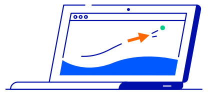
Interim Report 2022

Management Report and Financial Statements
for the first half of 2022

The cooperative Rabobank

Contents



Foreword

Sound business performance in an uncertain environment leads to net result of EUR 1,571 million for first half of 2022.

For the past months, the economy has been dominated by the effects of Russia's war in Ukraine, global supply chain issues and the long term effect of Covid-19. 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 1,571 million in the first half of 2022.

The good economic conditions in the beginning of this year contributed positively to our half-year results. Uncertainty rose after the unlawful Russian invasion of Ukraine. First and foremost this has a horrific impact on the country and its citizens, living in the cruelty of war. Our thoughts are with the Ukrainian people. With each passing day, the global effects of the war become more visible and oppressive. Furthermore, economic volatility, inflation, scarcity of resources, and competition for talent are all affecting the work and daily lives of our clients to a greater or lesser extent. Meanwhile we face great transitions: in climate and energy, in food and on our path towards a more inclusive society. They are all global, complex and truly intertwined. Rabobank is in a position to facilitate change and progress in these transitions. For instance in Africa, which is currently facing a huge deficit in means to grow crops, affecting millions of people as they face severe hunger from food shortage. We continuously seek for solutions and partnerships that help feed the world sustainably. Furthermore, our Rabo Carbon Bank has been scaling up its pilots, and sold its first carbon credits arising from regenerative farming in the Netherlands. We've launched Carbon Insights in our Rabo App, where customers can track the CO2 emissions of every euro they spend, a novelty in the Dutch banking landscape. But also in the Netherlands where we aim to help our clients to create a future for agriculture that fits within the planetary constraints of a small country that is leading in the world of agriculture.

The past half year has again been quite dynamic. I would, like to thank our clients for their trust in Rabobank, and express my gratitude to our employees, my colleagues, around the world.

Financial Performance

Rabobank's net profit in the first half of 2022 was EUR 1,571 million (compared to EUR 2,160 million in H1 2021). The sound business performance of 2021 continued in 2022 and contributed to the bank's solid financial results. However, the war in Ukraine had an impact, which is visible in higher impairment charges on financial assets, mainly driven by Rabobank's decision earlier this year to completely withdraw from Russia. This negative effect was partly offset by a release of unused Covid-19 provisions. As a result, impairment charges on financial assets amounted to EUR 42 million (2 basis points of the average loan portfolio) in the first half of 2022 (compared to a release of EUR 274 million in the first half of 2021).

Compared to the strong development of our total income due to economic tailwind in 2021, total income decreased by 3% in the first six months of 2022. Net interest income increased by 7%, driven by higher volumes and increasing interest rates. The increasing interest rates resulted in improved margins on savings, whereas margin pressure on the lending business in the domestic banking business was felt as well. Net fee and commission income continued to increase, mainly resulting from higher fees on payment accounts and higher fee income on assets under management. The strong performance of Rabo Investments continued in 2022, although the results were lower compared to the exceptional performance last year. In addition, due to the volatile environment the valuation of equity participations negatively impacted financial results in the first half of 2022, whereas it positively contributed to Rabobank's results in the same period last year. Expenses were 5% higher, mainly driven by an increase in staff costs as a result of additional staffing needs for KYC and IT. Despite continued efficiency measures and taking into account further inflationary effects, pressure on the overall cost level is expected to continue in the coming period.

Rabobank's loan portfolio increased by EUR 15.4 billion to EUR 432.6 billion, also driven by FX effects. The Food & Agri portfolio increased by 10% to EUR 113.2 billion. Our position in the Dutch residential mortgage market remained solid with a 16% market share of new production and a slightly increased mortgage loan portfolio of EUR 193.3 billion. Deposits from retail and wholesale clients increased by EUR 13.1 billion.

Overall, lower income and higher expenses led to an increase in our cost/income ratio to 63.5% (H1 2021: 58.0%). The Return on Equity amounted to 7.0% (H1 2021: 10.4%). As a result of the implementation of the macroprudential add-on for mortgages, model changes reflecting the EBA guidelines and other (internal) model redevelopments as well as regular business growth, the bank's risk-weighted assets increased by EUR 39.6 billion to 251.5 billion. Partially mitigated by our healthy financial results, this resulted in a decrease of Rabobank's CET1 ratio to 15.1% (2021: 17.4%) with a remaining Basel IV impact that is now expected to be negligible. At this level the bank continues to comfortably meet its capital requirements and its ambition level of a CET1 ratio of >14%.

Update on KYC

At the end of 2021, De Nederlandsche Bank (DNB) ordered Rabobank to remedy deficiencies regarding its Dutch Retail division's compliance with the Wet ter voorkoming van witwassen en financieren terrorisme (Wwft).

DNB also informed the bank that a separate punitive enforcement procedure would commence, the outcome of which is still unknown to us. Remedying these deficiencies has our highest priority. We are continuously investing in Know Your Customer (KYC) and increasing our efforts under our remediation program, which we do in a dynamic context, dealing with the fast pace of sanctions on Russia, tight labor market conditions and new regulations. In light of these challenging developments that affect progress we have asked DNB for an extension of the deadline.

Outlook

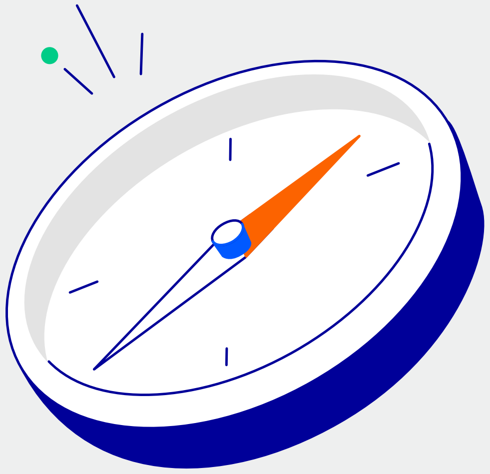
We are glad to leave a period of negative interest rates behind us, specifically for the impact it had on savings accounts of private clients. Unfortunately, other disruptions remain and are expected to persist and affect our clients throughout 2022 and in the years to come. Geopolitical tensions, inflation, and an expected mild recession are shaping our everyday lives, impact the purchasing power of households, and will continue to challenge the economic context in which we operate. We therefore remain cautious with respect to our operating environment.

Worldwide we are confronted with negative effects of climate change such as droughts and floods. In addition, the Netherlands faces a challenge of significant constraints in nitrogen emissions. In June, the Dutch government announced its plans to reduce nitrogen by 2030, sparking national debate and protests. Rabobank made clear that we endorse the reduction goals, but we also indicated that the plans lack integrality with regard to water quality, climate, and the government's plans for other sectors. What’s also missing is prospect for our Dutch farmers, specifically in livestock farming.

At the moment, the effects on client level are both uncertain and unclear as the governmental plans are not translated and implemented yet by the authorized provincial governments. This creates uncertainty and with that comes distress for those it directly affects. We believe that regional optimization, cooperation and innovation are key in the transition to a sustainable business model for our clients. Together with other stakeholders, Rabobank wants to play its part in finding realistic and workable solutions, and achieving a vital and sustainable Dutch countryside and agricultural sector.

Wiebe Draijer, Chair of Rabobank's Managing Board

Management Report



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Key Figures

Financial Key Figures						
Amounts in millions of euros	*06-30-2022 2022 HY*	*12-31-2021 2021 FY*	*06-30-2021 2021 HY*	*12-31-2020 2020 FY*	*06-30-2020 2020 HY*	*12-31-2019 2019 FY*
Common equity tier 1 ratio	15.1%	17.4%	17.2%	16.8%	16.6%	16.3%
Total capital ratio	19.9%	22.6%	23.0%	24.2%	24.3%	25.2%
Leverage ratio	6.2%	7.3%	7.1%	7.0%	5.9%	6.3%
Risk-weighted assets	251,455	211,855	210,768	205,773	205,617	205,797
Wholesale funding	130,035	121,638	126,088	131,361	137,523	151,742
Cost/income ratio including regulatory levies	63.5%	63.8%	58.0%	65.8%	65.3%	63.3%
Underlying cost/income ratio including regulatory levies	62.0%	60.4%	59.4%	64.5%	64.3%	63.0%
Return on equity	7.0%	8.8%	10.4%	2.7%	1.1%	5.3%
Income	5,959	12,169	6,112	10,782	5,212	11,756
Operating expenses	3,344	7,044	3,177	6,542	3,101	6,956
Impairment charges on financial assets	42	(474)	(274)	1,913	1,442	975
Net profit	1,571	3,692	2,160	1,096	227	2,203
Total assets	666,844	639,575	650,997	632,258	620,117	590,598
Private sector loan portfolio	432,551	417,158	414,197	409,380	415,402	417,914
Deposits from customers	385,111	372,031	376,859	361,028	361,521	338,536
Liquidity Coverage ratio	199%	184%	229%	193%	160%	132%
Loan-to-deposit ratio	1.17	1.13	1.10	1.12	1.14	1.22
Non-performing loans	8,323	9,231	12,276	13,882	14,844	15,705

Non Financial Key Figures[1]						
Amounts in millions of euros	*06-30-2022 2022 HY*	*12-31-2021 2021 FY*	*06-30-2021 2021 HY*	*12-31-2020 2020 FY*	*06-30-2020 2020 HY*	*12-31-2019 2019 FY*
% Online Active Private Customers in the Netherlands	67.6%	67.0%	65.4%	65.6%	65.1%	64.0%
% Online Active Corporate Customers in the Netherlands	82.7%	82.4%	81.7%	82.2%	81.9%	81.5%
Availability of Internet Banking	99.8%	99.8%	99.9%	99.8%	99.8%	99.7%
Availability of Mobile Banking	99.8%	99.8%	99.9%	99.8%	99.8%	99.6%
Availability of iDEAL	99.9%	99.8%	99.9%	99.9%	99.9%	99.7%
Total sustainable financing	66,995	63,117	60,720	49,813	48,539	44,583[2]
RepTrak Pulse Score	70.2	70.4	71.8	72.6	71.8	71.5
Member engagement score	43%	44%	47%	52%	53%	49%
Community funds and donations	5.7	27.6	5.6	42.5	15.8	45.4
Employee Engagement Scan	-	72	70	69	70	64
Employee Engagement Score[3]	85	83	-	-	-	-
Diversity: % Women employed in the Netherlands	49%	49%	49%	49%	50%	51%
Absenteeism in the Netherlands	4.4%	3.9%	3.5%	3.4%	3.5%	4.3%
Ratings						
Standard & Poor's	A+	A+	A+	A+	A+	A+
Moody's Investors service	Aa2	Aa2	Aa3	Aa3	Aa3	Aa3
Fitch ratings	A+	A+	A+	A+	AA-	AA-
DBRS	AA (Low)	AA (Low)	AA (Low)	AA	AA	AA
Sustainalytics ESG Risk Rating category diversified banks	5	2	1	1	1	1

1 For more details about the methodology please refer to Methodology & Definitions of Non-Financial Key Figures on our website

2 We have assessed our total portfolios for the various sustainable finance categories. Because of a lack of available data, this is not yet possible for Wholesale sustainable loans. We have therefore removed this category from our sustainable finance portfolio. We have also taken the figures from the position at year-end 2019, which was EUR 1,417 million.

3 We have migrated to an improved way of measuring employee engagement (score). For transparency purposes we also report the employee engagement scan results for previous years.

Excellent Customer Focus

Our Contribution to:

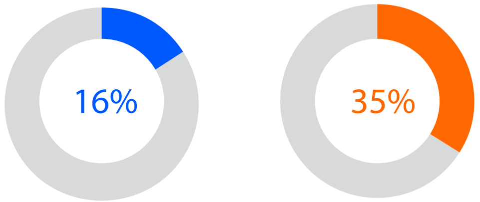
Rabo Carbon Bank
First carbon credits from regenerative agriculture sold.

Climate and Energy, and Sustainable Entrepreneurship
Energy transition: EUR 0.5 billion financed in 15 renewable energy projects.
Sustainable Entrepreneurship: Rabo Impact Loans EUR 119 million exposure.

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

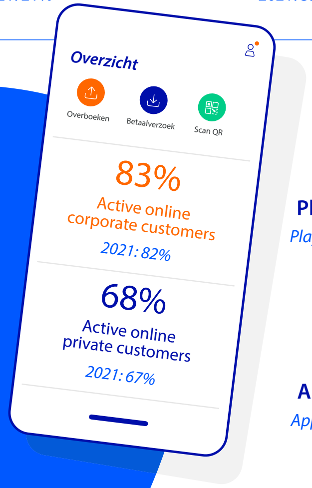
Financial Well-being
127,953 customers used the online financial tool "WegWijzer".

Domestic market shares



Mortgages
2021: 21%

Savings
2021: 35%



4.0
★★★★
Play Store score
Play store dec 2021: 4.6

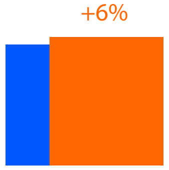
4.6
★★★★★
App Store score
App store dec 2021: 4.2

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.

Sustainable Funding
7,732
EUR million

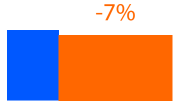
2021: 7,699 EUR million

Sustainable Finance
66,995
EUR million



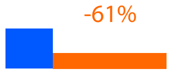
2021: 63,117 EUR million

Sustainable Assets under Management
30,925
EUR million



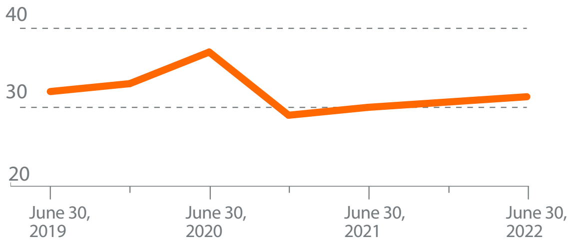
2021: 33,088 EUR million

Sustainable Transactions Supervised
6,184
EUR million



2021: 15,656 EUR million

RepTrak Recommendation Score
as of June 30, 2022



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.

