The Long-Term Issuer Rating would be downgraded in case of a significant deterioration in asset quality indicators or profitability. A substantial reduction in its capital cushions would also be viewed negatively.

Rating Considerations

Franchise Strength (Very Strong/Strong)

• Strong universal franchise in its domestic Dutch market, complemented by a strong global franchise in the Food & Agri sector.

Earnings Power (Good)

• Resilient earnings generation ability with cost management remaining a key priority. Higher net interest income and loan loss reversals supported earnings in H1'22. Revenue tailwinds from higher rates could be offset by lower volumes and higher provisioning needs.

Risk Profile (Strong/Good)

• Asset quality is sound, but could deteriorate due to the challenging macroeconomic environment. Past AML compliance and risk framework deficiencies could still result in fines.

Funding and Liquidity (Strong/Good)

• Solid funding profile, supported by a stable deposit base. The loan-to-deposit ratio is on the high side, reflecting the structural characteristics of the Dutch market. Offset by diversified funding sources, as well as good access to capital markets. Liquidity remains sound.

Capitalisation (Strong/Good)

• Robust capitalisation levels, with significant cushions over regulatory minimums. The Group has largely absorbed the impact from additional regulatory capital requirements.

2022H1	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	VS/S	S	VS/S
Earnings	G/M	S/G	G
Risk	G/M	S	S/G
Funding & Liquidity	G	S	S/G
Capitalisation	G	S	S/G

Overall Assessment	Intrinsic Assessment Range (IAR)	Assigned IA
S/G	[A-AAL]	AA (low)

Financial Information

			For the Year Ended December 31 (IFRS)				
(In EUR Millions unless otherwise stated)	H1 2022	H1 2021	2021	2020	2019	2018	2017
Total Assets	666,844	650,997	639,575	632,258	590,598	590,437	602,991
Gross Loans to Customers	448,814	436,976	423,524	417,273	425,057	423,286	419,429
Income Before Provisions and Taxes (IBPT)	2,160	2,554	4,906	3,969	4,127	4,420	4,135
Net Attributable Income	1,532	2,108	3,596	1,055	2,134	2,908	2,579
Net Interest Margin	1.6%	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%
Cost / Income ratio	66.1%	60.3%	61.9%	65.5%	65.8%	64.5%	66.9%
LLP / IBPT	2.0%	-10.8%	-9.7%	48.2%	23.6%	4.4%	-4.6%
Cost of Risk	0.02%	-0.13%	-0.11%	0.45%	0.23%	0.05%	-0.04%
CET1 Ratio	15.06%	17.18%	17.39%	16.84%	16.30%	16.00%	15.50%

Source: Morningstar Inc., Company Documents

Issuer Description

Coöperatieve Rabobank U.A. (Rabobank or the Group) is a Dutch cooperative banking group. The Group consists of 84 local Rabobanks although it operates as a single legal entity with one banking license. Rabobank's international presence, which is primarily focused on the Food & Agri sector, extends to 37 countries globally.

Rating Rationale

The Intrinsic Assessment of AA (low) reflects the Bank's market leading retail and commercial franchise in the Netherlands, as well as its global franchise in food & agriculture finance. Credit metrics have been improving in recent years and the Bank's funding profile is solid, supported by a sound deposit base, diversified funding sources, good access to capital markets, and a large liquidity buffer. The Bank's healthy capital cushions above regulatory minimum requirements put the Bank in a strong position given the economic uncertainty resulting from factors such as high inflation and energy prices, supply chain disruptions and higher interest burdens for borrowers. The IA also reflects Rabobank's weaker profitability and efficiency metrics when compared to similarly rated peers, which is partly mitigated by the relative resilience of the Bank's core revenues.

The Stable trend reflects our expectation that Rabobank is likely to benefit from revenue tailwinds as interest rates rise. However, this could be offset by lower loan growth and higher provisioning as the economy weakens.

Franchise Strength

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Very Strong / Strong	Strong	Very Strong / Strong

Rabobank is one of three major Dutch banks. With total assets of EUR 667 billion at end-June 2022, the Group is active in Retail Banking, Wholesale Banking, Rural Banking, Leasing and Real Estate. In the Netherlands the Bank has a very strong domestic position in mortgage lending. Rabobank is also a leader in the global Food & Agri finance business. In a normalised rate environment the Bank has a longer-term cost-income ratio ambition in the mid-50% range and a return on equity (ROE) ambition above 8%. While we view the current interest rate developments as supportive of revenues, at the same time high inflation, energy supply issues and other challenges have contributed to new uncertainties for financial targets, not just for Rabobank but the banking sector overall. Once the new chairman of the management board is in office, we anticipate some refinements to Rabobank's strategy, but expect the main focus to remain on compliance, digitalisation, ESG transitioning and cost control. While it is also part of Rabobank's strategy to expand and leverage its existing franchise, much of this may depend on the macroeconomic environment going forward, which carries opportunities, but also risks.

Exhibit 1 Progress vs. Financial Goals

		2018	2019	2020	2021	H1 2022	Ambitions 2024	Longer-Term Ambitions
Capital	CET1 Ratio	16.00%	16.30%	16.80%	17.40%	15.10%	>14% (FL)	> 14% (FL)
Profitability	C/I ratio (incl. regulatory levies)	65.90%	63.80%	65.80%	63.50%	63.80%	low 60%	mid 50%
	Return on Equity	7.30%	5.30%	2.70%	8.80%	7.00%	6-7%	>8%

Source: DBRS Morningstar, Company Documents

The Bank is targeting a cost-income ratio in the low 60% range and a ROE of 6-7% by 2024. Longer-term targets have been conditional upon a normalisation of the interest rate environment. While we view the current interest rate development and high inflation as supportive of revenues, higher funding cost and a weakening economy could have a dampening effect on volumes further ahead. In addition, credit costs could rise.

