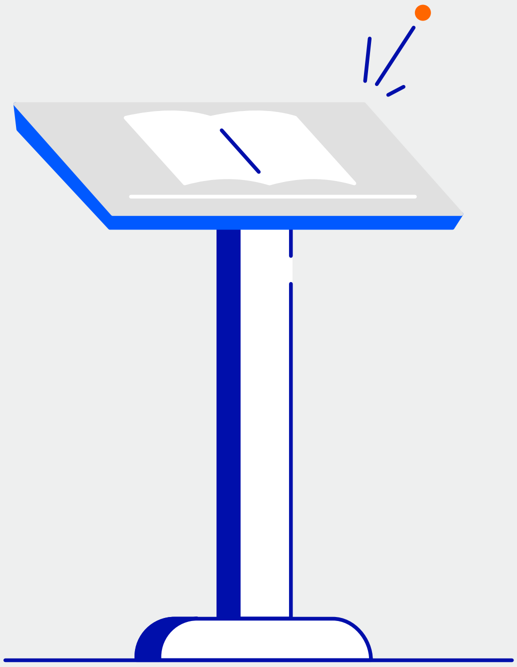
Appendix to the Press Release 2021



Full disclosure of Risk Management,
Capital Developments, and Financial Statements
will be available on March 10, 2022.

Key Figures

Amounts in millions of euros	*12-31-2021*	*12-31-2020*	*12-31-2019*	*12-31-2018*	*12-31-2017*
Financial Key Figures					
Common Equity Tier 1 Ratio	17.4%	16.8%	16.3%	16.0%	15.5%
Total Capital Ratio	22.6%	24.2%	25.2%	26.6%	26.2%
Leverage Ratio	7.3%	7.0%	6.3%	6.4%	6.0%
Risk-weighted Assets	211,855	205,773	205,797	200,531	198,269
Wholesale Funding	121,638	131,361	151,742	153,223	160,407
Cost/Income Ratio Including Regulatory Levies	63.8%	65.8%	63.3%	65.9%	71.3%
Underlying Cost/Income Ratio Including Regulatory Levies	60.4%	64.5%	63.0%	63.9%	65.3%
Return on Equity	8.8%	2.7%	5.3%	7.3%	6.7%
Income	12,169	10,782	11,756	12,020	12,001
Operating Expenses	7,044	6,542	6,956	7,446	8,054
Impairment Charges on Financial Assets	(474)	1,913	975	190	(190)
Net Profit	3,692	1,096	2,203	3,004	2,674
Total Assets	639,575	632,258	590,598	590,437	602,991
Private Sector Loan Portfolio	417,158	409,380	417,914	416,025	410,964
Deposits from Customers	372,031	361,028	338,536	337,410	340,682
Liquidity Coverage Ratio	184%	193%	132%	135%	123%
Loan-to-deposit Ratio	1.13	1.12	1.22	1.22	1.21
Non-performing Loans	9,231	13,882	15,705	18,436	18,315
Non-Financial Key Figures[1]					
Online Active Private Customers in the Netherlands	67.0%	65.6%	64.0%	61.8%	-
Online Active Corporate Customers in the Netherlands	82.4%	82.2%	81.5%	80.8%	-
Availability of Internet Banking	99.8%	99.8%	99.7%	99.9%	99.9%
Availability of Mobile Banking	99.8%	99.8%	99.6%	99.9%	99.9%
Availability of iDEAL	99.8%	99.9%	99.7%	99.8%	-
Total Sustainable Financing	63,117	49,813	44,583[2]	46,607	17,377
RepTrak Pulse Score	70.4	72.6	71.5	70.8	69.5
Member Engagement Score	44%	52%	49%	45%	-
Community Funds and Donations	27.6	42.5	45.4	48.8	45.5
Employee Engagement Scan	72	69	64	61	-
Employee Engagement Score[3]	83	-	-	-	-
Diversity: Women Employed in the Netherlands	49%	49%	51%	52%	-
Absenteeism in the Netherlands	3.9%	3.4%	4.3%	4.3%	4.0%
Ratings					
Standard & Poor’s	A+	A+	A+	A+	A+
Moody’s	Aa2	Aa3	Aa3	Aa3	Aa2
Fitch	A+	A+	AA-	AA-	AA-
DBRS	AA low	AA	AA	AA	AA
Sustainalytics ESG Risk Rating Category Diversified Banks	2	1	1	1	-