19%
2021: 16%
Frontrunner Clients Rabobank's Dutch Retail Banks (A-level)

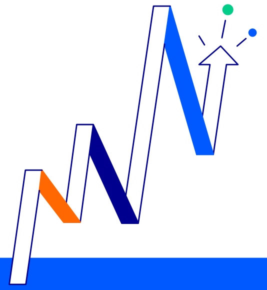
Want to know more about these figures? Please refer to [*Methodology & Definitions of Non-Financial Key Figures*] *on our website.*

Meaningful Cooperative

Member Engagement Score

43%

December 31, 2021: 44%



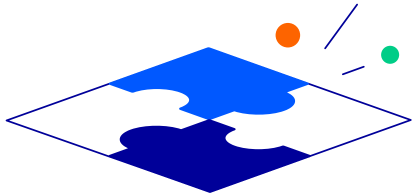
Projects & Funds

- 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

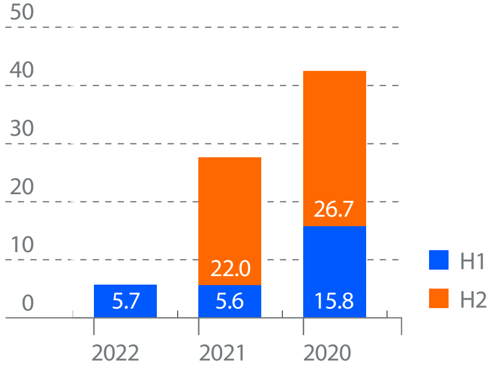


Rabobank is committed to making a difference as a cooperative customer-driven bank, championing customer issues like sustainable food, sustainable growth and energy supply, sustainable living and financial well-being.

Community Funds and Donations

€ 5.7 million

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



RepTrak Score

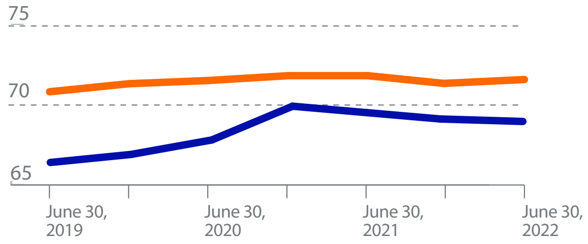
as of June 30, 2022

Reputation Management

70.2

Social Impact Score

68.5



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

Rock-Solid Bank

Ratings

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

Sustainalytics

ESG Risk Rating

5th out of 406

2021: 2 out of 413

Results 2022

as of June 30, 2022

15.1% Fully loaded CET1 ratio — >14%

2021: 17.4%

7.0% RoE — 6-7%

2021: 8.8%

63.5% Cost/income ratio *including regulatory levies* — low 60%

2021: 63.8%

Financial Capital & Funding

Equity

€ 46 billion

2021: EUR 43 billion

Deposits from customers

€ 385 billion

2021: EUR 372 billion

Wholesale funding

€ 130 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

€ 433 billion

2021: EUR 417 billion

Volume of Loans to F&A

€ 113 billion

2021: EUR 103 billion

Volume of Loans to Trade, Industry and Services

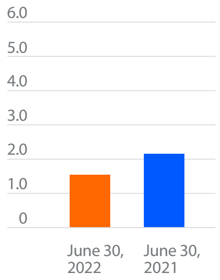
€ 114 billion

2021: EUR 109 billion

Net profit

€ 1,571 million

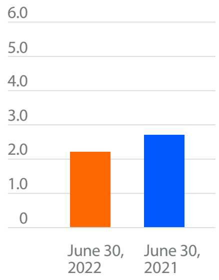
2021: EUR 2,160



Underlying Profit Before Tax

€ 2,260 million

2021: EUR 2,722



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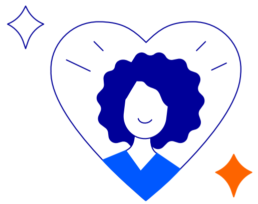
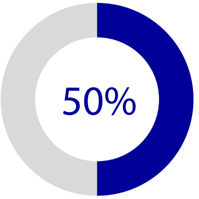
Empowered Employees

Diversity & Inclusion

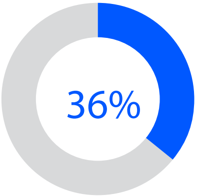


Percentage of women...



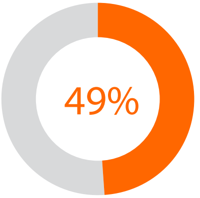
in the Managing Board

December 31, 2021: 50%



in the first level below the Managing Board

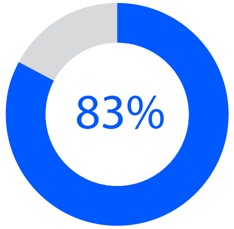
December 31, 2021: 35%



employed

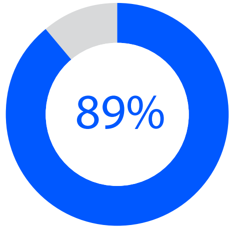
December 31, 2021: 49%

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



of our employees is proud to work at Rabobank

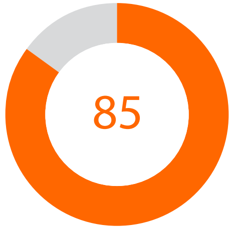
December 31, 2021: 83%



of our employees enjoy their work at Rabobank

December 31, 2021: 88%

Engagement Score



December 31, 2021: 83

Number of Employees

Worldwide, as of June 30, 2022

45,415

FTE

December 31, 2021: 43,361

Up- and Reskilling

745

colleagues started an education at the **Rabobank KYC Academy** in the first half of 2022

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

Our Performance

Rabobank

Our net profit in the first half of 2022 was EUR 1,571 million, compared to EUR 2,160 million for the same period in 2021. The sound business performance of 2021 continued in 2022 and the fact that market conditions remained favorable at the start of the year contributed to the bank's solid financial results. However, the consequences of the Russia-Ukraine war also made themselves felt and had a negative effect on our results. For example, our decision to withdraw from Russia has led to higher impairment charges on financial assets. This negative effect was partly compensated by the release of Covid-19 provisions. After reaching an exceptional low in 2021, impairment charges on financial assets increased by EUR 316 million to EUR 42 million (2 basis points of the average loan portfolio), which is still well below the long-term average of 26 basis points.

Total income decreased by 3%. The valuation of our equity participations had a negative effect on our results, while this line item contributed positively to our results in the first half of 2021. Increasing interest rates resulted in improved margins on savings whereas margin pressure on the lending business at Domestic Retail Banking was felt as well. Nonetheless, our net interest income increased by 7%, also driven by higher asset levels at W&R and Leasing. Net fee and commission income was 6% higher than in the first half of 2021, which was largely caused by higher fee income on current accounts. Expenses were up 5%, partly as the result of higher KYC and IT costs. These activities have increased our staff levels in 2022. Also due to further inflationary effects, pressure on our operational costs is expected to persist in the near future.

Our private sector loan portfolio grew by EUR 15.4 billion, partly due to currency fluctuations. Deposits from Retail and Wholesale customers rose by EUR 13.1 billion. Deposits from customers at Domestic Retail Banking (DRB) increased by EUR 9.7 billion in the first half of 2022, partly driven by seasonal unused holiday allowances.

Despite the positive results in the first half of 2022, there are many major challenges for the banking sector that will also influence our results in the coming period: extensive regulations for banks, rising inflation, geopolitical tensions, competition from new (digital) non-banks, climate risk (including the nitrogen discussion) and cyber risks. At the same time, the interest rate environment is currently changing, with rising interest rates making a positive contribution to our results.

Rabobank's Financial Results

Results			
Amounts in millions of euros	*06-30-2022*	*06-30-2021*	*Change*
Net interest income	4,380	4,079	7%
Net fee and commission income	1,050	993	6%
Other results	529	1,040	-49%
Total income	**5,959**	**6,112**	**-3%**
Staff costs	2,368	2,279	4%
Other administrative expenses	814	720	13%
Depreciation and amortization	162	178	-9%
Total operating expenses	**3,344**	**3,177**	**5%**
Gross result	**2,615**	**2,935**	**-11%**
Impairment charges on financial assets	42	(274)	-115%
Regulatory levies	438	368	19%
Operating profit before tax	**2,135**	**2,841**	**-25%**
Income tax	564	681	-17%
Net profit	**1,571**	**2,160**	**-27%**
Impairment charges on financial assets (in basis points)	2	(13)	
Ratios			
Cost/income ratio including regulatory levies	63.5%	58.0%	
Underlying cost/income ratio including regulatory levies	62.0%	59.4%	
RoE	7.0%	10.4%	
Balance Sheet			
Amounts in billions of euros	06-30-2022	12-31-2021	
Total assets	666.8	639.6	4%
Private sector loan portfolio	432.6	417.2	4%
Deposits from customers	385.1	372.0	4%
Number of internal employees (in FTEs)	36,830	35,766	3%
Number of external employees (in FTEs)	8,585	7,595	13%
Total number of employees (in FTEs)	45,415	43,361	5%

Notes to Rabobank's Financial Results

Development of Underlying Operating Profit Before Tax			
Amounts in millions of euros		*06-30-2022*	*06-30-2021*
Income		**5,959**	**6,112**
Adjustments to income	*Fair value items*	*93*	*(80)*
Underlying income		***6,052***	***6,032***
Operating expenses		**3,344**	**3,177**
Adjustments to expenses	*Restructuring expenses*	*(7)*	*(39)*
	Extraordinary KYC costs	*39*	*-*
Underlying expenses		***3,312***	***3,216***
Underlying gross result		**2,740**	**2,816**
Impairment charges on financial assets		42	(274)
Regulatory levies		438	368
Operating profit before tax		**2,135**	**2,841**
Total adjustments		***125***	***(119)***
Underlying operating profit before tax		**2,260**	**2,722**

Income Decreased by 3%

Higher Net Interest Income

Net interest income totaled EUR 4,380 (2021: 4,079) million, which equals an increase of 7%, partly driven by higher volumes notably within W&R and Leasing. Within DRB, average lending margins were lower (mainly on mortgage loans), amongst others affected by higher funding costs. On the other hand, rising interest rates resulted in improved margins on savings, whereas margins on current accounts still remained compressed. The increase in net interest income was somewhat offset by a lower benefit from our participation in the TLTRO III program (which contributed EUR 131 million compared to EUR 192 million in the first half of 2021). The 1-year rolling net interest margin, calculated by dividing the net interest income by the average balance sheet total, increased from 1.25% in the first half of 2021 to 1.29% on June 30, 2022.

Net Fee and Commission Income Increased

Our net fee and commission income increased by 6% to EUR 1,050 (2021: 993) million. At DRB, net fee and commission income increased on current accounts as higher operational costs are (partly) translated into higher fees. In addition, a higher average level of assets under management (investment products) contributed positively to net fee and commission income. At W&R, net fee and commission income slightly decreased as the level of market activity in the event-driven business was somewhat lower than in the first half of 2021, despite increased fee income on the lending business.

Other Results Lower

Other results decreased to EUR 529 (2021: 1,040) million. Following exceptional results in 2021, Rabo Investments still had a strong first half of 2022 although the results were EUR 168 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 the first half of 2021. The higher loss on fair value items[1] also had a downward effect on other results, with a loss of EUR 105 million in the first half of 2022 compared to a loss of EUR 2 million in the first half of 2021. In addition, the result on our stake in Achmea was lower.

Operating Expenses 5% Higher

Staff Costs Higher

In the first half of 2022, Rabobank's total staff numbers (including external hires) increased to 45,415 (2021: 43,361) FTEs. At DRB total FTEs increased as a result of additional staffing for KYC and IT despite continued efficiency measures. To support business growth and compliance-related activities, staff numbers at DLL increased by 303 FTEs and the staff level at W&R was 70 FTEs higher. Staff costs increased by 4% to EUR 2,368 (2021: 2,279) million, also impacted by effects from the collective labor agreement.

Other Administrative Expenses Increased

Total other administrative expenses increased to EUR 814 (2021: 720) million, partly driven by extraordinary KYC costs as a result of higher expected handling costs related to the provision taken last year to resolve backlogs existing as per year-end 2021. Furthermore, Leasing experienced higher expenses due to investments in its IT and model infrastructure. The increase in other administrative expenses was to some extent mitigated by lower releases of restructuring provisions.

Depreciation and Amortization Down

Depreciation and amortization decreased to EUR 162 (2021: 178) million in line with the development of the real estate portfolio at DRB. Besides the regular decline, fewer offices and rental contracts also contributed to this decrease.

Impairment Charges on Financial Assets

In the first six months of 2022 impairment charges on financial assets amounted to EUR 42 million. This represents an increase of EUR 316 million compared to the same period last year. Impairment charges increased as a result of our decision to wind down all our activities in Russia following the invasion of Ukraine. This upward effect 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. So far, the impact of the current macroeconomic backdrop on the credit quality of our loan portfolio has been muted, although we remain cautious. On an annual basis, impairment charges on financial assets amounted to 2 (2021: minus 13) basis points, which is below the long-term average (period 2012-2021) of 26 basis points. Please see the "Risks and Uncertainties" section for more details.

The amount of non-performing loans (NPL) decreased in the first half of 2022 to EUR 8.3 (2021: 9.2) billion. The NPL ratio was 1.4% (2021: 1.6%) and the NPL coverage ratio was 24% (2021: 24%). The decrease in NPL is mainly the result of the execution of our NPL strategy and limited inflow of newly impaired loans.

1 The result on fair value items includes our hedge accounting results and the XVA income of our Markets division.

Balance Sheet Developments

Balance Sheet

Amounts in billions of euros	*06-30-2022*	*12-31-2021*
Cash and cash equivalents	144.8	120.5
Loans and advances to customers	436.3	436.5
Financial assets	18.4	18.5
Loans and advances to banks	20.1	22.1
Derivatives	27.1	23.0
Other assets	20.1	19.0
Total assets	**666.8**	**639.6**
Deposits from customers	385.1	372.0
Debt securities in issue	116.3	108.7
Deposits from banks	74.2	73.0
Derivatives	21.1	18.7
Financial liabilities	5.3	5.2
Other liabilities	18.9	18.5
Total liabilities	**620.9**	**596.2**
Equity	45.9	43.4
Total liabilities and equity	**666.8**	**639.6**

Private Sector Loan Portfolio Increased

Our private sector lending increased by EUR 15.4 billion to 432.6 EUR billion on June 30, 2022. Part of this increase (around EUR 6.0 billion) is attributable to currency fluctuations. At DRB the mortgage portfolio stabilized as new production compensated for the continued high, but decreasing, level of early repayments. DRB's total private sector loan portfolio amounts to EUR 276.3 (2021: 273.9) billion. The loan portfolio of W&R and DLL both increased (also when corrected for FX effects).