As part of its cost efficiency programme (WIN) the Bank has been pursuing further digitalisation and a reduced footprint in its domestic retail banking division, a more streamlined and simplified structure in its wholesale operations, and gross cost savings of EUR 600 million and a workforce reduction of 5,000 FTE by 2024.

DESCRIPTION OF OPERATIONS

Rabobank operates in the following four main segments: (i) Domestic Retail Banking, (ii) Wholesale & Rural, (iii) Leasing, (iv) Property Development.

Domestic Retail Banking – Operating profit before tax of EUR 994 million in H1 2022

The Domestic Retail Banking (DRB) segment serves Rabobank's domestic retail and SME customers mainly through the local Rabobanks, Obvion (a mortgage lender) and Financial Solutions (consumer credit). Rabobank has 8.3 million private customers and 800,000 corporate customers in its domestic Dutch market, where the Group enjoys market shares of 35% in savings and 16% in mortgage lending.

Wholesale & Rural – Operating profit before tax of EUR 779 million in H1 2022

The Wholesale & Rural Banking (WR) segment serves large Dutch and foreign corporate customers, with the primary focus being in the food and agribusiness sector. The segment also comprises divisions such as Markets, Mergers & Acquisition, Corporate Finance Origination, Core Lending, Project Finance, Trade & Commodity Finance, Value Chain Finance, Advisory and Rabo Investments. The Group's global presence extends to six regions and 37 countries (including the Netherlands), with the WR division being present in 26 countries. This division also incorporates the Group's international capital markets businesses via its business line Markets as well as its international rural operations.

Leasing – Operating profit before tax of EUR 167 million in H1 2022
Rabobank provides financial solutions globally through DLL, its fully-owned leasing subsidiary. DLL offers asset financing solutions to manufacturers, dealers, distributors and end-users in the sectors of Agriculture, Food, Healthcare, Clean Technology, Construction, Transportation, Industrial, Office Equipment and Technology in 33 countries.

Property Development – Operating profit before tax of EUR 83 million in H1 2022
This segment primarily consists of the activities of Bouwfonds Property Development (BPD), which is active in the development of residential properties. The main countries of operation are the Netherlands and Germany.

'Other segments' had a positive pre-tax profit contribution of EUR 111 million in H1 2022, and mainly comprises the financial results of investments in associates (in particular the insurer Achmea B.V., in which Rabobank has a 30% stake), Treasury and Head Office operations.

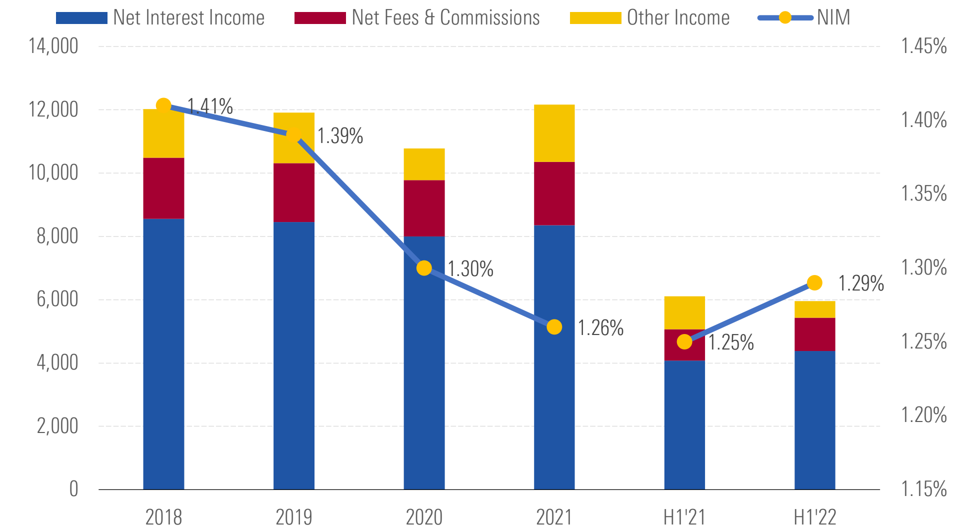
Earnings Power

Scorecard BB Assessment	**Grids BB Assessment**	**Combined BB Assessment**
Good /Moderate	Strong / Good	Good

Rabobank's earnings metrics position the Bank at the lower end of its peer group. However, DBRS Morningstar also notes the long-term resilience of core revenues, comprising net interest income and fees and commissions. In H1 2022, the Group reported net profit of EUR 1,571 million, down from EUR 2,160 million in H1 2021, mainly driven by modest loan impairments compared to a large release in H1 2021 and book gains on equity stakes as stock markets weakened. This was partly offset by an improvement in net interest income (NII) and fees & commission income. Rabobank's ROE was 7.0% in H1 2022, in line with the Bank's 2024 ambition. Going forward, we anticipate a number of offsetting factors to affect earnings. In the short-term, we expect revenue tailwinds from the increase in interest rates, while lending volumes are still solid. While we continue to see opportunities, we also note, that higher interest rates and a weakening economic environment could lead to lower loan demand and higher loan loss provisions over the medium term. We also note that the TLTRO III benefit will cease after November 23, 2022, although the facility still remains more attractive than comparable market funding.