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

2 We have 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 are migrating to an improved way of measuring employee engagement (score). For transparency purposes we also report the employee engagement scan results during the transition.

Our Financial Performance

Rabobank

Our particularly strong results in 2021 are in striking contrast to our financial performance in 2020. In that difficult year our results were still strongly depressed by the (expected) effects of Covid-19 on the economy, on our customers, on the financial sector, and on Rabobank. However, despite the restrictive measures that were in place for much of the year, the economy recovered strongly in 2021. This economic rebound was due to, among other things, the increasing vaccination rate and the extension of various government support measures. As a result, the anticipated deterioration in credit quality did not materialize in 2021, resulting in a net release of impairment charges on financial assets of EUR 474 million (minus 11 basis points) in 2021, which is EUR 2,387 million lower than in 2020.

Despite the continued negative impact of low interest rates on our revenues, total income increased by 13%. This out-performance was partly driven by the benefit from our participation in the Targeted Longer-Term Refinancing Operations (TLTRO) III program (EUR 334 million), and upward revaluations of our equity participations due to improved market conditions. Additionally, our net fee and commission income recovered strongly after a difficult 2020 and was EUR 228 million higher. All things considered, this resulted in a strong net profit of EUR 3,692 million, significantly higher than the 2020 level of EUR 1,096 million.

Our private sector loan portfolio grew by EUR 7.8 billion, largely driven by currency fluctuations. Deposits from retail and wholesale customers rose by EUR 11.0 billion. Deposits from customers in Domestic Retail Banking (DRB) increased by EUR 20.6 billion in 2021. Despite the pick-up in consumer spending, the general trend in the Dutch savings market is that restrictive measures and economic uncertainty due to Covid-19 have led to lower consumption levels.

Although our 2021 financial performance is sound and the economy recovered strongly, there are still many uncertainties. It is as yet unclear how definitively ending government measures will impact our clients, or how the spread of new variants of the coronavirus will develop in the near future. We therefore remain cautious about our cost of risk because the credit quality of our loan portfolio could still be impacted in 2022. In addition, the following structural challenges to the banking sector will continue to affect us in the coming years: extensive regulations for banks, competition from new (digital) non-banks, cyberrisks, and negative interest rates that are putting pressure on the traditional banking model.

Financial Results of Rabobank

Results			
Amounts in millions of euros	*12-31-2021*	*12-31-2020*	*Change*
Net interest income	8,351	7,997	4%
Net fee and commission income	2,008	1,780	13%
Other results	1,810	1,005	80%
Total income	**12,169**	**10,782**	**13%**
Staff costs	4,657	4,684	-1%
Other administrative expenses	2,035	1,463	39%
Depreciation and amortization	352	395	-11%
Total operating expenses	**7,044**	**6,542**	**8%**
Gross result	**5,125**	**4,240**	**21%**
Impairment losses on goodwill and associates	0	283	-100%
Impairment charges on financial assets	(474)	1,913	-125%
Regulatory levies	722	548	32%
Operating profit before tax	**4,877**	**1,496**	**226%**
Income tax	1,185	400	196%
Net profit	**3,692**	**1,096**	**237%**
Impairment charges on financial assets (in basis points)	(11)	46	
Ratios			
Cost/income ratio including regulatory levies	63.8%	65.8%	
Underlying cost/income ratio including regulatory levies	60.4%	64.5%	
RoE	8.8%	2.7%	
Balance Sheet			
Amounts in billions of euros			
Total assets	639.6	632.3	1%
Private sector loan portfolio	417.2	409.4	2%
Deposits from customers	372.0	361.0	3%
Number of internal employees (in FTEs)	35,766	35,222	2%
Number of external employees(in FTEs)	7,595	8,050	-6%
Total number of employees(in FTEs)	43,361	43,272	0%