Loan Portfolio

Amounts in billions of euros	*06-30-2022*	*12-31-2021*
Total loans and advances to customers	**436.3**	**436.5**
Of which to government clients	2.2	2.0
Reverse repurchase transactions and securities borrowing	10.6	13.9
Interest rate hedges (hedge accounting)	(9.1)	3.4
Private sector loan portfolio	**432.6**	**417.2**
Domestic Retail Banking	276.3	273.9
Wholesale & Rural	119.3	108.6
Leasing	36.2	34.5
Property Development	0.1	0.1
Other	0.7	0.1

On June 30, 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, 8% 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	*06-30-2022*		*12-31-2021*	
Loans to private individuals	205.5	48%	205.0	49%
Loans to trade, industry and services	113.9	26%	109.3	26%
of which in the Netherlands	*76.0*		*74.5*	
of which in other countries	*37.9*		*34.7*	
Loans to Food & Agri	113.2	26%	102.9	25%
of which in the Netherlands	*39.3*		*35.7*	
of which in other countries	*73.9*		*67.2*	
Private sector loan portfolio	**432.6**	**100%**	**417.2**	**100%**

1 In the country where the entity is established.

Deposits from Customers Increased

Total deposits from customers increased significantly to EUR 385.1 (2021: 372.0) billion. Our loan-to-deposit ratio (LtD ratio) remains more or less stable at 1.17 (2021: 1.13). Deposits from DRB customers increased to EUR 309.7 (2021: 300.0) billion, partly as a result of unused holiday allowances. Retail savings at DRB increased by EUR 6.3 billion to EUR 150.4 billion. Deposits from customers in other segments increased to EUR 75.3 (2021: 72.0) 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 the first half of 2022 the outflow of IDB deposits equaled EUR 2.8 billion and deposits at IDB totaled EUR 9.0 (2021: 11.8) billion at June 30, 2022.

Deposits from Customers

Amounts in billions of euros	*06-30-2022*	*12-31-2021*
Retail savings	**156.1**	**152.4**
Domestic Retail Banking	150.4	144.1
Other segments	5.7	8.3
Other deposits from customers	**229.0**	**219.6**
Domestic Retail Banking	159.3	155.9
Other segments	69.7	63.7
Total deposits from customers	**385.1**	**372.0**

Liquidity

At all times, we endeavor to protect ourselves against the impact of a potential liquidity crisis whatever the cause might be. Since the outbreak of the Covid-19 pandemic and the associated economic uncertainties, we have placed even more emphasis on this. Our efforts resulted in an increase of our readily available liquidity buffers far beyond the regulatory requirements, in order to protect ourselves and our clients. As a result, our Liquidity Coverage Ratio (LCR) remained high at 199% (2021: 184%). Together with the extraordinary measures taken by central banks, this provides us with the confidence that we can continue to service our clients and cover their long and short-term liquidity demands. We have a strong liquidity buffer, which increased to EUR 168 (2021: 149) billion. This liquidity buffer consists of EUR 152 (2021: 131) billion High Quality Liquid Assets (HQLA). In addition, we have a portfolio of unencumbered, ECB eligible retained RMBS, and covered bonds with a liquidity value of EUR 16 billion, which are available as contingent liquidity buffer, with additional eligible mortgage loan accessibility to increase this amount. The buffer is excluding EUR 29 billion weighted LCR Inflows.

Equity

Our equity increased to EUR 45.9 (2021: 43.4) billion, to a large extent driven by retained earnings and an AT1 issuance. Our equity on June 30, 2022, consisted of retained earnings and reserves: 71% (2021: 72%), Rabobank Certificates: 17% (2021: 18%), Capital Securities: 11% (2021: 9%), and other non-controlling interests: 1% (2021: 1%).

Development of Equity

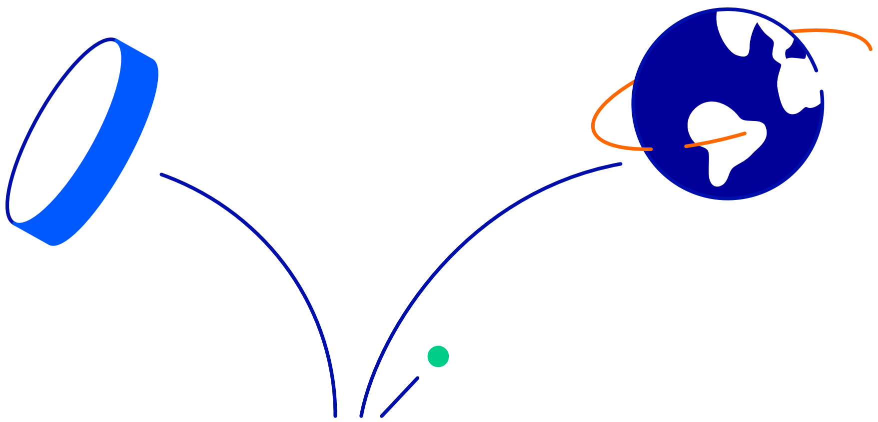
Amounts in millions of euros	
Equity at the end of December 2021	**43,402**
Net profit for the period	1,571
Other comprehensive income	313
Payments on Rabobank Certificates	(254)
Payments on Capital Securities issued by Rabobank	(88)
Issue of Capital Securities	1,000
Cost of issue Capital Securities	(5)
Other	(20)
Equity at the end of June 2022	**45,919**

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. Partly driven by the Russia-Ukraine war, we deliberately increased our Wholesale funding to EUR 130.0 (2021: 121.6) billion in the first half of 2022. Our participation in the TLTRO III remained unchanged at EUR 55 billion, of which we only use EUR 6 billion as substitute for our Wholesale funding.

Risks and Uncertainties

The geopolitical, economic, and financial risks due to the impact of the Russia-Ukraine war are increasing for our clients and the bank. The direct financial impact of this conflict is limited, with EUR 400 million direct exposure when the war started, predominantly in DLL and Trade and Commodity Finance. DLL Russia is withdrawing all its activities from Russia, effective as of the end of February 2022. High inflation is expected during 2022, which will put pressure on consumer spending. Companies are faced with higher input costs, higher interest rates and labor shortages, which will result in lower profits and less room for business investments. The Covid-19 restrictions have been lifted and government support has ended without noticeable deterioration of the portfolio.



Macroeconomic Environment

After a strong recovery from the pandemic, the economic outlook has deteriorated in the course of the first half of 2022 due to the Russia-Ukraine war and high inflation. The economic and financial impact of the war is being felt throughout the world. Prices in energy and commodity markets have risen to record levels and disruptions to global trade and supply chains have also increased, partly as a result of China's Covid-19 policy. Production and logistics costs for businesses have risen and household purchasing power has fallen. In the second half of 2022 and in 2023, higher funding costs may put pressure on the debt sustainability of governments, businesses, and households. Overall, we see increased uncertainty and financial risk which could result in increasing impairment charges.

The baseline scenario for the Netherlands looks as follows:

The Netherlands				
Year-on-year volume change (%)	*2021*	*2022*	*2023*	*2024*
Gross domestic product (GDP)	*5.0*	*2.9*	*(0.2)*	*1.7*
Private consumption	*3.5*	*3.5*	*(0.2)*	*1.5*
Business Investments	*5.4*	*1.0*	*(3.5)*	*1.6*
Housing investments	*3.3*	*2.8*	*(0.9)*	*1.7*
Government expenditure	*3.8*	*1.9*	*2.6*	*3.1*
Export volume of goods and services	*6.6*	*(0.6)*	*(1.2)*	*3.5*
Import volume of goods and services	*5.1*	*(1.4)*	*(0.9)*	*4.2*
Inflation (%)	*2.8*	*7.7*	*4.5*	*2.2*
Unemployment (%)	*4.2*	*3.3*	*3.5*	*3.7*

End to Pandemic Relief 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 must 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 unprecedented support measures have been highly effective, and that the economy has proven more resilient than expected.

Credit Portfolio

In the first half of 2022, the quality of our credit portfolio held up well despite the effects of the Russia-Ukraine war. The share of stage 2 exposures increased from 6.4% at year-end 2021 to 8.4%, on June 30, 2022, due to the classification of some sectors as vulnerable following the outbreak of the Russia-Ukraine war and after the Dutch government published its nitrogen policy approach for the livestock sector. At the same time, the NPLs continued their decreasing trend, which was also due to effective special asset management. Our total NPL portfolio decreased from EUR 9.2 billion in 2021 to EUR 8.3 billion on June 30, 2022. This net decrease occurred within DRB and W&R, while DLL showed a slight increase. The NPL ratio (EBA definition) ended at 1.4% (2021: 1.6%), which is lower than the stage 3 ratio mainly because deposits at central banks are included in the denominator of the calculation of the NPL ratio. For the second half of 2022 and 2023, some deterioration in asset quality and the accompanying increase in NPLs is expected. However, the extent to which this will occur remains very uncertain and will largely depend on the course of the Russia-Ukraine war, the energy supply, and inflation development. Meanwhile, we continue to implement specifically developed sector/country strategies to manage the inflow of NPLs and we continuously monitor our clients' position in relation to (future) events (e.g., rising energy prices, and droughts) or sector issues (e.g. dairy, and nitrogen).

Vulnerable Sectors

Vulnerable sector exposures are considered to have a significant increase in credit risk, and/or a material increase in uncertainty, and are placed in stage 2. The classification of a sector as ‘vulnerable’ is based on an in-depth analysis on the (potential) impact on its relative strength and outlook of the pandemic and, since the beginning of 2022, other developments (e.g. direct and indirect effects of the Russia-Ukraine war, and the uncertainty related to the nitrogen plans of the Dutch government).

In the first half of 2022 most pandemic-related vulnerable sectors were upgraded to stage 1. These concerned domestic sub sectors of Accommodation & food services (hotels, restaurants and pubs); Arts, entertainment & recreation (sport facilities, fitness and amusement and theme parks); and Administrative and support service activities (travel agencies).

At the same time, other sectors were identified as vulnerable and migrated from stage 1 to stage 2.

Within F&A, these specifically relate to exposures within Pork and Floriculture (in the Netherlands). For prudency reasons also Dairy NL has preliminary been classified as vulnerable. Rabobank took this decision due to the current uncertainty and lack of clarity with respect to the impact of the nitrogen plans of the Dutch government on our client portfolio (see the 'Nitrogen' paragraph below for a description). As a result, and despite substantial government support packages being made available, the full exposure within Dairy NL (EUR 10.3 billion) has been migrated to stage 2, meaning a lifetime expected credit loss is taken. A Top Level Adjustment (TLA) was recognized of EUR 76 million per June 30, 2022. Further impact and scenario analysis will be performed in the upcoming months as the nitrogen plans and available government support packages become clearer. This potentially leads to a more granular approach with regard to the exposures which have now been migrated to stage 2.

Within Non F&A, the most important sub sectors that were classified as vulnerable were Automotive Europe, some sub sectors within Commercial Real Estate (Retail and Leisure), and Transportation DLL (Europe). Finally, the part of highly leveraged transactions in sectors particularly sensitive to the current macroeconomic developments have been classified as vulnerable and migrated to Stage 2.

Overall, 4.9% (2021: 2.3%) of the private sector loan portfolio of EUR 433 billion was classified as vulnerable as of June 30, 2022 (excluding Dairy NL, 2.6%).

Nitrogen

In June 2022 the Dutch government published its policy plans for the agricultural sector to reach the goal of its 2021 “Nitrogen Law”, namely that in 2030 at least 74% of so-called Natura 2000 areas will experience acceptable nitrogen depositions. Rabobank made clear that we endorse the reduction goals, but we also indicated that the plans lack an integrated view with regard to water quality, climate, and the government plans for other sectors. Our F&A clients, specifically in livestock farming, have and continue to be affected by this in their personal lives and businesses.

From a risk perspective, the outlook for farmers, particularly around Natura 2000 areas, is currently uncertain. The government’s nitrogen reduction plans are expected to have a significant impact on the business model of our clients, though substantial government support is made available. The overall transition risks for affected sectors are being further investigated. Our account managers are in strategic dialogues with our clients about their financing requests at hand, and about maintaining a future-proof business.

The central government has mandated provincial government to work out the details of how the new Nitrogen Policy can be implemented. This decision can potentially result in differences in approach and timelines between provinces, making it difficult for farmers and the F&A sector to anticipate the economic consequences.

Impairments: Effects of the Russia-Ukraine War and the Covid-19 Pandemic

In the first half of 2022, impairment charges were higher than in the same period of 2021. Two major developments determined the increase. On the one hand, Covid-19 related stage 3 inflow remained very low and a substantial part of the Covid-19 specific Top Level Adjustments (TLAs) were further released. In the first half of 2022, the sum of our Covid-19 related management overlays decreased to EUR 210 (2021: 500) million.

On the other hand, the Russia-Ukraine war led to impairment charges on Russian exposure (mainly DLL) and on some Trade and Commodity Finance clients in Ukraine. At June 30, 2022 the exposure on Ukraine was EUR 96 million and on Russia EUR 431 million. After the outbreak of the war in Ukraine in February this year, we decided to withdraw from Russia, and successfully reduced our exposure. However, due to the exchange rate increase of the ruble in the past months the exposure measured in euro terms rose again. As currently the Russian customers are still paying their amounts due, these loans were classified as loans with significant increase in credit risk (stage 2). A TLA is determined of EUR 311 million. Of the Russian exposure 95% is from DLL, which is in rubles, the remainder of the Russian exposure and the Ukrainian exposure is from Trade & Commodity Finance (TCF). For two TCF clients in Ukraine a stage 3 provision of together EUR 40 million is taken. Next to the direct exposures, we defined an increased credit risk for exposures that are affected by the supply chain disruptions and the increased energy prices for which a TLA is determined of EUR 89 million.

The economic recovery continued in the first half of 2022, but at a much slower pace than in 2021. Some economic contraction is very possible in the second half of 2022. The first table below shows the impairment charges in the different stages. The share of the stage 1 and 2 allowances in the total balance of impairment allowance rose to 42% (2021: 36%) due to the low net additions and write-offs in stage 3.

Impairment Charges

Amounts in millions of euros	2022-H1	2021	2021-H2	2021-H1
Stage 1	11	(375)	(118)	(256)
Stage 2	50	76	44	32
Stage 3	(19)	(175)	(125)	(50)
Rabobank Group	**42**	**(474)**	**(200)**	**(274)**

Stage Composition Portfolio

	2022-H1	2021	2021-H1	2020
Stage 1	89.8	91.6	89.9	89.5
Stage 2	8.4	6.4	7.5	7.5
Stage 3	1.7	2.0	2.6	3.0
Rabobank Group	**100%**	**100%**	**100%**	**100%**

NPL Strategy

Our NPL portfolio is managed within a group-wide framework on NPL strategy. The NPL portfolio is monitored closely and where deemed necessary regional or sector-related portfolio strategies are followed. Individual client strategies are based on our mission and values to create new prospects with our customers. Besides the required assessments with regard to the business and financial viability of each individual client in financial distress, we also weigh the impact of the prudential backstop regulations. We strive to decrease the amount of time clients are serviced by our financial restructuring and recovery departments.