Net interest income (NII) was EUR 4,380 million in H1 2022 up 7% year-on-year (YoY), a significant reversal to the downward trend experienced in recent years, driven by higher volumes in all three major portfolios, while margin trends were mixed. The benefits from TLTRO III declined to EUR 131 million in H1 2022 compared to EUR 192 million in H1 2021. Net fee and commission income of EUR 1,050 million was up 6% YoY, driven by higher fees on payment accounts and assets under management. Other income declined by 49% due to the negative revaluation of Rabobank's equity participation in Mechanics Bank and portfolio investments after a strong 2021 performance. Overall, total income was EUR 5,959 million in H1 2022, down 2.5% from EUR 6,112 million in H1 2021.

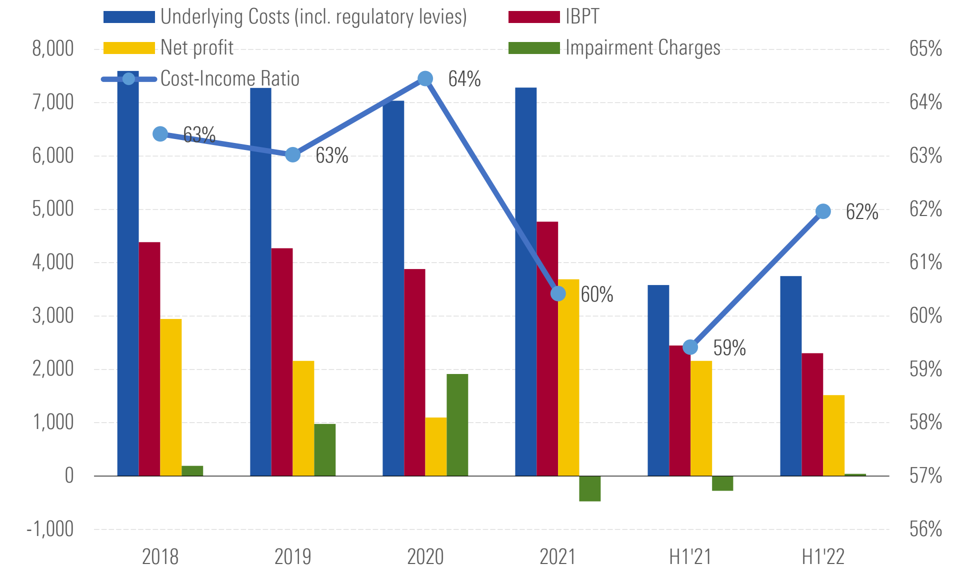
Exhibit 2 Profitability Breakdown Evolution (EUR million)



Source: DBRS Morningstar, Company Documents.

Operating expenses (including regulatory levies) were up 7% YoY to EUR 3,782 million in H1 2022, driven by higher costs mainly driven by KYC, IT related investments, regulatory levies and exceptional items. The underlying cost-income ratio (incl. regulatory levies) as calculated by DBRS Morningstar was 62% in line with the Bank's medium-term ambition. Rabobank remains committed to reducing its cost-to-income ratio to the mid-50's in the longer-term depending on a normalisation of the interest rate environment.

Exhibit 3 Profitability & Cost-Income Evolution (EUR million)



Source: DBRS Morningstar, Company Documents.

Rabobank's loan impairment charge in H1 2022 was EUR 42 million, compared to a release of EUR 274 million in H1 2021, resulting in a cost of risk of 2 basis points (bps) compared to -13 bps in H1 2021 and a through the cycle average of 20-25 bps. The number included a few offsetting factors such as impairment charges related to the winddown of the Bank's Russian operations, a reduction of COVID-related management buffers by EUR 289 million and a EUR 89 million management adjustment to prepare for more adverse economic conditions.

Risk Profile

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good /Moderate	Strong	Strong / Good

In DBRS Morningstar's view, Rabobank's risk profile is conservative. The loan portfolio is weighted towards the Netherlands, with 68% of the private sector loan book (including retail, wholesale, leasing, commercial real estate, and property development loans) in its domestic market at end-H1 2022. Rabobank's non-performing loan (NPL) ratio declined significantly in recent years, due to a pro-active NPL reduction strategy. Going forward, we believe that the current economic conditions, including higher interest rates, supply chain disruptions, inflation and high energy prices in particular could lead to a manageable deterioration in asset quality. In terms of operational risk, we note that in 2021, the Dutch Central Bank (DNB) issued an instruction, which ordered the Group to remedy the deficiencies in its compliance with the Dutch Anti-Money Laundering Act and Anti-Terrorist Act by end-December, 2024. At the same time, the DNB announced the start of a punitive enforcement procedure. We would anticipate that any potential fines would not have a material impact on the Bank's capital ratios.