Notes to the Financial Results of Rabobank

Net Profit Increased to EUR 3,692 Million

Our performance in 2021 was mainly driven by solid business performance, strong economic recovery, and a rebound in market activity. Net profit amounted to EUR 3,692 (2020: 1,096) million, which is a significant increase. Our income was 13% higher as fee income from event driven business rebounded, and improved market conditions resulted in positive revaluations of our equity participations and a strong performance of Rabo Investments. In addition, there was a release in impairment charges on financial assets as the anticipated deterioration in credit quality did not materialize in 2021. Our results were affected by the continued pressure on net interest income due to the persisting low interest rate environment, but this effect was to a large extent mitigated by the short term benefit from our participation in the TLTRO III program. Expenses were higher than last year and this increase is partly driven by a provision to resolve backlogs in client due diligence and transaction monitoring as part of our KYC program (EUR 249 million) and a provision to compensate part of our clients with certain consumer credit products with a variable interest rate (EUR 333 million). In addition, expenses in 2020 were tempered by an incidental VAT relief. The underlying operating profit before tax increased to EUR 5,244 (2020: 1,898) million and underlying cost/ income ratio – including regulatory levies – improved to 60.4% (2020: 64.5%).

Development of Underlying Operating Profit Before Tax			
Amounts in millions of euros		*12-31-2021*	*12-31-2020*
Income		**12,169**	**10,782**
Adjustments to income	*Fair value items[1]*	*(117)*	*136*
Underlying income		***12,052***	***10,918***
Operating expenses		**7,044**	**6,542**
Adjustments to expenses	*Restructuring expenses*	*(98)*	*71*
	Derivatives framework	*-*	*(18)*
	Provision variable interest	*333*	*0*
	Provision KYC backlogs	*249*	*0*
Underlying expenses		***6,560***	***6,489***
Underlying gross result		**5,492**	**4,429**
Impairment losses on goodwill and associates		0	283
Adjustments to impairment losses on GW&A	*Impairment Achmea*	*0*	*213*
Underlying impairment losses on GW&A		0	70
Impairment charges on financial assets		(474)	1,913
Regulatory levies		722	548
Operating profit before tax		**4,877**	**1,496**
Total adjustments		***367***	***402***
Underlying operating profit before tax		**5,244**	**1,898**

1 As of 2021, specific hedge accounting results are no longer recognized as exceptional item.

We retained EUR 2,910 (2020: 822) million of our net profit. Taxes amounted to EUR 1,185 (2020: 400) million at an effective tax rate of 24% (2020: 27%).

Income Increased by 13%

Persistent Pressure on Net Interest Income

Net interest income was EUR 8,351 (2020: 7,997) million, which is an increase of 4%. This performance includes the benefit from our participation in the TLTRO III program (EUR 334 million). Corrected for this benefit, our net interest income remained stable. The persistent negative interest rate environment continues to pressure our net interest income. The negative interest rates mainly impacted margins on savings and current accounts at Domestic Retail Banking (DRB). Net interest income at Wholesale and Rural (W&R) increased largely as a result of the TLTRO III benefit and increasing asset levels at Wholesale. The one-year rolling net interest margin, calculated by dividing net interest income by the average balance sheet total, decreased from 1.27% in 2020 to 1.26% in 2021. This number was negatively impacted by the higher balance sheet total due to our participation in the TLTRO III program, while the TLTRO III benefit had an upward effect.