Over the past two years, we have successfully de-risked our credit portfolio. Multiple measures have been implemented to actively manage the NPL portfolio, including the sale of exposures in the secondary market, the increased attention to vintage clients and a focus on setting clear milestones with our NPL clients.

The NPL inflow in the first half year of 2022 was modest, mainly as a result of the government measures since the Covid-19 outbreak and the strong economic situation. We are closely monitoring the potential impact of the Russia-Ukraine war on our credit (incl. NPL) portfolio, as well as the latest developments related to Covid-19 and any government decisions on nitrogen.

Interest Only Mortgages

The residential mortgage portfolio in the Netherlands is still performing well. Affordability of mortgage payments is key for the coming years in view of the increased energy prices and interest rates. Within the portfolio, the interest-only mortgages carry an elevated risk, especially when the loan-to-value (LTV) is high (> 80%) and the customer is approaching retirement (leading to an income decrease). Clients with interest-only mortgages are individually, and on a risk-based approach, contacted to seek possibilities to avoid possible future payment problems. Due to the sharp house price increases in the past few years and the stricter underwriting criteria, the LTVs are decreasing leading to a decline in the higher risk segment of the mortgage portfolio. Based on rising interest rates, the existing Top Level Adjustment was adjusted upwards to EUR 40 (2021: 25) million. Ongoing supervisory scrutiny for Interest only Mortgages may affect future capital and impairment levels, as well as the level playing field in the Dutch mortgage market.

The future of Dutch agriculture

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 from the government of EUR 25 billion, also to be used for the nitrogen issue (see 'Nitrogen' paragraph), 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 we are actively participating in these very challenging developments and are continuously assessing their impact on our portfolio.

PFAS

From mid-2020, restrictions on working with PFAS-contaminated soil and dredging spoil were loosened for the construction and dredging sectors, taking into account environmental and health considerations. The construction and dredging sectors were therefore able to resume a large part of their activities. This reduced pressure on our customers. At the same time, the Netherlands and some other EU countries are working on a proposal to prohibit all uses of PFAS in the European Union. As this may ultimately affect our customers, we will monitor the developments and risks closely.

Climate Risk

Climate change can affect the credit portfolio through two risk pathways: 1) transition risks (e.g., changes in regulations, technologies, and market sentiment) and 2) physical risks (e.g., changes in acute weather events like storms, wildfires, flooding, and long-lasting events like sea level rise and drought). Both physical and transition risks could impact the quality of our credit portfolio, especially our F&A and mortgage portfolios. Of the four categories that the Task Force on Climate-related Financial Disclosures (TCFD) distinguished, we classify these two portfolios as the most exposed to climate change risks. The four categories are (i) energy, (ii) transportation, (iii) materials & building including real estate, and (iv) agriculture, food, and forestry products.

Our current overall exposure to these four industry sectors is roughly 60% of our group exposure at default (EAD). Ongoing heat-mapping exercises will yield qualitative risk estimates of climate- and environmental-related risks based on geographical location, sector, and time horizon. Regulatory changes aiming to curb greenhouse gas emissions are expected to increase going forward, which will put pressure on those most exposed sectors in particular. This year we published our financed emissions for a large share of our loan portfolio. Target setting and pathways will follow in a special report entitled ‘Road to Paris’.

Cyber security

It is vital to ensure the availability of the IT applications and infrastructure on which people depend, while also ensuring data confidentiality. Business and private customers rely on their payment apps and expect them to work; they expect transactions to be processed 24/7 and without delay. Meeting all of these expectations is a major balancing act. At a time that customers, IT business partners and Rabobank are being targeted by cyber criminals by means of increasingly sophisticated attacks, we therefore adapt our products and services to respond to changes in regulations and society and initiate major changes in the organization, business processes, and supporting IT systems.

We continue to invest in cyber security to protect information systems and serve our customers' interests. Also, we collaborate closely with other banks, security researchers, experts, and industry-leading organizations from all over the world to counter cyber attacks.

External Fraud

Overall we see an increase of external fraud, specifically related to phishing and spoofing, i.e. ‘Bank helpdesk fraud’, where an imposter impersonates a bank employee. To mitigate the multiple forms of frauds that impact the bank and our clients, Rabobank is collaborating with other Dutch banks (under the umbrella of Dutch Bankers Association) and the Dutch Ministry of Justice and Security on an integrated approach to the entire fraud chain. This approach also involves other stakeholders who are part of this chain, including Telecom Providers and Big Tech companies.

Financial Sector Gatekeeper

At the end of 2021, De Nederlandsche Bank (DNB) ordered Rabobank to remedy deficiencies regarding its Dutch Retail division’s compliance with the Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft) by December 15, 2023 at the latest. DNB also informed the bank that a separate punitive enforcement procedure would commence, the outcome of which is still unknown to us. Remedying these deficiencies has our highest priority. We are continuously investing in and increasing our efforts under our remediation program, which we do in a dynamic context dealing with the fast pace of sanctions on Russia, tight labor market conditions and new regulations. In light of these challenging developments that affect progress we have asked DNB for an extension.

Throughout the first half of 2022, we have further strengthened our KYC activities, and have continued to invest in training of all our staff and in particular employees working in KYC. In line with the increase over the previous years, the bank expanded its worldwide KYC workforce from approximately 4,900 employees in 2021 to 6,400 employees in the first half 2022. These colleagues work hard each day to protect our customers, members and society. Rabobank also continued to invest in automation and innovation of processes and technology, such as artificial intelligence and robotics.

In the first half of 2022 alone, Rabobank spent approximately EUR 294 million on KYC compliance, of which EUR 72 million was already provisioned at December 31, 2021.

Rabobank's KYC program is executed under the direct responsibility of the Managing Board. In addition, a new position within the Managing Board has been created with a specific focus on KYC compliance. As of October 1, 2022, Mr. Philippe Vollot will start as Chief Financial Economic Crime Officer (CFECO) at Rabobank (subject to a positive outcome of supervisory assessments). The Supervisory Board will continue to oversee the KYC remediation program, including by means of a dedicated (temporary) committee. DNB will also continue to supervise the progress made under the program.

Sanctions

Rabobank is closely monitoring the situation with regard to the Russia-Ukraine war. It is to be deeply regretted that, after decades, the European continent is once again faced with such violence, and the heart-breaking situations and instability that this brings. Rabobank has established policies, procedures and internal controls to comply with sanctions. This includes sanctions imposed by the European Union (EU) and programs administered by the Office of Foreign Assets Controls (OFAC, a part of the U.S. Treasury Department) and applicable local sanctions laws. Sanctions related to the Russia-Ukraine war concern measures against persons involved in the threat to the sovereignty of Ukraine and require their accounts to be frozen and financial transactions thwarted. When this occurs, it must be reported to DNB and/or Financial Intelligence Unit (FIU). In addition, the sanctions include significant limitations of economic relations with the Donetsk and Luhansk areas and the blocking of access by the Russian government and the Russian Central Bank to European financial markets, which relate to loans, credit, securities trading and other money market instruments.

Rabobank had relatively few commercial interests in Russia. Only our subsidiary DLL is active there, mainly in the leasing of agricultural machinery in the agricultural sector. New activities have been discontinued by DLL since end of February and DLL has started to wind down all activities in Russia to leave the country. Naturally, Rabobank implements sanctions and will process additional measures as they are announced. Rabobank is in close consultation with the supervisory authorities and other authorities.

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 also market leader in the SME and Food & Agri markets. Lower net interest income (-13%) is the main driver behind the lower net result of DRB in the first half of 2022. Similar to the first half of 2021, impairment charges on financial assets showed a release as the credit quality of our loan portfolio remained high. In the first six months of 2022 deposits from customers increased significantly by EUR 9.7 billion, while the private sector loan portfolio grew slightly by 1%. Our mortgage loan portfolio remained relatively stable at EUR 193.3 billion as repayments were offset by an increase in new mortgage origination.

Financial Results

Results			
Amounts in millions of euros	*06-30-2022*	*06-30-2021*	*Change*
Net interest income	2,060	2,364	-13%
Net fee and commission income	807	738	9%
Other results	39	45	-13%
Total income	**2,906**	**3,147**	**-8%**
Staff costs	1,272	1,274	0%
Other administrative expenses	490	421	16%
Depreciation and amortization	51	65	-22%
Total operating expenses	**1,813**	**1,760**	**3%**
Gross result	**1,093**	**1,387**	**-21%**
Impairment charges on financial assets	(150)	(248)	-40%
Regulatory levies	249	195	28%
Operating profit before tax	**994**	**1,440**	**-31%**
Income tax	256	360	-29%
Net profit	**738**	**1,080**	**-32%**
Impairment charges on financial assets (in basis points)	(11)	(18)	
Ratios			
Cost/income ratio including regulatory levies	71.0%	62.1%	
Underlying cost/income ratio including regulatory levies	70.1%	64.0%	
Balance Sheet			
Amounts in billions of euros	06-30-2022	12-31-2021	
External assets	279.8	277.3	1%
Private sector loan portfolio	276.3	273.9	1%
Deposits from customers	309.7	300.0	3%
Number of internal employees (in FTEs)	21,208	20,504	3%
Number of external employees (in FTEs)	6,629	5,517	20%
Total number of employees (in FTEs)	27,837	26,021	7%

Notes to the Financial Results

Development of Underlying Profit Before Tax			
Amounts in millions of euros		*06-30-2022*	*06-30-2021*
Income		**2,906**	**3,147**
Operating expenses		**1,813**	**1,760**
Adjustments to expenses	*Restructuring expenses*	*(14)*	*(58)*
	Extraordinary KYC costs	*39*	*-*
Underlying expenses		***1,788***	***1,818***[1]
Impairment charges on financial assets		(150)	(248)
Regulatory levies		249	195
Operating profit before tax		**994**	**1,440**
Total adjustments		***25***	***(58)***
Underlying operating profit before tax		**1,019**	**1,382**

1 Underlying expenses in the first half of 2021 include a provision of EUR 72 million to compensate some of our clients with certain consumer credit products with a variable interest rate.

Lower Underlying Performance

In the first half of 2022 the underlying performance of DRB decreased compared to the same period in 2021. The underlying operating profit before tax amounted to EUR 1,019 million, compared to EUR 1,382 million last year. Net interest income decreased as a result of lower average margins on lending and current accounts. Despite our continued efficiency efforts, underlying operating expenses were slightly higher. The credit quality of our loan portfolio remained high, and the positive economic conditions and the lower than anticipated effects of Covid-19 resulted in a net release of impairment charges of EUR 150 million.

Income Lower

Total income decreased to EUR 2,906 (2021: 3,147) million. Net interest income was lower as average lending margins were lower (mainly on mortgage loans), among others affected by higher funding costs. On the other hand, rising interest rates resulted in improved margins on savings, whereas margins on current accounts still remained compressed. Total net interest income amounted to EUR 2,060 (2021: 2,364) million. Net fee and commission income was higher at EUR 807 (2021: 738) million, largely caused by higher fee income on current accounts and assets under management (investment products). Higher operational costs for current account (partly) translated into higher fees, but also the number of foreign transactions increased as most Covid-19 measures were lifted. Despite the negative stock market development this year, the average volume of assets under management was higher than in the first half of 2021 (approximately EUR 3 billion). Other results decreased to EUR 39 (2021: 45) million.

Operating Expenses Slightly Up

Total operating expenses were 3% higher compared to last year and amounted to EUR 1,813 (2021: 1,760) million. Staff costs were stable at EUR 1,272 (2021: 1,274) million, despite the higher average workforce as a consequence of additional staffing for KYC and IT. Part of the costs related to this higher staffing was covered by the KYC provision taken last year to resolve backlogs. Other administrative expenses increased to EUR 490 (2021: 421) million. This increase is mainly due to the impact of several one-offs. First of all, releases of restructuring provisions were lower than in the same period last year at minus EUR 14 (2021: minus 58) million. Furthermore, a recalculation of the KYC provision taken in 2021 led to higher administrative expenses. The resulting cost increase was counterbalanced by the absence of a provision that was taken last year to compensate clients with certain consumer credit products with a variable interest rate. Next to that, depreciation and amortization decreased to EUR 51 (2021: 65) million in line with the development of our real estate portfolio. Fewer offices and rental contracts had a downward effect on the level of depreciation.

Impairment Charges Remained Low

The anticipated deterioration of the credit quality of our loan portfolio following the Covid-19 pandemic has not materialized so far. Therefore unused Covid-19 provisions were largely released .Together with the positive economic developments this resulted in impairment charges of minus EUR 150 (2021: minus 248) million, which translates to minus 11 (2021: minus 18) basis points of the average private sector loan portfolio and is well below the long-term average of 15 basis points.

Loan Portfolio Higher

In the first half of 2022, clients' extra mortgage repayments – all those on top of the mandatory repayments – at local Rabobanks totaled approximately EUR 9.0 (2021: 10.1) billion. Of this amount, EUR 1.2 (2021: 1.5) billion related to partial repayments and EUR 7.8 (2021: 8.6) 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 193.3 (2021: 192.5) billion on June 30, 2022. The figure includes Obvion's loan portfolio of EUR 33.0 (2021: 32.3) billion. The total DRB portfolio (including business lending) ended higher in the first half year at EUR 276.3 (2021: 273.9) billion.

Loan Portfolio by Sector		
Amounts in billions of euros	*06-30-2022*	*12-31-2021*
Volume of loans to private individuals	203.5	203.3
Volume of loans to Trade, Industry & Services	49.8	48.2
Volume of loans to Food & Agri	23.0	22.4
Private sector loan portfolio	**276.3**	**273.9**

Mortgage Loan Portfolio

Residential Mortgage Loans		
Amounts in millions of euros	*06-30-2022*	*12-31-2021*
Mortgage portfolio	193,306	192,450
Weighted-average LTV	50%	53%
Non-performing loans (amount)	697	642
Non-performing loans (in % of total mortgage loan portfolio)	0.36%	0.33%
More-than-90-days arrears	0.13%	0.09%
Share NHG portfolio	15.8%	16.3%
Impairment allowances on financial assets	124	110
Coverage ratio non-performing loans	10%	8%
Net additions	14	(42)
Net additions (in basis points)	1	(2)
Write-offs	2	(14)

Rabobank's share of the Dutch mortgage market decreased to 16.1% (2021: 20.8%) of new mortgage production in the first half of 2022.[1] The non-performing loans, which account for 0.36% of the mortgage loan portfolio, were somewhat higher than in the first half of the year. Financing backed by the National Mortgage Guarantee (Nationale Hypotheek Garantie (NHG)) decreased to 15.8% (2021: 16.3%). The weighted-average indexed LTV of the mortgage loan portfolio was 50% (2021: 53%) on June 30, 2022.