Credit Risk

Rabobank's private sector loan portfolio totalled EUR 432.6 billion at end-H1 2022, representing 99% of the Group's total loans and advances to customers. The private sector loan portfolio is comprised of Domestic Retail Banking (DRB) loans (63%), followed by Wholesale & Rural (W&R) loans (27%) and leasing (8%). Dutch residential mortgage loans represent the single largest exposure by sector and stood at EUR 193.3 billion, or 45% of the total private sector loan book at end-H1 2022. The remainder of the portfolio appears well diversified by sector with trade, industry and services and food & agri accounting for 26% each of the loan book (Exhibit 4). In terms of geographical split, the portfolio is mainly concentrated in the Netherlands (68%), followed by North America (11%), Europe outside the Netherlands (8%), Australia and New Zealand (7%), South America (4%) and Asia (2%).

Exhibit 4 Loan Portfolio (EUR 436.3 bn), end June 2022

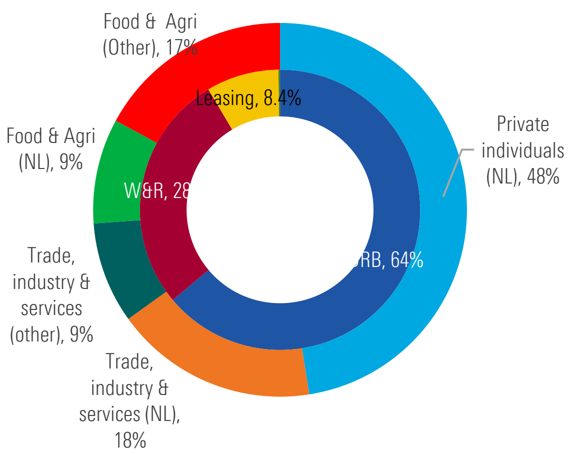
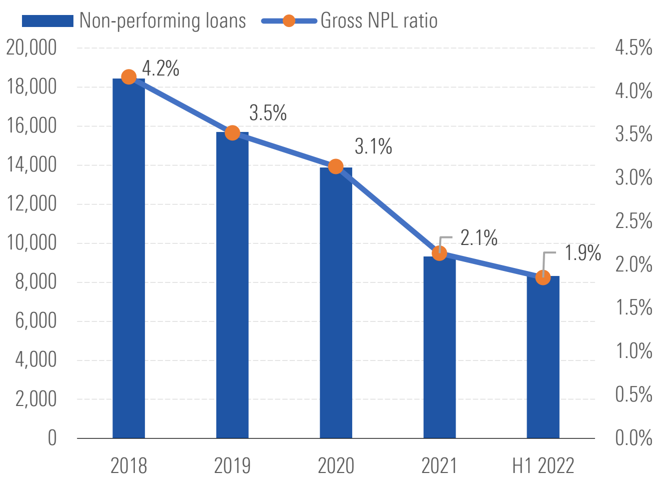


Exhibit 5: Gross NPLs Evolution (EUR million)



Source: DBRS Morningstar, Company Documents.

Asset quality indicators continued to improve in H1 2022 with a Gross NPL ratio, as calculated by DBRS Morningstar, of 1.9% at end-June 2022, down from 2.1% at end-FY21 and from a level of 4.2% at end-2018 (Exhibit 5). We note that Rabobank's NPL definition is conservative with 83% of loans designated as nonperforming based on the Bank's assessment of the debtor's likelihood to pay and 17% past due for more than 90 days. We also note that Rabobank's NPL Prudential Backstop shortfall increased to EUR 1,025 million from EUR 708 million, due to higher coverage requirements for clients in default for several years. This resulted in a deduction from the CET1 ratio of 41 bps.

Stage 2 loans, i.e. loans for which credit risk has increased significantly since initial recognition and are seen as early indicators of deteriorating asset quality, accounted for 8.4% of the loan portfolio at end-June 2022 up from 7.5% in June 2021 due to a classification of certain dairy sector exposure as Stage 2, following the government announcement of nitrogen targets for the agricultural sector. This is a precautionary measure, as the targets are accompanied by government support measures. Excluding this measure the Stage 2 ratio would have declined to 6.2%.

Given the material increase in interest rates following an extended period of price increases for residential real estate, we are closely monitoring Rabobank's EUR 193 billion mortgage portfolio. The NPL ratio stood at 0.36% at end-June 2022, marginally up from 0.33% at end-2021, but an improvement from 0.66% at end-2020. Going forward higher interest rates could lead to price declines for residential properties and the high inflation could adversely affect borrowers' capacity to pay. However, given the low loan-to-value ratio (LTV) of Rabobank's Dutch residential mortgage portfolio at 50% at end-June 2022, long maturities, low unemployment levels and the bankruptcy laws in the Netherlands that protect banks, we expect credit losses to remain manageable.

Rabobank's EUR 119.3 billion Wholesale & Rural (W&R) lending portfolio is well diversified by geography and industry. W&R's international private sector loan book represents 27% of the group's total loan portfolio, with a particular focus on food and agribusiness and trade related sectors in food producing countries such as Australia, New Zealand and United States.

The Group has a EUR 22 billion domestic commercial real estate portfolio, of which 41% is residential, 23% offices and 14% retail outlets. We believe that higher interest rates could lead to lower valuations and debt service coverage ratios, but note that prudent underwriting criteria should provide support in case of a downturn. Rabobank also operates a property development business (BPD), which contributed EUR 161 million to revenues and EUR 68 million to net profits in the first half of 2022, an increase compared to the results in the first half of 2021. This adds to Rabobank's CRE exposure and we note that, while property development generally constitutes a riskier segment of the CRE market, the focus is on housing, which is short in supply in the Netherlands, and pre-sale rates are very high.

