



**Rabobank**

**PRESS RELEASE, 13 August 2020**

**Rabobank Posts Net Result of EUR 227 million for First Half-Year 2020**

**In the first half of 2020 COVID-19 had a major impact on Rabobank and its customers. Rabobank maintains a strong capital and liquidity position and posted a net result of EUR 227 million.**

**Wiebe Draijer, chairman of the Managing Board**

‘Never before have we faced such rapidly changing circumstances as in this first half-year, due to COVID-19. Its impact has been enormous. First and foremost, it caused a health crisis and massive suffering across the world. It also hit the economy hard. Our customers and all our employees have been affected by multiple aspects of the corona virus, sometimes facing profound and far-reaching impacts. Moreover, the pandemic is not over yet.

As a result of consistent execution of our strategy, our bank was in a strong position when the outbreak started. Our strong buffers will help us through this difficult period and enable us to support our customers and the economy. We were quickly able to adapt to the new reality and continued delivering mainly digital services to our customers. We provided temporary financial relief to around 80,000 customers (7,500 private customers and 72,500 business clients).

Central banks have been taking several measures to support the economy as well. The purpose of these measures is to fund households, SME’s and corporate customers in need of extra liquidity. In March 2020 the European Central Bank (ECB) issued a recommendation to banks not to pay dividends until at least 1 October, 2020. The ECB published an updated recommendation on 28 July, 2020 extending this period to 1 January, 2021. Rabobank is adhering to both recommendations, which means that we will not pay any cash distributions on the Rabobank Certificates during the full year 2020. The updated recommendation itself does not preclude Rabobank from making a distribution in the form of Rabobank Certificates. We will carefully and in our full discretion assess such form of distributions. We want to emphasize that we remain committed to our longstanding relationship with both retail and institutional investors.

We saw an increased use of digital services by our customers. We were able to quickly deploy our online credit platform to ensure a rapid automated response to requests for payment holidays from SME’s. And online mortgage consultations became the norm within weeks. Another initiative was to support local food producers by setting up short food supply chains. Our worldwide sustainability efforts were recognized by Sustainalytics who once again rated Rabobank number one among a group of 374 diversified banks.

Working from home has become the new normal. Our employees have adapted to online meetings and events as part of everyday working life. COVID-19 has taught us that the ‘old normal’ of going to work and back home all at the same time in a full train or stuck in traffic was not that normal at all. We thank all of our employees for their boundless efforts and flexibility in the face of all the challenges that COVID-19 presented to each and every one of us.’

## Financial Performance

Net result for the first half-year 2020 was EUR 227 million. This lower result compared to the same period in 2019 can be primarily attributed to the impact of COVID-19. The persistent low interest rate environment also played a role. The effects of COVID-19 are reflected in the significantly higher loan impairment charges which have increased to EUR 1,442 (H1 2019: 440) million, equivalent to 69 (H1 2019: 23) basis points of the average loan portfolio. Income was down due to lower economic activity and negative asset revaluations driven by the COVID-19 pandemic. Operating costs continued the downward trend, thanks in part to the deconsolidation of RNA in the U.S. in 2019. The cost/income ratio rose to 65.3%.

The loan portfolio remained relatively stable at EUR 415.4 billion. As a result of our strategic focus the Food&Agri loan portfolio grew by EUR 1.1 billion to EUR 108.3 billion. Rabobank remains the mortgage market leader in the Netherlands with a market share of 22%.

Deposits from retail and wholesale customers rose by EUR 23.0 billion (+ 8%) in the first half of 2020. This is in line with the general trend in the Dutch savings market related to the impact of COVID-19 and includes the seasonal impact of holiday allowances.

Rabobank's capital position remains robust and the common equity tier 1 (CET 1) ratio increased to 16.6%, which is well above the supervisory requirement and exceeds the ambition of at least 14%. In turbulent times, Rabobank demonstrated yet again its ongoing strong access to funding and capital by issuing a number of transactions in different formats and currencies. The return on equity amounted to 1.1% (5.9% in H1 2019).

## Outlook

Looking ahead to the second half of 2020 Draijer says: 'The coming period will be marked by uncertainty: it is still not clear how the pandemic will develop, how long it will last, or what measures will be needed to bring the virus under control. In line with our mission *Growing a better world together* we will keep on helping our customers to weather this crisis. However, even the generous government support measures and our own initiatives will not be enough for everyone. We will see the impact of COVID-19 reflected in our full-year results for 2020 and we will remain focused on our costs.

We will continue to give top priority to our role as gatekeeper of the financial system. A great milestone was the establishment of Transaction Monitoring Netherlands (TMNL). Together with other Dutch banks we will join efforts against financial crime, on top of our own transaction monitoring initiatives. We are also continuing our collaboration within the Public Private Partnerships around themes such as Trade Based Money Laundering.

We will stay keenly focused on working towards a robust and future-proof KYC-structure and organization. The DNB evaluation regarding Rabobank's compliance with the terms of the DNB's injunction on this topic is ongoing. The timing of completion of DNB's investigation and the final outcome are currently uncertain.

We will further strengthen the core of our banking business, guided by our clear mission and strategic agenda. As a cooperative bank we continue to offer our customers services that contribute to global transitions '.

**More information**

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