Deposits from Customers Increased

The private savings market in the Netherlands had grown by 3% to EUR 421.4 (2021: 407.2) billion on June 30, 2022. Unspent vacation allowances contributed to increased savings. Our market share was 34.9% (2021: 34.9%)[2]. Deposits from customers rose by 3% to EUR 309.7 (2021: 300.0) billion. Retail savings deposited at DRB increased by EUR 6.3 billion to EUR 150.4 (2021: 144.1) billion. Other deposits from customers went up by EUR 3.4 billion to EUR 159.3 billion mainly due to a seasonal 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 the first half of 2022 was 18% lower than in the same period last year due to the unique situation in 2021. Impairment charges on financial assets were low as the impact of the Russia-Ukraine war was more or less offset by the release of unused Covid-19 provisions. Income decreased by 2% driven by a lower (but still strong) result of Markets and Rabo Investments. Net interest income increased as a result of higher assets levels and additional income on capital from higher interest rates.

Financial Results

Results			
Amounts in millions of euros	*06-30-2022*	*06-30-2021*	*Change*
Net interest income	1,398	1,177	19%
Net fee and commission income	198	216	-8%
Other results	222	462	-52%
Total income	**1,818**	**1,855**	**-2%**
Staff costs	671	607	11%
Other administrative expenses	177	177	0%
Depreciation and amortization	54	48	13%
Total operating expenses	**902**	**832**	**8%**
Gross result	**916**	**1,023**	**-10%**
Impairment charges on financial assets	(17)	8	-313%
Regulatory levies	154	126	22%
Operating profit before tax	**779**	**889**	**-12%**
Income tax	211	196	8%
Net profit	**568**	**693**	**-18%**
Impairment charges on financial assets (in basis points)	(3)	2	
Ratios			
Cost/income ratio including regulatory levies	58.1%	51.6%	
Underlying cost/income ratio including regulatory levies	58.4%	52.5%	
Balance Sheet			
Amounts in billions of euros	06-30-2022	12-31-2021	
External assets	159.5	140.3	14%
Private sector loan portfolio	119.3	108.6	10%
Number of internal employees (in FTEs)	8,769	8,648	1%
Number of external employees (in FTEs)	1,371	1,422	-4%
Total number of employees (in FTEs)	10,140	10,070	1%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*06-30-2022*	*06-30-2021*
Income		**1,818**	**1,855**
Adjustments to income	*Fair value items*	*(11)*	*(30)*
Underlying income		***1,807***	***1,825***
Operating expenses		**902**	**832**
Impairment charges on financial assets		*(17)*	8
Regulatory levies		154	126
Operating profit before tax		**779**	**889**
Total adjustments		**(11)**	**(30)**
Underlying operating profit before tax		**768**	**859**

Underlying Performance Remains Strong

After a strong rebound following the Covid-19 pandemic, W&R again delivered strong results in the first half of 2022. The underlying operating profit before tax in the first half of 2022 amounted to EUR 768 million compared to EUR 859 million in the first half of 2021. W&R business showed a solid performance across all regions. Performance at the event driven business and Rabo Investments was strong yet somewhat lower than the exceptionally high results in the first half of 2021. Impairment charges remained at a low level as the negative impact of the Russia-Ukraine war was more or less offset by the release of unused Covid-19 provisions.

Lower Income

W&R's total income decreased to EUR 1,818 (2021: 1,855) million in the first half of 2022. Net interest income grew by 19% to EUR 1,398 (2021: 1,177) million. The higher asset levels and higher income on capital as a result of increasing interest rates contributed to this increase. The higher asset levels were partly the result of higher commodity prices as a consequence of supply chain disruptions and the Russia-Ukraine war. Net fee and commission was slightly lower and amounted to EUR 198 (2021: 216) million, due to slightly reduced activity in the M&A market and our Capital Markets division. Other results decreased by EUR 240 million to EUR 222 (2021: 462) million. The results of Rabo Investments and our Markets division continued to be good, but below the exceptionally high level of 2021.

Operating Expenses Higher

Operating expenses were higher in the first half of 2021, amounting to EUR 902 (2021: 832) million. Half of the increase is driven by FX effects. Average staff numbers at W&R showed an increase, which can be explained by growth initiatives within Rural and additional staff related to structural investments in IT infrastructure and compliance. Driven by the higher average staff level, staff costs increased to EUR 671 (2021: 607) million. Other administrative expenses remained stable at EUR 177 (2021: 177) million. Depreciation and amortization increased to EUR 54 (2021: 48) million.

Lower Impairment Charges

The Russia-Ukraine war had an upward effect on impairment charges in the first half of 2022 but this negative effect was more or less offset by the release of some unused Covid-19 provisions; the expected deterioration of the credit quality has not yet materialized. Total impairment charges on financial assets amounted to minus EUR 17 (2021: 8) million or minus 3 (2021: 2) basis points of the average private sector loan portfolio, well below the long-term average of 42 basis points.

Dutch and International Wholesale

The Wholesale portfolio totaled EUR 79.4 (2021: 71.4) billion. Excluding FX effects, the Wholesale portfolio increased by approximately EUR 5.9 billion. Lending to the largest Dutch companies increased in 2022 to EUR 32.4 (2021: 30.1) billion. The size of the Wholesale loan portfolio granted to clients outside the Netherlands was EUR 47.0 (2021: 41.3) billion on June 30, 2022.

International Rural Banking

Lending to Rural clients amounted to EUR 38.5 (2021: 34.7) billion. Excluding FX effects, the Rural portfolio increased by approximately EUR 2.0 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 12.8 (2021: 11.1) billion, in New Zealand EUR 7.6 (2021: 7.3) billion, in the United States EUR 13.2 (2021: 11.9) billion, in Brazil EUR 3.8 (2021: 3.3) billion, and EUR 1.1 (2021: 1.1) billion in Chile, Peru, and Argentina in aggregate.

IDB Deposits Decreased

International Direct Banking is our online savings bank that operates in Belgium, Germany, Australia, and New Zealand. Deposits entrusted by clients to IDB are used for funding our international Rural banking business and other divisions. Last year, we announced our decision to discontinue our direct banking operations in Europe. Consequently, the savings balances of IDB further decreased to EUR 9.0 (2021: 11.8) billion on June 30, 2022. The number of online savings bank clients also declined, to approximately 275,000 (2021: 525,000). The total wind-down of IDB Europe is expected to be completed in the second half of 2022.

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 on the Russian operations, and the decision to cease all new commercial activities and wind down the local business in Russia. The lease portfolio grew by 6% when compared to 2021. On June 30, 2022, the Food & Agri share of the portfolio amounted to EUR 17.9 (2021; 16.5) billion, representing 45% (2021: 44%) of the DLL portfolio.

Financial Results

Results			
Amount in millions of euros	*06-30-2022*	*06-30-2021*	*Change*
Net interest income	612	558	10%
Net fee and commission income	52	53	-2%
Other results	166	140	19%
Total income	**830**	**751**	**11%**
Staff costs	302	269	12%
Other administrative expenses	108	90	20%
Depreciation and amortization	13	13	0%
Total operating expenses	**423**	**372**	**14%**
Gross result	**407**	**379**	**7%**
Impairment charges on financial assets	209	(36)	-681%
Regulatory levies	31	28	11%
Operating profit before tax	**167**	**387**	-57%
Income tax	71	107	-34%
Net profit	**96**	**280**	-66%
Impairment charges on financial assets (in basis points)	111	(21)	
Ratios			
Cost/income ratio including regulatory levies	54.7%	53.3%	
Underlying cost/income ratio including regulatory levies	54.6%	53.4%	
Balance Sheet			
Amounts in billions of euros	06-30-2022	12-31-2021	
Lease portfolio	39.5	37.4	6%
Number of internal employees (in FTEs)	5,458	5,155	6%
Number of external employees (in FTEs)	294	333	-12%
Total number of employees (in FTEs)	5,752	5,488	5%

Notes to the Financial Results

Development of Underlying Profit Before Tax			
Amounts in millions of euros		*06-30-2022*	*06-30-2021*
Income		**830**	**751**
Operating expenses		**423**	**372**
Adjustments to expenses	Restructuring expenses	1	*(1)*
Underlying expenses		**422**	**373**
Impairment charges on financial assets		209	(36)
Regulatory levies		31	28
Operating profit before tax		**167**	**387**
Total adjustments		***1***	**(1)**
Underlying operating profit before tax		**168**	**386**

Total Income Increased

The total income of the Leasing segment increased by 11% to EUR 830 (2021: 751) million in the first half of 2022, partly driven by FX fluctuations. Net interest income increased by 10% to EUR 612 (2021: 558) million in line with the portfolio development. Nonetheless, new business margins slightly decreased compared to last year, and new business volumes are under pressure as supply chain disruptions and product shortages have delayed the activation of lease contracts. Net fee and commission income was relatively stable at EUR 52 (2021: 53) million. Other results, mainly consisting of income from operating leases and sales on end-of-lease assets, increased by 19% to EUR 166 (2021: 140) million.

Operating Expenses Higher

Total operating expenses in the Leasing segment increased by 14% to EUR 423 (2021: 372) million, partly caused by FX fluctuations. Staff costs increased by 12% to EUR 302 (2021: 269) million. To support business growth and compliance related activities, staff numbers increased by 264 FTEs to 5,752 FTEs in the first half of 2022. Other administrative expenses were 20% higher at EUR 108 (2021: 90) million driven by higher investments in IT and its model infrastructure. The total amount for depreciation and amortization was stable at EUR 13 (2021: 13) million.

Higher Impairment Charges on Financial Assets

Impairment charges were significantly higher in the first half of 2022 and linked to the decision by DLL to permanently cease all new business activities in Russia and wind down the local business. This resulted in impairment charges on financial assets of EUR 209 (2021: minus 36) million, corresponding to 111 (2021: minus 21) basis points of the average loan portfolio and is well above DLL's long-term average of 44 basis points.

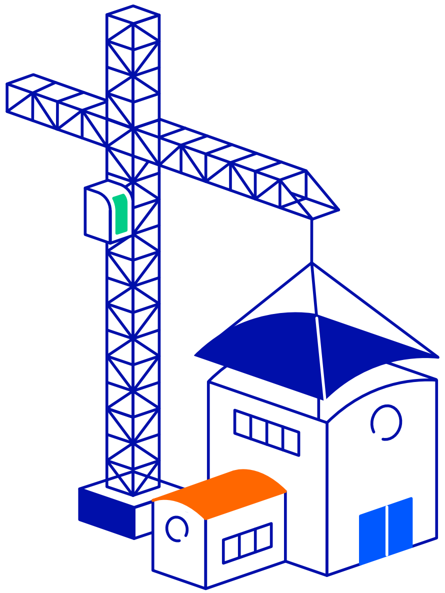
Growth of Lease Portfolio

The lease portfolio grew by 6% to EUR 39.5 (2021: 37.4) billion, also due to changes in FX. In the first half of 2022, the Food & Agri share of the portfolio increased to EUR 17.9 (2021: 16.5) billion, representing 45% (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 the first half of 2022, the housing market remained strong with very high activity levels. The commercial results at BPD were higher than in the first half of 2021 as a result of improved margins. Since 2018 the activities of Bouwfonds Investment Management (BIM) have been phased out and therefore represent only a small part of the segment's results.



Financial Results

Results			
Amount in millions of euros	*06-30-2022*	*06-30-2021*	*Change*
Net interest income	(2)	(10)	80%
Net fee and commission income	-	-	
Other results	163	147	11%
Total income	**161**	**137**	**18%**
Staff costs	54	48	13%
Other administrative expenses	18	16	13%
Depreciation and amortization	5	4	25%
Total operating expenses	**77**	**68**	**13%**
Gross result	**84**	**69**	**22%**
Impairment charges on financial assets	-	-	
Regulatory levies	1	1	0%
Operating profit before tax	**83**	**68**	**22%**
Income tax	15	17	-12%
Net profit	**68**	**51**	**33%**
of which: BPD	*69*	*49*	*41%*
Ratios			
Cost/income ratio incl. regulatory levies	48.4%	50.4%	
Balance Sheet			
Number of property transactions	2,750	2,723	1%
Amounts in billions of euros	06-30-2022	12-31-2021	
Loan portfolio	0.1	0.1	0%
Number of internal employees (in FTEs)	711	711	0%
Number of external employees (in FTEs)	74	95	-22%
Total number of employees (in FTEs)	785	806	-3%

Notes to the Financial Results

Strong Housing Markets Resulted in Higher Income

The Property Development segment's total income increased to EUR 161 (2021: 137) million. BPD's solid performance is mainly due to the persistent high activity on the housing market. In addition, margins remained strong in both the Netherlands and Germany.

Operating Expenses Increased

Total operating expenses were higher at EUR 77 (2021: 68) million. Higher average staff numbers at BPD to support business growth resulted in an increase in staff costs of EUR 6 million compared to the same period in 2021, totaling EUR 54 (2021: 48) million. Other administrative expenses were higher at EUR 18 (2021: 16) million. Depreciation and amortization was somewhat higher at EUR 5 (2021: 4) million.

Number of Property Transactions Stable

The number of residential property transactions remained stable 2,750 (2021: 2,723) as high activity on the housing market persisted in the first half of 2022. The number of new projects that can be sold is somewhat lagging due to higher building costs and this effect is expected to become visible in the remainder of 2022. In the Netherlands the number of transactions increased to 2,285 (2021: 2,024) and the total number of transactions in Germany decreased to 465 (2021: 699) transactions. In Germany the Russia-Ukraine war is having a large impact on the market.