Market Risk

Rabobank has a low market risk profile. Market risk in the trading book is monitored through Value at Risk (VaR), with a 97.5% confidence level and a horizon of one day. In 2021, the highest VaR recorded was EUR 6.3 million and the average VaR was EUR 3.3 million.

Operational Risk

Operational risk remains an important challenge for banking groups with the size and scope of Rabobank. In 2021, the Dutch Central Bank (DNB) issued a instruction, which ordered the Group to remedy the deficiencies in its compliance with the Dutch Anti-Money Laundering Act and Anti-Terrorist Act. At the same time, the DNB announced the start of a punitive enforcement procedure. The Bank has invested substantial resources into strengthening its know-your-customer (KYC), Customer Due Diligence (CDD) and Transaction Monitoring (TM) activities since 2018, when it first received an injunction from the DNB, however this has not been deemed sufficient by the DNB. In addition to a potential fine we expect KYC related issues to continue to take up significant financial and managerial resources.

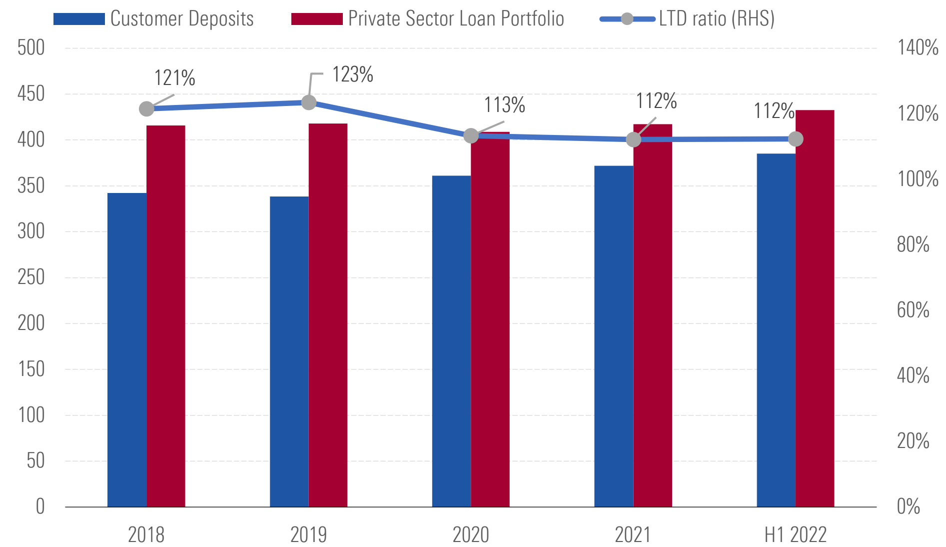
Funding and Liquidity

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good	Strong	Strong / Good

DBRS Morningstar considers that Rabobank has a solid funding profile, supported by a stable deposit base, diversified funding sources and no significant refinancing concentration. The Group's loan-to-deposit ratio (LTD) as calculated by DBRS Morningstar was 112% at end-H1 2022, stabilising around this level since end-2020, when lockdowns led to an increase in savings and higher liquidity balances by corporate customers. The Group's LTD ratio is somewhat weaker than its international peers. However, we consider that this is mitigated by the Group's diversified funding mix, extended maturity profile and good liquidity. Rabobank reported a liquidity coverage ratio (LCR) of 199% and a net stable funding ratio (NSFR) of 132% at end-June 2022 which is well above the 100% requirement.

Rabobank's relatively high LTD ratio reflects the structural features of Rabobank's domestic market, as in the Netherlands a significant part of household savings is channelled through pension schemes. However, we note that domestic savings have increased and Rabobank has been winding down its direct banking operations in Germany and Belgium, which previously served to supplement the Group's deposit base. The Group continues to have very good access to global capital markets. Rabobank has been diversifying funding sources with the issuance of covered bonds, ABS and RMBS, and the Group had approximately EUR 17 billion of non-preferred senior debt outstanding at end-June 2022. Rabobank has a 2022 long-term funding target of EUR 12-14 billion including non-preferred senior debt issuances of EUR 3-5 billion, with the remainder coming from covered bonds and preferred senior issuances.

Exhibit 6 Loan to Deposit Ratio (EUR bn)



Source: DBRS Morningstar, Company Documents.

Rabobank's liquidity position remains solid. At end-H1 2022, the Group's liquidity buffer increased to EUR 168 billion from EUR 149 billion at end-FY21, consisting of EUR 152 billion high quality liquid assets (HQLA), and EUR 16 billion of unencumbered, ECB eligible assets. Rabobank reported a liquidity coverage ratio (LCR) of 199% and a net stable funding ratio (NSFR) of 132% at end-June 2022 which is well above the 100% requirement.

Capitalisation

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good	Strong	Strong / Good

DRBR Morningstar views Rabobank's capital position as solid. As a result of expected regulatory changes the Common Equity Tier 1 (CET1) ratio declined to 15.1% at end-H1 2022 from 17.4% at year-end 2021. However, this still represents a 500 bps cushion above regulatory minimum requirements and also well above the Group's ambition of a CET1 ratio of at least 14%. At this point, no further impact from the implementation of Basel IV is expected. The capital cushion positions Rabobank well, especially if the DNB activates a 1% countercyclical risk buffer in May 2023 or if RWAs were to increase as a result of increased credit risk in the case of an economic slowdown.