Strong Rebound of Net Fee and Commission Income

Our net fee and commission income showed a strong rebound compared to 2020 and increased by 13% to EUR 2,008 (2020: 1,780) million. At DRB, net fee and commission income on payment accounts, investments, and mortgages increased. At W&R, net fee and commission income increased as event-driven business lines (i.e., Markets, M&A, and ECM) performed well in 2021. In 2020 these business lines experienced lower market activity due to the negative impact of the Covid-19 pandemic on the economy.

Other Results Increased Significantly

Other results ended up 80% higher compared to last year, at EUR 1,810 (2020: 1,005) million. The significant increase in these other results can be attributed to a strong rebound of the economy, which resulted in a positive asset revaluation of our stake in Mechanics Bank (EUR 151 million higher) and higher income on the well performing portfolio of Rabo Investments (EUR 342 million higher). In 2020 these items had a negative impact on our result. As a consequence of the strong housing market the returns on the activities of Bouwfonds Property Development (BPD) were positively impacted by higher volumes and improved margins. The improved result on fair value items also contributed to higher other results.

Operating Expenses 8% Higher

Lower Staff Costs Despite Higher Headcount

In 2021, Rabobank's total staff numbers (including external hires) increased to 43,361(2020: 43,272) FTEs. At DRB, total FTEs decreased since staff reductions in the branch network exceeded additional staffing for KYC and regulatory projects. To support business growth, staff numbers at W&R and Property Development increased. Staff costs decreased slightly to EUR 4,657 (2020: 4,684) million in line with a lower average staff level. Lower training, travel, and hotel costs as a result of Covid-19 restrictions also contributed to the decline in staff costs.

Higher Other Administrative Expenses

Total other administrative expenses increased to EUR 2,035 (2020: 1,463) million. In 2020 other administrative expenses at DRB and W&R were tempered by an incidental VAT relief. Following Kifid (Dutch Institute for Financial Disputes) rulings, we recognized that we did not consistently adjust our interest rates in accordance with a particular reference rate for a group of our consumer credit clients. Therefore, other administrative expenses include a provision of EUR 333 million to compensate part of our clients with certain consumer credit products with a variable interest rate. In addition, for our efforts to resolve backlogs in client due diligence and transaction monitoring (part of our KYC program), we recognized a provision of EUR 249 million. The increase in other administrative expenses was partly offset by lower restructuring expenses.

Depreciation and Amortization Down by 11%

Following lower depreciation on internally generated software, depreciation and amortization decreased to EUR 352 (2020: 395) million.

Impairment Charges on Financial Assets

In 2021, impairment charges on financial assets amounted to a net release of EUR 474 million. This represents a decrease of EUR 2,387 million compared to 2020. The anticipated deterioration in the credit quality of the business loan portfolio did not materialize in 2021, mainly due to the (extension of) government support measures, economic recovery, and the improved outlook. However, we remain cautious as the credit quality of our loan portfolio could still be impacted in 2022. Therefore, we decided to maintain Covid-19 related top-level adjustments to the impairment allowances for the performing part of our portfolio, although at a somewhat lower level than at year-end 2020.

On an annual basis, impairment charges on financial assets amounted to minus 11 (2020: 46) basis points, which is below the long-term average (period 2011-2020) of 31 basis points. More optimistic macroeconomic scenarios resulted in a decrease in impairment charges, especially in stage 1. Stage 3 impairment charges were also significantly lower than in 2020. Please see the "Risks Management" section for more details.

The amount of non-performing loans (NPL) decreased in 2021 to EUR 9.2 (2020: 13.9) billion. The NPL ratio was 1.6% (2020: 2.5%) and the NPL coverage ratio was 24% (2020: 23%). The decrease in NPL is mainly the result of the consistent execution of our NPL strategy and the limited inflow of newly impaired loans.