Capital Developments

Maintaining a Strong Capital Position

Capital Ratios		
Amounts in millions of euros	*06-30-2022*	*12-31-2021*
Retained earnings	33,273	32,087
Expected distributions	(1)	(1)
Rabobank Certificates	7,824	7,825
Part of non-controlling interest treated as qualifying capital	0	0
Reserves	(707)	(990)
Regulatory adjustments	(2,545)	(2,097)
Transition guidance	17	22
Common equity tier 1 capital	**37,861**	**36,846**
Capital securities	4,960	3,978
Grandfathered instruments	0	0
Non-controlling interests	0	0
Regulatory adjustments	(85)	(99)
Transition guidance	0	0
Additional tier 1 capital	*4,875*	*3,879*
Tier 1 capital	**42,736**	**40,725**
Part of subordinated debt treated as qualifying capital	7,270	7,356
Non-controlling interests	0	0
Regulatory adjustments	(65)	(96)
Transition guidance	0	0
Tier 2 capital	**7,205**	**7,260**
Qualifying capital	**49,941**	**47,985**
Risk-weighted assets	**251,455**	**211,855**
Common equity tier 1 ratio	15.1%	17.4%
Tier 1 ratio	17.0%	19.2%
MREL buffer	27.8%	29.9%
Total capital ratio	19.9%	22.6%
Equity capital ratio	16.3%	18.8%
Common equity tier 1 ratio of Coöperatieve Rabobank U.A. solo (issuer level)	14.6%	16.2%

On June 30, 2022, our CET 1 ratio amounted to 15.1% (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 39.6 billion (from EUR 211.9 billion to EUR 251.5 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 June 30, 2022, was 6.2% (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 NPS instruments to meet future MREL requirements. Our total capital ratio decreased to 19.9% (2021: 22.6%) following the RWA increase and the amortization of the eligible amount of outstanding tier 2 instruments. Rabobank deems a 20% total capital ratio appropriate.

Risk-weighted Assets

In the first half of 2022, total RWA increased further to EUR 251.5 (2021: 211.9) billion. RWA has increased due to the implementation of the macro-prudential add-on for mortgages on January 1, 2022, increasing RWA by approximately EUR 10 billion. A further increase by approximately EUR 18 billion was due to model changes reflecting the EBA guidelines as well as other (internal) model developments. Regular business growth also increased the RWA by approximately EUR 6 billion and FX changes had an impact of EUR 2.5 billion. Due to these add-ons and mitigation initiatives we expect no remaining Basel IV impact on top of the current RWA levels.

Rabobank assesses its capital adequacy both from a normative (i.e., regulatory view) as well as an economic perspective to determine the capital deemed appropriate to hold in order to cover potential negative implications of the risks that Rabobank faces. Due to the normative add-ons as described above (e.g., the macroprudential add-on for mortgages which is not in line with an assessment of direct credit risks of mortgages but motivated by strong rising house prices and potential risks for the financial stability), the normative and economic views on capital are no longer moving in parallel, but are diverging.

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 20.1 (2021: 16.9) billion on June 30, 2022, of which 85% related to credit and transfer risk, 12% to operational risk, and 3% to market risk.

Regulatory Capital by Business Segment		
Amounts in billions of euros	*06-30-2022*	*12-31-2021*
Domestic Retail Banking	6.7	5.7
Wholesale & Rural	7.7	7.0
Leasing	2.2	1.6
Property Development	0.4	0.3
Other	3.1	2.3
Rabobank	**20.1**	**16.9**

Our MREL Eligible Capital Buffer

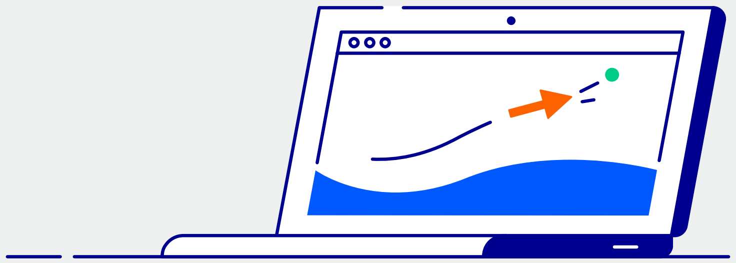
We aim to protect senior creditors and depositors against the unlikely event of a bail-in. We therefore hold a large buffer of equity, subordinated debt, and non-preferred senior debt that will absorb initial losses in the event of a bail-in.

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, as determined by the SRB at this time. Our binding MREL requirement (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 69.8 billion, which corresponds with 27.8% (2021: 29.9%) of risk-weighted assets.

MREL Eligible Capital Buffer		
Amounts in billions of euros	*06-30-2022*	*12-31-2021*
Qualifying capital	49.9	48.0
Non-qualifying grandfathered additional tier 1 capital	0	0
Amortized tier 2 >1 year remaining maturity	1.8	1.3
Non-preferred senior bonds > 1 year remaining maturity	18.0	14.1
MREL eligible capital and non-preferred senior bonds buffer	**69.8**	**63.4**
Risk-weighted assets	251.5	211.9
MREL eligible capital and non-preferred senior bonds buffer / risk-weighted assets	27.8%	29.9%

Interim Financial Statements 2022



Contents

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position

Amounts in millions of euros	*Note*	*June 30, 2022*	*December 31, 2021*
Assets			
Cash and cash equivalents		144,757	120,533
Loans and advances to credit institutions		20,100	22,065
Financial assets held for trading		3,255	2,484
Financial assets mandatorily at fair value		2,491	2,502
Derivatives		27,097	22,971
Loans and advances to customers	6	436,339	436,471
Financial assets at fair value through other comprehensive income		12,659	13,544
Investments in associates and joint ventures		2,028	2,282
Goodwill and other intangible assets		709	678
Property and equipment		4,421	4,432
Investment properties		446	438
Current tax assets		117	133
Deferred tax assets		807	803
Other assets		11,374	10,166
Non-current assets held for sale	16	244	73
Total assets		**666,844**	**639,575**

Amounts in millions of euros	*Note*	*June 30, 2022*	*December 31, 2021*
Liabilities			
Deposits from credit institutions		74,242	73,008
Deposits from customers	8	385,111	372,031
Debt securities in issue		116,260	108,709
Financial liabilities held for trading		2,087	1,419
Financial liabilities designated at fair value		3,226	3,817
Derivatives		21,126	18,710
Other liabilities		6,997	6,425
Provisions	9	1,070	1,072
Current tax liabilities		132	759
Deferred tax liabilities		301	343
Subordinated liabilities		10,373	9,880
Total liabilities		**620,925**	**596,173**
Equity			
Reserves and retained earnings	10	32,566	31,097
Equity instruments issued by Rabobank			
- Rabobank Certificates		7,824	7,825
- Capital Securities		4,960	3,978
		12,784	**11,803**
Non-controlling interests		569	502
Total equity		**45,919**	**43,402**
Total equity and liabilities		**666,844**	**639,575**

Consolidated Statement of Income

Consolidated Statement of Income

Amounts in millions of euros	*Note*	*First half-year 2022*	*First half-year 2021*[1]
Interest income from financial assets using the effective interest method	1	6,353	5,972
Other interest income	1	636	584
Interest expense	1	2,609	2,477
Net interest income	**1**	**4,380**	**4,079**
Fee and commission income		1,215	1,126
Fee and commission expense		165	133
Net fee and commission income		**1,050**	**993**
Income from other operating activities	2	1,166	1,067
Expenses from other operating activities	2	887	806
Net income from other operating activities	**2**	**279**	**261**
Income from investments in associates and joint ventures		100	199
Gains/ (losses) arising from the derecognition of financial assets measured at amortized cost		(21)	(1)
Gains/ (losses) on financial assets and liabilities at fair value through profit or loss		147	407
Gains/ (losses) on financial assets at fair value through other comprehensive income		(78)	80
Other income		102	94
Income		**5,959**	**6,112**
Staff costs	3	2,368	2,279
Other administrative expenses	4	814	720
Depreciation and amortization		162	178
Operating expenses		**3,344**	**3,177**
Impairment charges on financial assets	5	42	(274)
Regulatory levies		438	368
Operating profit before tax		**2,135**	**2,841**
Income tax		564	681
Net profit for the period		**1,571**	**2,160**

Amounts in millions of euros	*Note*	*First half-year 2022*	*First half-year 2021*[1]
Of which attributed to Rabobank		1,190	1,755
Of which attributed to Rabobank Certificates		254	254
Of which attributed to Capital Securities issued by Rabobank		88	99
Of which attributed to Non-controlling interests		39	52
Net profit for the period		**1,571**	**2,160**

1 Presentation adjusted, see Section 2.1 of the 2021 Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Comprehensive Income

Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*
Net profit for the period	**1,571**	**2,160**
Other comprehensive income transferred to profit or loss if specific conditions are met, net of tax:		
Exchange differences on translation of foreign operations	613	270
Increase/ (decrease) in the fair value of debt instruments at fair value through other comprehensive income	(153)	(125)
Costs of hedging	7	36
Cash flow hedges	15	21
Share of other comprehensive income of associates and joint ventures	(231)	9
Other comprehensive income not to be transferred to profit or loss, net of tax:		
Remeasurements of post-employee benefit obligations	1	(11)
Increase/ (decrease) in the fair value of equity instruments at fair value through other comprehensive income	(10)	1
Share of other comprehensive income of associates and joint ventures	12	(6)
Decrease/ (increase) in the fair value due to own credit risk on financial liabilities designated at fair value	59	(5)
Other comprehensive income	**313**	**190**
Total comprehensive income	**1,884**	**2,350**
Of which attributed to Rabobank	1,473	1,933
Of which attributed to Rabobank Certificates	254	254
Of which attributed to Capital Securities issued by Rabobank	88	99
Of which attributed to Non-controlling interests	69	64
Total comprehensive income	**1,884**	**2,350**

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

Amounts in millions of euros	*Reserves and retained earnings*	*Equity instruments issued by Rabobank*	*Non-controlling interests*	*Total*
Balance on December 31, 2021	**31,097**	**11,803**	**502**	**43,402**
Net profit for the period	1,532	-	39	1,571
Other comprehensive income	283	-	30	313
Total comprehensive income	**1,815**	**-**	**69**	**1,884**
Payments on Rabobank Certificates	(254)	-	-	(254)
Payments on Capital Securities issued by Rabobank	(88)	-	-	(88)
Issue of Capital Securities (note 11)	-	1,000	-	1,000
Cost of issue of Capital Securities (note 11)	-	(5)	-	(5)
Other	(4)	(14)	(2)	(20)
Balance on June 30, 2022	**32,566**	**12,784**	**569**	**45,919**
Balance on December 31, 2020	**27,852**	**12,304**	**476**	**40,632**
Net profit for the period	2,108	-	52	2,160
Other comprehensive income	178	-	12	190
Total comprehensive income	**2,286**	**-**	**64**	**2,350**
Payments on Rabobank Certificates	(86)	-	-	(86)
Payments on Capital Securities issued by Rabobank	(99)	-	-	(99)
Issue of Capital Securities	-	750	-	750
Cost of issue of Capital Securities	-	(4)	-	(4)
Redemption of Capital Securities	(9)	(1,241)	-	(1,250)
Other	2	36	(1)	37
Balance on June 30, 2021	**29,946**	**11,845**	**539**	**42,330**

Condensed Consolidated Statement of Cash Flows

Condensed Consolidated Statement of Cash Flows		
Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*
Operating profit before tax	2,135	2,841
Non-cash items recognized in operating profit before tax	524	(411)
Net change in assets and liabilities relating to operating activities	13,557	17,481
Net cash flow from operating activities	**16,216**	**19,911**
Net cash flow from investing activities	**61**	**53**
Net cash flow from financing activities	**7,207**	**(5,127)**
Net change in cash and cash equivalents	**23,484**	**14,837**
Cash and cash equivalents on January 1st	120,533	108,466
Net change in cash and cash equivalents	23,484	14,837
Exchange rate differences on cash and cash equivalents	740	489
Cash and cash equivalents on June 30th	**144,757**	**123,792**

Notes to the Interim Financial Statements

Corporate Information

Rabobank is an international financial services provider operating on the basis of cooperative principles. Rabobank's focus is on delivering all-finance services in the Netherlands and on serving Food & Agri customers internationally. Rabobank creates value with its strategy and the products and services Rabobank offers customers in Retail Banking, Wholesale Banking, Rural Banking, Private Banking, Vendor Finance, Leasing, and Property Development. Rabobank's Interim Financial Statements include the financial information of Coöperatieve Rabobank U.A. and its consolidated subsidiaries in the Netherlands and abroad.

Basis for Preparation

Rabobank's Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

For the publication of its Interim Financial Statements, Rabobank has opted to present condensed versions of its Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows. These Interim Financial Statements do not include all the information and disclosures required in the Consolidated Financial Statements and should be read in conjunction with Rabobank's 2021 Consolidated Financial Statements, which were prepared in accordance with the IFRS as adopted by the E.U. and the applicable articles of Part 9 of Book 2 of the Dutch Civil Code. The accounting policies used in this report are consistent with those set out in the notes to the 2021 Consolidated Financial Statements, except for the changes in accounting policies as described in the section "New and Amended Standards Issued by the IASB and Adopted by the E.U. which Apply in the Current Financial Year."

As disclosed in the Consolidated Financial Statements 2021, Rabobank reclassified part of the result of some derivatives held as economic hedge from 'Gains/ (losses) on financial assets and liabilities at fair value through profit or loss' to 'Interest expense'. The figures of June 2021 have been changed as follows. The line items 'Interest expense' and 'Net interest income' have been adjusted. Net interest income has been decreased by EUR 51 million and the line item 'Gains/ (losses) on financial assets and liabilities at fair value through profit or loss' has been increased by the same amount.

Amended Standards Issued by the IASB and Adopted by the E.U. 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 IASB and Adopted by the E.U. 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 BV. Rabobank is currently assessing the impact on its own financial statements.

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.

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.

Judgements and Estimates

In preparing these Interim Consolidated Financial Statements, management applied judgement with respect to estimates and assumptions that affect the amounts reported for assets and liabilities, the reporting of contingent assets and liabilities on the date of the Interim 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. In addition to 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 7 "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 is closely monitoring the situation with regard to the Russia-Ukraine war. It is to be deeply regretted that, after decades, the European continent is once again faced with such violence. Rabobank only has limited direct exposures in Russia which are predominately allocated in DLL and TCF. While the external loans and leases in the portfolio of DLL Russia are largely still performing, the effects of the unprecedented economic downfall of Russia in 2022 and beyond have not yet manifested themselves in the loan and lease portfolio. As currently the Russian customers are still paying their amounts due, these loans are not classified as stage 3 loans but as loans with significant increase in credit risk (stage 2). For the determination of the lifetime expected loss of these stage 2 loans the expected cash flows have been estimated. A TLA is determined of EUR 311 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 applied an increased PD on top of the model outcomes. A TLA is determined of EUR 89 million (December 31, 2021: nihil).