Exhibit 7 CET1 Requirement vs. Reported, end H1-2022

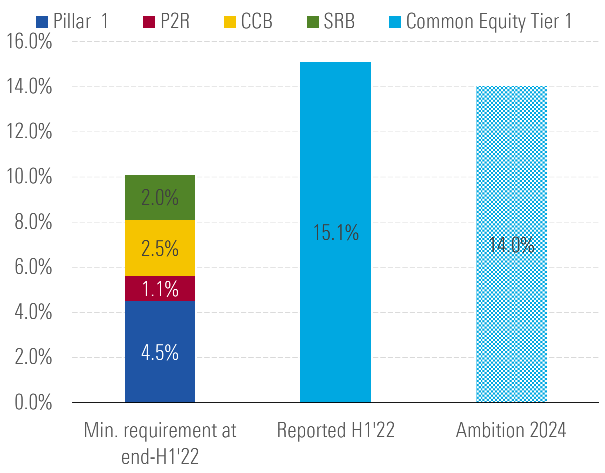
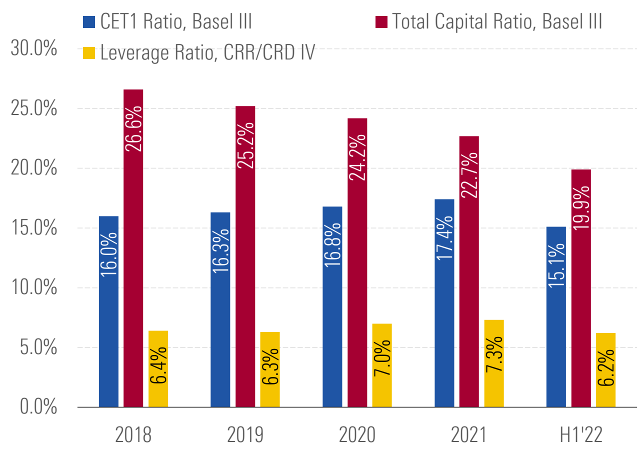


Exhibit 8 Capital Ratios Evolution



Source: DBRS Morningstar, Company Documents.

The main reason for the decline in Rabobank's CET 1 ratio was an increase in risk-weighted assets (RWA), among others due to the introduction of a mortgage risk weight floor in the Netherlands which brought forward most of the impact from the finalised Basel III rules ("Basel IV"). Business growth also contributed to an increase in RWAs, but this was largely offset by retained earnings.

Rabobank exceeds the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) applicable by 1 January 2022. At end-June 2022 Rabobank reported subordinated MREL of 27.8% of RWA (including the stacked CBR) compared to a requirement of 22.25% and a leverage ratio exposure of 10.2% versus a requirement of 7.5%.

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental	**Overall:**	**N**	**N**
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by a 2°C rise in temperature?	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social	**Overall:**	**N**	**N**
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or operational impact?	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Human Capital and Human Rights:	**N**	**N**
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could result, in financial penalties or client attrition to the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance	**Overall:**	**Y**	**R**
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
	Bribery, Corruption, and Political Risks:	**N**	**N**
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	Y	R
	Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
	Corporate / Transaction Governance:	**Y**	**R**
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
	Consolidated ESG Criteria Output:	**Y**	R

* A **Relevant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A **Significant Effect** means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environmental:

The environmental factor does not affect the rating or trend assigned to Rabobank. Nevertheless, Rabobank is exposed to physical climate risk through their Food & Agriculture, Industry and Real Estate portfolios. In 2021, Rabobank initiated a heat mapping exercise to identify relevant climate risk factors in the bank's lending portfolio. The exercise was applied to 36 sectors and six countries, with the agricultural portfolio being identified as having the highest physical risk due its vulnerability to natural hazards. Highest transition risks were identified in the Netherlands and New

Zealand due to high volume of pending climate legislation. Rabobank has been reporting according to TCFD standards since 2019 and is a member of the Net Zero Banking Alliance.

The ECB climate risk stress-test results were published on July 8, 2022. While they did not provide detailed indications on the geographies potentially affected under the selected scenarios, participating European banks were told they need to enhance their climate risk stress testing framework. In the meantime, we note the results will be integrated into two SREP elements in a qualitative manner: (i) business model assessment, and (ii) internal governance and risk management.

Social

The social factor does not affect the rating or trend assigned to Rabobank. The cooperative structure of Rabobank means that the Group is deeply rooted in communities and its mission is to provide basic financial services. While no major issues have been reported for Rabobank, Data Privacy and Security are an ongoing issue for all institutions, and any significant data privacy breaches or cybersecurity attacks could have a significant impact on the bank's franchise and earnings.

Governance

The subfactor 'corporate governance' is relevant to the rating of Rabobank, and this is reflected in the franchise grid grades for the bank. In 2021, Rabobank received an instruction from the Dutch Central Bank (DNB) to rectify its deficiencies in its compliance and risk framework related to the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act by December 2024 at the latest. DNB also announced that a punitive enforcement procedure will commence, with the final outcome still unknown. In the first half of 2022, Rabobank invested EUR 294 million in know your customer (KYC) compliance program. DBRS Morningstar will continue to closely monitor the development of this and any further announcements made by DNB.

IA Framework

Coöperatieve Rabobank U.A.