Balance Sheet Developments

Balance Sheet		
Amounts in billions of euros	*12-31-2021*	*12-31-2020*
Cash and cash equivalents	120.5	108.5
Loans and advances to customers	436.5	436.2
Financial assets	18.5	20.1
Loans and advances to banks	22.1	21.4
Derivatives	23.0	29.6
Other assets	19.0	16.5
Total assets	**639.6**	**632.3**
Deposits from customers	372.0	361.0
Debt securities in issue	108.7	113.5
Deposits from banks	73.0	61.2
Derivatives	18.7	28.4
Financial liabilities	5.2	6.2
Other liabilities	18.5	21.3
Total liabilities	**596.2**	**591.6**
Equity	43.4	40.6
Total liabilities and equity	**639.6**	**632.3**

Private Sector Loan Portfolio Increased

Our private sector lending increased by EUR 7.8 billion to EUR 417.2 billion in 2021. Approximately EUR 5.3 billion of this increase is due to a positive FX impact. At DRB the mortgage portfolio remained relatively stable as strong new production compensated for the continued high level of (early) repayments. DRB's total private sector loan portfolio amounted to EUR 273.9 (2020: 271.3) billion. Corrected for FX effects, the W&R portfolio was fairly stable, whereas DLL's portfolio showed a moderate increase. The combined commercial real estate loan exposure across all segments amounted to EUR 20.7 (2020: 19.6) billion.

Loan Portfolio		
Amounts in billions of euros	*12-31-2021*	*12-31-2020*
Total loans and advances to customers	**436.5**	**436.2**
Of which to government clients	2.0	2.0
Reverse repurchase transactions and securities borrowing	13.9	17.4
Interest rate hedges (hedge accounting)	3.4	7.4
Private sector loan portfolio	**417.2**	**409.4**
Domestic Retail Banking	273.9	271.3
Wholesale & Rural	108.6	105.9
Leasing	34.5	31.9
Property Development	0.1	0.1
Other	0.1	0.2

The geographic split of the loan portfolio (based on the debtor's country of residence) on December 31, 2021, was as follows: 70% in the Netherlands, 10% in North America, 8% in Europe (outside the Netherlands), 6% in Australia and New Zealand, 3% in Latin America, and 2% in Asia.

Loan Portfolio by Sector[1]				
Amounts in billions of euros	*12-31-2021*		*12-31-2020*	
Loans to private individuals	205.0	49%	202.9	50%
Loans to trade, industry and services	109.3	26%	111.0	27%
of which in the Netherlands	*74.5*		*76.1*	
of which in other countries	*34.7*		*34.9*	
Loans to Food & Agri	102.9	25%	95.5	23%
of which in the Netherlands	*35.7*		*32.8*	
of which in other countries	*67.2*		*62.6*	
Private sector loan portfolio	**417.2**	**100%**	**409.4**	**100%**

1 In the country where the entity is established.

Increase Deposits from Customers Continued

Total deposits from customers increased significantly to EUR 372.0 (2020: 361.0) billion. Our loan-to-deposit ratio (LtD ratio) is still historically low at 1.13 (2020: 1.12). Deposits from DRB customers increased to EUR 300.0 (2020: 279.4) billion, partly as a result of lower consumer spending due to the Covid-19 pandemic. Retail savings at DRB increased by EUR 9.3 billion to EUR 144.1 billion. Deposits from customers in other segments decreased to EUR 72.0 (2020: 81.7) billion. The somewhat higher volumes at Treasury were offset by a EUR 13.3 billion decrease in deposits at International Direct Banking (IDB). The latter can be explained by the decision to discontinue our direct banking operations in Europe.

Deposits from Customers		
Amounts in billions of euros	*12-31-2021*	*12-31-2020*
Retail savings	**152.4**	**155.9**
Domestic Retail Banking	144.1	134.8
Other segments	8.3	21.1
Other deposits from customers	**219.6**	**205.1**
Domestic Retail Banking	155.9	144.6
Other segments	63.7	60.6
Total deposits from customers	**372.0**	**361.0**

Equity Up by 7%

Our equity increased to EUR 43.4 (2020: 40.6) billion driven by retained earnings in 2021. Our equity on December 31, 2021, consisted of retained earnings and reserves: 72% (2020: 69%), Rabobank Certificates: 18% (2020: 19%), Capital Securities: 9% (2020: 11%), and other non-controlling interests: 1% (2020: 1%).