TLA Covid-19 Impact

Covid-19 related uncertainties slowly faded-out globally with the exception of China. 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 must 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 unprecedented support measures have been highly effective, and that the economy has proved more resilient than expected. Rabobank however expects that the risk of defaults is still elevated going forward. This is caused by an increased (hidden) debt position of Rabobank's customers. These debt positions include government support measures that have to be repaid (partly), tax deferrals and other payment moratoria. The defaults will occur once the repayment items become overdue. The ability to pay back the hidden debt is negatively impacted by other market developments such as increased interest rates (higher refinancing costs), increased energy costs, staff shortages, and general supply chain disruptions. A total Covid-19 TLA of EUR 210 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 possible problems in the future. The very low interest rates increased in the first half of 2022. This results in more clients with potential payment problems. Therefore the TLA calculated for this specific category of mortgage loans increased to EUR 40 million (December 31, 2021 EUR 25 million).

TLA Climate Risk

On June 30, 2022, no TLAs for physical risks that are climate related were recognized (December 31, 2021 a TLA for drought in Chile of EUR 2 million and for floods in Australia of EUR 2 million).

TLA Nitrogen

Particularly around Natura 2000 areas, the future for F&A 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. Based on this uncertainty Rabobank preliminary classified the sub sector Dairy NL (EUR 10.3 billion) as vulnerable, meaning a lifetime expected credit loss (stage 2 classification) is taken. A TLA was recognized of EUR 76 million per June 30, 2022. Further impact and scenario analysis will be performed in the coming months as the nitrogen plans and available government support packages become clearer. This potentially leads to a more granular approach with regard to the exposures which have now been migrated to stage 2.

Other TLAs

On June 30, 2022, a TLA of EUR 110 million (December 31, 2021: EUR 105 million) relates to IFRS 9 model back-test results. The remainder of the Other TLAs is in total EUR 93 million (December 31, 2021: EUR 278 million). The decrease was largely a result of increased use of model-based provisioning for defaulted exposures 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.

Fair Value of Financial Assets and Liabilities

Information on determining the fair value of financial assets and liabilities is included in Section 12, "Fair Value of Financial Assets and Liabilities."

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, and 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.

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 tax authority approval for lengthy periods. The tax assets and liabilities reported 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. Income tax is recognized in the interim period on the basis of the best estimate of the weighted average annual rate of income tax expected for the full financial year.

Other Provisions

In applying IAS 37, judgement is required to determine whether a present obligation exists as well as in estimating the probability, timing, and amount of any outflows. More information on judgements regarding the provision for legal and arbitration proceedings is included in Section 9, "Legal and Arbitration Proceedings."

Notes to the Primary Financial Statements

1. Net Interest Income

Net Interest Income

Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*[1]
Interest income		
Cash and cash equivalents	132	27
Loans and advances to credit institutions	77	49
Loans and advances to customers	6,002	5,731
Derivatives used for fair value hedge-accounting	83	111
Financial assets at fair value through other comprehensive income	59	54
Interest income from financial assets using the effective interest method	**6,353**	**5,972**
Financial assets held for trading	19	17
Financial assets mandatorily at fair value	7	8
Interest income on financial liabilities with a negative interest rate	563	519
Other	47	40
Other interest income	**636**	**584**
Total interest income	**6,989**	**6,556**
Interest expense		
Deposits from credit institutions	82	32
Deposits from customers	729	682
Debt securities in issue	801	765
Financial liabilities held for trading	9	8
Derivatives held as economic hedges	413	391
Financial liabilities designated at fair value	61	65
Subordinated liabilities	229	298
Interest expense on financial assets with a negative interest rate	270	220
Lease liability	7	8
Other	8	8
Total interest expense	**2,609**	**2,477**
Net interest income	**4,380**	**4,079**

1 Presentation adjusted, see section Basis for Preparation.

In the interest income on financial liabilities with a negative interest rate, an amount of EUR 271 million (June 30, 2021: 319 million) is included from the TLTRO III program of which EUR 133 million (June 30, 2021: 192 million) is added to the government grant receivable.

2. Net Income from Other Operating Activities

Net Income from Other Operating Activities

Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*
Income from real estate activities	588	578
Expenses from real estate activities	451	453
Net income real estate activities	**137**	**125**
Income from operational lease activities	563	477
Expenses from operational lease activities	425	356
Net income from operational lease activities	**138**	**121**
Income from investment property	15	12
Expenses from investment property	11	(3)
Net income from investment property	**4**	**15**
Net income from other operating activities	**279**	**261**

3. Staff Costs

Staff Costs

Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*
Wages and salaries	1,405	1,382
Social security contributions and insurance costs	157	148
Pension costs - defined contribution plans	228	211
Addition/ (release) of other post-employment provisions	12	3
Training and travelling expenses	51	32
Other staff costs	515	503
Staff costs	**2,368**	**2,279**

4. Other Administrative Expenses

Other Administrative Expenses

Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*
Additions and releases of provisions	93	43
IT expenses and software costs	214	186
Consultants fees	230	181
Publicity expenses	39	36
Result on derecognition and impairments on (in)tangible assets	(11)	27
Other expenses	249	247
Other administrative expenses	**814**	**720**

5. Impairment Charges on Financial Assets

Impairment Charges on Financial Assets

Amounts in millions of euros	*First half-year 2022*	*First half-year 2021*
Loans and advances to customers and credit institutions	95	(242)
Financial assets at fair value through other comprehensive income	(1)	1
Recoveries following write-off	(67)	(56)
Loan commitments and financial guarantees	15	23
Impairment charges on financial assets	**42**	**(274)**

6. Loans and Advances to Customers

A breakdown of the loan portfolio is presented in the following table.

Loans and Advances to Customers

Amounts in millions of euros	*June 30, 2022*	*December 31, 2021*
Gross carrying amount loans and advances to customers	**448,814**	**436,560**
Hedge accounting adjustment	(9,084)	3,408
Impairment allowances on loans and advances to customers	(3,391)	(3,497)
Total loans and advances to customers	**436,339**	**436,471**

Loans and Advances to Customers per Stage

June 30, 2022	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount loans and advances to customers	401,312	39,467	8,035	448,814
Impairment allowances on loans and advances to customers	370	1,031	1,990	3,391
December 31, 2021	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount loans and advances to customers	398,159	29,283	9,118	436,560
Impairment allowances on loans and advances to customers	372	890	2,235	3,497

7. Impairment Allowances on Financial Assets

The following tables depict the reconciliation from the opening balance to the closing balance of the impairment allowances of financial assets and credit related contingent liabilities.

Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities

Amounts in millions of euros	Stage 1	Stage 2	Stage 3	Total
Balance on January 1, 2022	406	906	2,297	3,609
Increases due to origination and acquisition	61	14	67	142
Decreases due to derecognition	(50)	(36)	(120)	(206)
Changes due to change in credit risk	(22)	171	125	274
Write-off of defaulted loans during the year	(6)	(3)	(318)	(327)
Other changes	18	1	7	26
Balance on June 30, 2022	**407**	**1,053**	**2,058**	**3,518**

Amounts in millions of euros	Stage 1	Stage 2	Stage 3	Total
Balance on January 1, 2021	758	864	3,222	4,844
Increases due to origination and acquisition	166	16	88	270
Decreases due to derecognition	(111)	(90)	(304)	(505)
Changes due to change in credit risk	(430)	105	66	(259)
Write-off of defaulted loans during the year	(22)	(5)	(778)	(805)
Other changes	45	16	3	64
Balance on December 31, 2021	**406**	**906**	**2,297**	**3,609**

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 542 million (December 31, 2021: EUR 517 million) and EUR 2,169 million (December 31, 2021: EUR 1,990 million), respectively. The total stage 1 and stage 2 impairment allowances as per June 30, 2022 are EUR 1,460 million (December 31, 2021: EUR 1,312 million).

Forward-looking Information and Macroeconomic Scenarios

When estimating expected credit losses for each stage and assessing significant increases in credit risk, Rabobank 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 macroeconomic scenarios (a baseline scenario, a baseline minus scenario and a baseline plus scenario) in its ECL models to determine the expected credit losses. Important variables are gross domestic product growth, unemployment rates, and private sector investment. These forward-looking macroeconomic forecasts require judgement and are largely based on internal Rabobank research. An analysis on the sensitivity of key forward-looking macroeconomic inputs used in the ECL modeling 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 for the region that contributes the most to the ECL, i.e. the Netherlands, without taking into account the impact of Top-Level Adjustments. 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.

Macroeconomic Scenarios

Netherlands		2022	2023	2024	ECL unweighted	Probability	Weighted ECL in millions of euro per June 30, 2022	Weighted ECL in millions of euro per December 31, 2021
Plus	GDP per capita	3.10%	1.90%	0.50%				
	Unemployment	3.20%	2.90%	2.80%	863	20%		
	Private Sector Investment	2.80%	2.90%	-3.40%				
Baseline	GDP per capita	2.70%	-0.40%	1.50%				
	Unemployment	3.30%	3.50%	3.70%	923	60%	932	532
	Private Sector Investment	1.50%	-2.80%	1.70%				
Minus	GDP per capita	2.10%	-3.60%	2.60%				
	Unemployment	3.40%	4.30%	5.10%	1,029	20%		
	Private Sector Investment	-0.20%	-11.10%	9.40%				

A probability weighting of 15% for both the minus and plus scenarios and a probability weighting of 70% for the baseline scenario would decrease the total (for all regions) weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by EUR 4 million. If the probability weighting was 25% for both the minus and plus scenarios and 50% for the baseline scenario, it would increase the total (for all regions) weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by EUR 4 million.

External Developments Potentially Affecting Credit Risk

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

Climate change can affect the credit portfolio through two risk pathways: 1) transition risks (e.g., changes in regulations, technologies, and market sentiment) and 2) physical risks (e.g., changes in acute weather events like storms, wildfires, flooding, and long-lasting events like sea level rise and drought). Both physical and transition risks could impact the quality of the credit portfolio, especially the F&A and mortgage portfolios. Of the four categories that the Task Force on Climate related Financial Disclosures (TCFD) distinguished, Rabobank classifies these two portfolios as the most exposed to climate change risks. The four categories are (i) energy, (ii) transportation, (iii) materials & building including real estate, and (iv) agriculture, food, and forestry products. Rabobank's current overall exposure to these four industry sectors is roughly 60% of the total exposure. Ongoing heat-mapping exercises will yield qualitative risk estimates of climate- and environmental-related risks based on geographical location, sector, and time horizon. Regulatory changes aiming to curb greenhouse gas emissions are expected to increase going forward, which will put pressure on those most exposed sectors in particular. This year Rabobank published its financed emissions for a large share of the loan portfolio. Target setting and pathways will follow in a special report entitled 'Road to Paris'.

The future of Dutch agriculture

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, also to be used for the nitrogen issue (see 'Nitrogen' below), 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.

Nitrogen

n June, the Dutch government announced its plans to reduce nitrogen by 2030, sparking national debate and protests. Rabobank made clear that it endorses the reduction goals, but also indicated that the plans lack integrality with regard to water quality, climate, and the government's plans for other sectors. What's also missing is prospect for Dutch farmers, specifically in livestock farming. At the moment, the effects on client level are both uncertain and unclear as the governmental plans are not translated and implemented yet by the authorized provincial governments. Rabobank is assessing the 'transition risks' of the government's nitrogen approach for the business model of F&A clients. A TLA of is recognized of EUR 76 million per June 30, 2022.

PFAS

From mid-2020, restrictions on working with PFAS contaminated soil and dredging spoil were loosened for the construction and dredging sectors, taking into account environmental and health considerations. The construction and dredging sectors were therefore able to resume a large part of their activities. This reduced pressure on Rabobank's customers. At the same time, the Netherlands and some other EU countries are working on a proposal to prohibit all uses of PFAS in the European Union. Rabobank will closely monitor the developments. For now, no TLA is needed.

8. Deposits from Customers

Deposits from Customers

Amounts in millions of euros	*June 30, 2022*	*December 31, 2021*
Current accounts	130,184	126,606
Deposits with agreed maturity	64,219	61,011
Deposits redeemable at notice	187,321	183,581
Repurchase agreements	3,337	527
Fiduciary deposits	50	306
Total deposits from customers	**385,111**	**372,031**

9. 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. Please refer to section 4.10 "Legal and Arbitration Proceedings" of Rabobank's 2021 Consolidated Financial Statements for further general information in this respect. The most relevant legal and regulatory claims which could give rise to liability on the part of Rabobank are described below.

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 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 340 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.

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 letter of March 28, 2018, 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 and (also as an interruption of the limitation period) on June 10, 2022, 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 total outflow of this contingent liability. No provision has been made.

Anti-Money Laundering, Counter Terrorism Financing & Sanctions

At the end of 2021, De Nederlandsche Bank (DNB) ordered Rabobank to remedy deficiencies regarding its Dutch Retail division’s compliance with the Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft) by December 15, 2023 at the latest. DNB also informed the bank that a separate punitive enforcement procedure would commence, the outcome of which is still unknown to us. Remedying these deficiencies has our highest priority. We are continuously investing in and increasing our efforts under our remediation program, which we do in a dynamic context dealing with the fast pace of sanctions on Russia, tight labor market conditions and new regulations. In light of these challenging developments that affect progress we have asked DNB for an extension.

Part of the remediation process is resolving backlog files in client due diligence and transaction monitoring. Accordingly, Rabobank recognized a provision on June 30, 2022 of EUR 249 million (December 31, 2021: EUR 249 million) for the incremental cost involved to resolve these backlogs (under other provisions). During the first half of 2022 Rabobank used approximately EUR 72 million of the provision. The same amount is added to the provision.

Rabobank’s KYC program is executed under the direct responsibility of the Managing Board. In addition, a new position within the Managing Board has been created with a specific focus on KYC compliance. As of October 1, 2022, Mr. Philippe Vollot will start as Chief Financial Economic Crime Officer (CFECO) at Rabobank (subject to a positive outcome of supervisory assessments). The Supervisory Board will continue to oversee the KYC remediation program, including by means of a dedicated (temporary) committee. DNB will also continue to supervise the progress made under the program.

With regard to the separate punitive enforcement procedure, Rabobank considers it more likely than not that such a procedure will result in an outflow of funds, Rabobank did not recognize a provision for this matter because there are too many uncertainties to make a reliable estimate of the amount of the liability.

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 these cases amounts to EUR 74 million (December 31, 2021: EUR 76 million). The maximum amount of non-remote measurable contingent liabilities relating to claims is EUR 225 million (December 31, 2021: EUR 217 million).