	1		2	3	4	5
2022H1	Scorecard Indicator	Scorecard Indicator Data	Scorecard Indicator Assessment	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	Adjusted Assets	621	VS/S	VS/S	S	VS/S
	Sovereign Rating	20	VS			
Earnings	Return on Equity	6.52%	G/M	G/M	S/G	G
	Return on Assets	0.47%	G/M			
	IBPT/Avg.Assets	0.74%	G/M			
Risk	Net NPLs/Net Loans	1.61%	G/M	G/M	S	S/G
	Provisions/IBPT	10.34%	S/G			
Funding & Liquidity	Sovereign-Adjusted Funding Ratio	115.7%	G	G	S	S/G
Capitalisation	Sovereign-Adjusted Capital Ratio	16.22%	VS/S	G	S	S/G
	NPL/(Equity + Loan Loss Reserves)	22.79%	G			
	5-Year Accumulated Net Income/Total Assets	2.17%	G/M			

6	7			8
Overall Assessment	Intrinsic Assessment Range (IAR)			Assigned IA
S/G	AA (low)	A (high)	A	AA (low)

Notes: (1) based on financial data as of H1 2022. (2) For more information see Global Methodology for Rating Banks and Banking Organisations published on 23 June 2022.

Annual Financial Information

			For the Year Ended December 31 (IFRS)				
	H1 2022	H1 2021	2021	2020	2019	2018	2017
Balance Sheet (EUR Millions)							
Cash & Cash Equivalents*	164,857	149,675	126,009	114,046	69,680	82,451	76,829
Investments in Financial Assets	38,446	51,247	46,170	58,003	48,904	52,828	65,355
Gross Loans to Customers	448,814	436,976	423,524	417,273	425,057	423,286	419,429
Loan Loss Reserves	(3,391)	(4,159)	(3,497)	(4,700)	(3,940)	(3,735)	(5,446)
Net Lending to Customers	445,423	432,817	420,027	412,573	421,117	419,551	413,983
Total Assets	666,844	650,997	639,575	632,258	590,598	590,437	602,991
Deposits from Customers	381,774	376,065	371,504	360,478	338,504	342,397	340,574
Debt & Capital Lease Obligations	126,633	122,457	122,104	131,893	152,327	153,210	160,396
Total Liabilities	620,925	608,667	596,173	591,626	549,251	548,201	563,381
Total Equity	45,919	42,330	43,402	40,632	41,347	42,236	39,610
Income Statement (EUR Millions)							
Net Interest Income	4,380	4,079	8,351	7,997	8,455	8,559	8,843
Non Interest Income	1,898	2,150	4,194	3,312	3,415	3,660	3,401
Equity Method Results	100	199	334	188	192	243	245
Total Operating Income	6,378	6,428	12,879	11,497	12,062	12,462	12,489
Total Operating Expenses	4,218	3,874	7,973	7,528	7,935	8,042	8,354
Income Before Provisions and Taxes (IBPT)	2,160	2,554	4,906	3,969	4,127	4,420	4,135
Loan Loss Provisions	43	(275)	(475)	1,913	976	195	(190)
Irregular Income/Expenses	(18)	(12)	504	560	110	319	693
Net Attributable Income	1,532	2,108	3,596	1,055	2,134	2,908	2,579
Growth (%) - YoY Change							
Net Interest Income	7.38%	-0.02%	4.43%	-5.42%	-1.22%	-3.21%	0.09%
Total Operating Income	-0.78%	15.26%	12.02%	-4.68%	-3.21%	-0.22%	-7.54%
Total Operating Expenses	8.88%	3.09%	5.91%	-5.13%	-1.33%	-3.73%	-3.62%
IBPT	-15.43%	40.41%	23.61%	-3.83%	-6.63%	6.89%	-14.57%
Net Attributable Income	-27.32%	885.05%	240.85%	-50.56%	-26.62%	12.76%	35.88%
Gross Loans & Advances	2.71%	-0.99%	1.50%	-1.83%	0.42%	0.92%	-5.76%
Deposits from Customers	1.52%	-1.43%	3.06%	6.49%	-1.14%	0.54%	-1.99%
Earnings (%)							
Net Interest Margin	1.55%	1.44%	1.43%	1.40%	1.52%	1.52%	1.50%
Non-Interest Income / Total Revenue	29.76%	33.45%	32.56%	28.81%	28.31%	29.37%	27.23%
Cost / Income ratio	66.13%	60.27%	61.91%	65.48%	65.79%	64.53%	66.89%
LLP / IBPT	1.99%	-10.77%	-9.68%	48.20%	23.65%	4.41%	-4.59%
Return on Avg Assets (ROAA)	0.48%	0.67%	0.58%	0.18%	0.37%	0.50%	0.42%
Return on Avg Equity (ROAE)	6.94%	10.29%	8.64%	2.63%	5.28%	7.32%	6.60%
IBPT over Avg RWAs	1.83%	1.23%	2.34%	1.93%	2.02%	2.22%	2.01%
Internal Capital Generation	6.94%	10.29%	8.64%	2.63%	5.28%	7.32%	6.60%
Risk Profile (%)							
Cost of Risk	0.02%	-0.13%	-0.11%	0.45%	0.23%	0.05%	-0.04%
Gross NPLs over Gross Loans	1.85%	2.81%	2.18%	3.33%	3.69%	4.36%	4.37%
NPL Coverage Ratio	40.74%	33.88%	37.88%	33.86%	25.09%	20.26%	29.74%
Net NPLs over Net Loans	1.11%	1.88%	1.37%	2.23%	2.79%	3.50%	3.10%
NPLs to Equity and Loan Loss Reserves Ratio	16.49%	26.02%	19.65%	30.11%	33.68%	35.59%	41.61%
Funding & Liquidity (%)							
Net Loan to Deposit Ratio	116.67%	115.09%	112.84%	114.20%	124.14%	122.28%	120.15%
Liquidity Coverage Ratio	178%	229%	188%	193%	132%	135%	123%
Net Stable Funding Ratio	132%	132%	130%	127%	118%	119%	119%
Capitalization (%)							
CET1 Ratio	15.06%	17.18%	17.39%	16.84%	16.30%	16.00%	15.50%
Tier1 Ratio	17.00%	19.02%	19.22%	18.98%	18.83%	19.50%	18.80%
Total Capital Ratio	19.86%	23.02%	22.65%	24.20%	25.20%	26.60%	26.20%
Leverage Ratio	6.22%	7.14%	7.28%	7.00%	6.30%	6.40%	6.00%
Dividend Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Morningstar Inc., Company Documents