10. Reserves and Retained Earnings

The reserves and retained earnings can be broken down as follows:

Reserves and Retained Earnings

Amounts in millions of euros	*June 30, 2022*	*December 31, 2021*	*June 30, 2021*
Foreign currency translation reserves	(292)	(887)	(1,155)
Revaluation reserve – Financial assets at fair value through other comprehensive income	(270)	136	239
Revaluation reserve – Cash flow hedges	1	(14)	(26)
Revaluation reserve – Costs of hedging	85	78	72
Remeasurement reserve – Pensions	(160)	(173)	(188)
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	(71)	(130)	(114)
Retained earnings	33,273	32,087	31,118
Total reserves and retained earnings	**32,566**	**31,097**	**29,946**

11. Issue of Equity Instruments in the First Half of 2022

In the first half of 2022, Rabobank issued Capital Securities for an amount of EUR 1,000 million. The coupon is 4.875% per year and was made payable semi-annually 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.

12. Fair Value of Financial Assets and Liabilities

This section should be read in conjunction with Section 4.9, "Fair Value of Financial Assets and Liabilities" of the 2021 Consolidated Financial Statements, which provides more detail about the adopted accounting policies, valuation methodologies used to calculate fair value, and the valuation control framework governing the oversight of valuations. No changes have occurred to either the adopted accounting policies or the valuation methodologies applied.

The following table shows the fair value of financial instruments, recognized at amortized cost on the basis of the valuation methods and assumptions detailed below. Fair value represents the price that would have been received for the sale of an asset or that would have been paid in order to transfer a liability in a standard transaction conducted between market participants on the valuation date. For fair value measurement, Rabobank assumes that the transaction to sell the asset or transfer the liability is conducted in the principal market for the asset or liability or in the most advantageous market if there is no principal market.

Market prices are not available for a large number of the financial assets and liabilities that Rabobank holds or issues. For these financial instruments, the fair values shown in the following table have been estimated using the present value techniques 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 as well as for the timing of future cash flows, discount rates, and possible market illiquidity.

Fair Value of Financial Instruments Measured at Amortized Cost in the Statement of Financial Position

	June 30, 2022		*December 31, 2021*	
Amounts in millions of euros	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Assets				
Cash and cash equivalents	144,757	144,757	120,533	120,533
Loans and advances to credit institutions	20,100	20,098	22,065	22,063
Loans and advances to customers	436,339	431,674	436,471	447,723
Liabilities				
Deposits from credit institutions	74,242	73,374	73,008	72,874
Deposits from customers	385,111	386,109	372,031	376,334
Debt securities in issue	116,260	113,489	108,709	109,594
Subordinated liabilities	10,373	10,394	9,880	11,295

The figures stated in the table represent management's best possible estimates on the basis of 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, or commodity instruments, Rabobank bases the expected fair value on the present value of future cash flows, discounted at market rates which correspond to the credit ratings and terms to maturity of these investments. A model-based price can also be used to determine fair value. Rabobank's policy is to have independent expert staff validate all models used for valuing financial instruments. These employees may not be responsible for determining the fair values of the financial instruments.

In determining market values or fair values, various factors have to be 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 periodically available market prices are systematically used. Modifications to assumptions might affect the fair value of financial assets and liabilities held for trading and non-trading purposes.

The following table illustrates the fair value hierarchy used to determine the fair value of financial assets and liabilities. The breakdown is as follows:

- Level 1: Quoted prices on active markets for identical assets or liabilities; an "active market" is one in which transactions relating to the asset or liability occur with sufficient frequency and 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.

Fair Value Hierarchy of Financial Assets and Liabilities Measured at Fair Value in the Statement of Financial Position

Amounts in millions of euros	*Level 1*	*Level 2*	*Level 3*	*Total*
On June 30, 2022				
Assets carried at fair value in the statement of financial position				
Financial assets held for trading	2,600	215	440	3,255
Financial assets mandatorily at fair value	-	523	1,968	2,491
Derivatives	43	26,931	123	27,097
Financial assets at fair value through other comprehensive income	9,591	2,890	178	12,659
Non-current assets held for sale	-	-	244	244
Liabilities carried at fair value in the statement of financial position				
Derivatives	25	20,967	134	21,126
Financial liabilities held for trading	2,087	-	-	2,087
Financial liabilities designated at fair value	-	3,226	-	3,226
Amounts in millions of euros				
On December 31, 2021				
Assets carried at fair value in the statement of financial position				
Financial assets held for trading	1,519	109	856	2,484
Financial assets mandatorily at fair value	42	643	1,817	2,502
Derivatives	22	22,889	60	22,971
Financial assets at fair value through other comprehensive income	10,244	3,109	191	13,544
Non-current assets held for sale	-	-	73	73
Liabilities carried at fair value in the statement of financial position				
Derivatives	36	18,629	45	18,710
Financial liabilities held for trading	1,419	-	-	1,419
Financial liabilities designated at fair value	-	3,817	-	3,817

The next table shows the movements in financial instruments which are carried at fair value in the statement of financial position, and which are classified 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 other comprehensive income.

Financial Instruments at Fair Value in Level 3

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 Held for sale*	*Balance on June 30, 2022*
Assets									
Financial assets held for trading	856	21	-	382	(478)	(341)	-	-	440
Financial assets mandatorily at fair value	1,817	95	-	170	(114)	-	-	-	1,968
Derivatives	60	104	-	-	-	(38)	(3)	-	123
Financial assets at fair value through other comprehensive income	191	-	1	2	-	(16)	-	-	178
Liabilities									
Derivatives	45	138	-	-	-	(39)	(10)	-	134

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 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

The amount of total gains or losses recognized in the income statement relating to the assets and liabilities in Level 3 is given 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 June 30, 2022			
Assets			
Financial assets held for trading	21	-	21
Financial assets mandatorily at fair value	96	(1)	95
Derivatives	66	38	104
Financial assets at fair value through other comprehensive income	-	-	-
Liabilities			
Derivatives	100	38	138
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	-	-	-

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 167 million (December 31, 2021: EUR 165 million) and EUR 3 million (December 31, 2021: EUR 3 million) on other comprehensive income. The potential effect before taxation, if more unfavorable reasonable assumptions are used for the valuation of Level 3 financial instruments on the income statement, is EUR -168 million (December 31, 2021: EUR -166 million) and EUR -3 million (December 31, 2021: EUR -4 million) on other comprehensive income.

Financial assets at fair value in Level 3 mainly include private equity interests. The total amount of these Level 3 financial assets at fair value is EUR 1,790 million (December 31, 2021: EUR 1,662 million). 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 10.4 (December 31, 2021: 9.5), with a range of -1 (unfavorable) and +1 (favorable).

13. 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. No related party transactions occurred in the first half of 2022 that have materially affected Rabobank's financial position or performance during this period.

14. Interest Rate Benchmark Reform

The following table contains details of the financial instruments that Rabobank held on June 30, 2022 and that have not yet transitioned to their alternative interest rate benchmarks.

Financial Instruments exposed to IBORs

On June 30, 2022		
Assets exposed to USD Libor	*Carrying amount*	*Of which: matures after transition date*
Non-Derivative financial assets	24,669	13,196
- Current accounts	105	105
- Other Loans and advances to customers	23,655	13,086
- Other non-derivative assets	909	5
Liabilities exposed to USD Libor		
Non-Derivative financial liabilities	2,461	1,912
- Deposits from customers	1,933	1,672
- Other non-derivative liabilities	528	240
	Notional amount	*Of which: matures after transition date*
Derivatives	729,333	547,567

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 million of euros	*Notional amount per maturity bucket*			
	Less than 1 year	*1 - 5 years*	*Longer than 5 years*	*Total*
On June 30, 2022				
Interest rate swaps				
USD Libor 1 months	-	399	-	399
USD Libor 3 months	38	9,126	4,525	13,689
USD Libor 6 months	-	-	146	146
Total	**38**	**9,525**	**4,671**	**14,234**

15. Credit Related Contingent Liabilities

Credit related contingent liabilities represent loan commitments, financial guarantees, letters of credit, and other lending related off-balance financial instruments. The credit related contingent liabilities are EUR 78 billion (December 31, 2021: EUR 70 billion). The contingent liabilities related to litigation are disclosed in Section 9, "Legal and Arbitration Proceedings."

16. Non-Current Assets Held for Sale

The non-current assets held for sale amount to EUR 244 million (December 31, 2021: EUR 73 million) and include various types of real estate in the segments Domestic Retail Banking (EUR 7 million) and Property Development (EUR 72 million). The non-current assets held for sale at W&R (total EUR 105 million) consists amongst others a sale of the shares of a foreign subsidiary. The completion of this transaction is expected to take place in the second half year of 2022. For the segment Leasing (EUR 61 million) the line item includes a sale of a loan portfolio (which was sold in July 2022). The carrying values are expected to be realized through sale rather than through continuing use.

17. 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 (DRB); 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, no other material comprehensive income exists between the business segments. The financial reporting principles used for the segments are identical to those described in the "Basis for Preparation" 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.

Business Segments							
Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
First half-year 2022							
Net interest income	2,060	1,398	612	(2)	313	(1)	4,380
Net fee and commission income	807	198	52	-	(5)	(2)	1,050
Other results	39	222	166	163	(62)	1	529
Income	**2,906**	**1,818**	**830**	**161**	**246**	**(2)**	**5,959**
Staff costs	1,272	671	302	54	73	(4)	2,368
Other administrative expenses	490	177	108	18	56	(35)	814
Depreciation and amortization	51	54	13	5	3	36	162
Operating expenses	**1,813**	**902**	**423**	**77**	**132**	**(3)**	**3,344**
Impairment charges on financial assets	(150)	(17)	209	-	-	-	42
Regulatory levies	249	154	31	1	3	-	438
Operating profit before tax	**994**	**779**	**167**	**83**	**111**	**1**	**2,135**
Income tax	256	211	71	15	11	-	564
Net profit	**738**	**568**	**96**	**68**	**100**	**1**	**1,571**
Cost/income ratio including regulatory levies (in %)[1]	71.0	58.1	54.7	48.4	n/a	n/a	63.5
Impairment charges on financial assets (in basis points of average private sector loan portfolio)[2]	(11)	(3)	111	n/a	n/a	n/a	2
External assets	279,815	159,517	40,595	3,714	183,203	-	666,844
Goodwill	322	-	-	-	-	-	322
Private sector loan portfolio	276,344	119,279	36,247	99	582	-	432,551

1 Operating expenses plus regulatory levies divided by income.

2 Annualized impairment charges on financial assets divided by the 6-month average of the private sector loan portfolio.

Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities							
Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
Balance on January 1, 2022	**1,664**	**1,522**	**422**	**1**	**-**	**-**	**3,609**
Increases due to origination and acquisition	54	50	38	-	-	-	142
Decreases due to derecognition	(114)	(84)	(8)	-	-	-	(206)
Changes due to change in credit risk	(69)	57	286	-	-	-	274
Write-off of defaulted loans during the year	(116)	(163)	(48)	-	-	-	(327)
Other adjustments	1	29	(4)	-	-	-	26
Balance on June 30, 2022	**1,420**	**1,411**	**686**	**1**	**-**	**-**	**3,518**
Impairment allowance 12-month ECL	152	197	58	-	-	-	407
Impairment allowance lifetime ECL non-credit impaired	495	152	406	-	-	-	1,053
Impairment allowance lifetime ECL credit-impaired	773	1,062	222	1	-	-	2,058
Balance on June 30, 2022	**1,420**	**1,411**	**686**	**1**	**-**	**-**	**3,518**

Business Segments

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
First half-year 2021							
Net interest income	2,364	1,177	558	(10)	(9)	(1)	4,079
Net fee and commission income	738	216	53	-	(4)	(10)	993
Other results	45	462	140	147	238	8	1,040
Income	**3,147**	**1,855**	**751**	**137**	**225**	**(3)**	**6,112**
Staff costs	1,274	607	269	48	88	(7)	2,279
Other administrative expenses	421	177	90	16	57	(41)	720
Depreciation and amortization	65	48	13	4	4	44	178
Operating expenses	**1,760**	**832**	**372**	**68**	**149**	**(4)**	**3,177**
Impairment charges on financial assets	(248)	8	(36)	-	2	-	(274)
Regulatory levies	195	126	28	1	18	-	368
Operating profit before tax	**1,440**	**889**	**387**	**68**	**56**	**1**	**2,841**
Income tax	360	196	107	17	2	(1)	681
Net profit	**1,080**	**693**	**280**	**51**	**54**	**2**	**2,160**
Cost/income ratio including regulatory levies (in %)[1]	62.1	51.6	53.3	50.4	n/a	n/a	58.0
Impairment charges on financial assets (in basis points of average private sector loan portfolio)[2]	(18)	2	(21)	n/a	n/a	n/a	(13)
As per December 31, 2021							
External assets	277,278	140,335	38,595	3,440	179,927	-	639,575
Goodwill	322	-	-	-	-	-	322
Private sector loan portfolio	273,850	108,636	34,484	97	91	-	417,158

1 Operating expenses plus regulatory levies divided by income.

2 Annualized impairment charges on financial assets divided by the 6-month average of the private sector loan portfolio.

Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
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**

18. Events After Reporting Date

There were no subsequent events to be disclosed.

Managing Board Responsibility Statement

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

These Interim Financial Statements give a true and fair view of Rabobank and the companies included in the consolidation's assets, liabilities, financial position, and profit or loss. This Interim Report gives a true and fair view of the information required of Rabobank and the companies included in the consolidation pursuant to Section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act.

Wiebe Draijer, *Chair*
Bas Brouwers, *CFO*
Els de Groot, *CRO*
Kirsten Konst, *Member*
Bart Leurs, *Member*
Mariëlle Lichtenberg, *Member*
Berry Marttin, *Member*
Janine Vos, *Member*

Utrecht, August 9, 2022

Review Report

To: the general members'council and the supervisory board of Coöperatieve Rabobank U.A.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2022 of Coöperatieve Rabobank U.A., Amsterdam, which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of income, the condensed consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The managing board is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, August 10, 2022

PricewaterhouseCoopers Accountants N.V.

Original has been signed by J.M. de Jonge RA

Colophon

Published by
Rabobank Communications & Corporate Affairs

Reporting
As part of its report Rabobank published the following documents in 2022:

- Management Report and Corporate Governance Report 2021
- Consolidated Financial Statements 2021 Rabobank
- Company Financial Statements 2021 Rabobank
- Capital Adequacy and Risk Management Report 2021 (Pillar 3)
- Capital Adequacy and Risk Management Report Q1 2022 (Pillar 3)
- Capital Adequacy and Risk Management Report Q2 2022 (Pillar 3)

These reports are available online at www.rabobank.com/annualreports and www.rabobank.com/jaarverslagen.

Contact
Rabobank has exercised the utmost care in the preparation of this Interim Report. If you have questions or suggestions on how we can improve our reporting, please send them by email to jaarverslagen@rabobank.nl.

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August 2022
www.rabobank.com/annualreports

Rabobank