*Includes Loans to Banks

Rating Methodology

The applicable methodology is the *Global Methodology for Rating Banks and Banking Organisations (23 June 2022)* and *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (17 May 2022)* which can be found on our website under Methodologies.

Ratings

Issuer	Obligation	Rating Action	Rating	Trend
Cooperatieve Rabobank U.A.	Long-Term Issuer Rating	Confirmed	AA (low)	Stable
Cooperatieve Rabobank U.A.	Long-Term Deposits	Confirmed	AA (low)	Stable
Cooperatieve Rabobank U.A.	Long-Term Senior Debt	Confirmed	AA (low)	Stable
Cooperatieve Rabobank U.A.	Short-Term Issuer Rating	Confirmed	R-1 (middle)	Stable
Cooperatieve Rabobank U.A.	Short-Term Deposits	Confirmed	R-1 (middle)	Stable
Cooperatieve Rabobank U.A.	Short-Term Debt	Confirmed	R-1 (middle)	Stable
Cooperatieve Rabobank U.A.	Long Term Critical Obligations Rating	Confirmed	AA (high)	Stable
Cooperatieve Rabobank U.A.	Short Term Critical Obligations Rating	Confirmed	R-1 (high)	Stable

Ratings History

Issuer	Obligation	Current	2021	2020	2019	2018
Cooperatieve Rabobank U.A.	Long-Term Issuer Rating	AA (low)	AA (low)	AA	AA	AA
Cooperatieve Rabobank U.A.	Long-Term Deposits	AA (low)	AA (low)	AA	AA	AA
Cooperatieve Rabobank U.A.	Long-Term Senior Debt	AA (low)	AA (low)	AA	AA	AA
Cooperatieve Rabobank U.A.	Short-Term Issuer Rating	R-1 (middle)	R-1 (middle)	R-1 (high)	R-1 (high)	R-1 (high)
Cooperatieve Rabobank U.A.	Short-Term Deposits	R-1 (middle)	R-1 (middle)	R-1 (high)	R-1 (high)	R-1 (high)
Cooperatieve Rabobank U.A.	Short-Term Debt	R-1 (middle)	R-1 (middle)	R-1 (high)	R-1 (high)	R-1 (high)
Cooperatieve Rabobank U.A.	Long Term Critical Obligations Rating	AA (high)	AA (high)	AAA	AAA	AAA
Cooperatieve Rabobank U.A.	Short Term Critical Obligations Rating	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)	R-1 (high)

Previous Action

- DBRS Morningstar Confirms Coöperatieve Rabobank's LT Issuer Rating at AA (low), Trend Remains Stable, 4 November 2022
- DBRS Morningstar Confirms Rabobank's LT Issuer Rating at AA (low), Trend Remains Stable, 5 November 2021
- DBRS Morningstar Downgrades Rabobank's LT Issuer Rating to AA (low), Trend Stable, 29 March 2021
- DBRS Morningstar Revises Rabobank's Trend To Negative from Stable, Confirms AA/R-1 (high), 26 May 2020
- DBRS Morningstar Confirms Coöperatieve Rabobank at AA, Stable Trend, 30 October 2019

Related Research

- Growth in European Banks' Stage 2 Loans Poses Risks Amid Weakening Economic Outlook, 12 October 2022
- European Banks' Exposure to China, Hong Kong, Taiwan: a Snapshot, 11 October 2022
- Gender Diversity on European Bank Boards: More Work Still to be Done, 20 September 2022
- European Banks' Cost of Risk Continues To Show No Major Signs of Deterioration in H1 2022, 14 September 2022
- Dutch Banks: Spotlight on Net Interest Income in a Higher Rate Environment, 18 April 2022
- European Banks: Lower Cost of Risk in FY21; However, Likely to Worsen After Ukraine War, 22 March 2022

Previous Report

- Coöperatieve Rabobank U.A.: Rating Report, 17 December 2021
- Coöperatieve Rabobank U.A.: Rating Report, 23 December 2020
- Coöperatieve Rabobank U.A.: Rating Report, 4 December 2019
- Coöperatieve Rabobank U.A.: Rating Report, 4 December 2018

European Bank Ratios & Definitions

- Bank Definitions, 14 March 2022

About DBRS Morningstar

DBRS Morningstar is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 3,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

DBRS Morningstar is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

That's why DBRS Morningstar is the next generation of credit ratings.

Learn more at dbrsmorningstar.com.