Development of Equity	
Amounts in millions of euros	
Equity at the end of December 2020	**40,632**
Net profit for the period	3,692
Other comprehensive income	378
Payments on Rabobank Certificates	(509)
Payments on Capital Securities issued by Rabobank	(178)
Issue of Capital Securities	750
Cost of issue Capital Securities	(4)
Redemption of Capital Securities	(1,309)
Other	(50)
Equity at the end of December 2021	**43,402**

Wholesale Funding

We have been significantly reducing and diversifying our use of Wholesale funding over the past several years. Doing so makes Rabobank less sensitive to capital markets developments. In 2021, the amount of Wholesale funding decreased further to EUR 121.6 (2020: 131.4) billion. The main sources of Wholesale funding are short- and long-term issued debt securities. In 2021 we increased our participation in the TLTRO III program by EUR 15 billion to EUR 55 billion, of which we only substitute approximately EUR 6 billion for our wholesale funding.

Capital Developments

Maintaining a Strong Capital Position

Capital Ratios		
Amounts in millions of euros	*12-31-2021*	*12-31-2020*
Retained earnings	32,087	29,234
Expected distributions	(1)	(2)
Rabobank Certificates	7,825	7,822
Part of non-controlling interest treated as qualifying capital	0	0
Reserves	(990)	(1,382)
Regulatory adjustments	(2,097)	(1,080)
Transition guidance	22	55
Common equity tier 1 capital	**36,846**	**34,647**
Capital securities	3,978	4,441
Grandfathered instruments	0	41
Non-controlling interests	0	0
Regulatory adjustments	(99)	(67)
Transition guidance	0	0
Additional tier 1 capital	*3,879*	*4,415*
Tier 1 capital	**40,725**	**39,062**
Part of subordinated debt treated as qualifying capital	7,356	10,816
Non-controlling interests	0	0
Regulatory adjustments	(96)	33
Transition guidance	0	(60)
Tier 2 capital	**7,260**	**10,789**
Qualifying capital	**47,985**	**49,851**
Risk-weighted assets	**211,855**	**205,773**
Common equity tier 1 ratio	17.4%	16.8%
Tier 1 ratio	19.2%	19.0%
MREL buffer	29.9%	30.2%
Total capital ratio	22.6%	24.2%
Equity capital ratio	18.8%	18.0%
Common equity tier 1 ratio of Coöperatieve Rabobank U.A. solo (issuer level)	16.2%	16.0%

On December 31, 2021, our CET 1 ratio amounted to 17.4% (2020: 16.8%). This is well above our >14% ambition. This provides a solid foundation to absorb the macroprudential risk weight floor for mortgages that will be imposed by DNB as of 2022. The development of the CET 1 ratio was positively influenced by the addition of net profit to retained earnings. We absorbed a capital deduction for the NPL backstop regulation, which had a negative impact on the CET1 ratio. RWA increased by roughly EUR 6 billion and had a downward effect on our CET 1 ratio.

We calculate our leverage ratio – our tier 1 capital divided by our balance sheet positions and off-balance-sheet liabilities – using the definitions provided in the CRR/CRD IV. Our leverage ratio on December 31, 2021 was 7.3% (2020: 7.0%), which is well above the minimum leverage ratio of 3% required by the Basel III guidelines. In line with our capital strategy, we issued non-preferred senior (NPS) instruments to meet (future) requirements regarding the minimum requirement of own funds and eligible liabilities (MREL). In line with our intentions, our total capital ratio decreased to 22.6% (2020: 24.2%), following the call of a EUR 2 billion tier 2 instrument, a tender on four tier 2 instruments and the amortization of the eligible amount of outstanding tier 2 instruments. We will allow our total capital ratio to trend down in the longer term, deeming a 20% level appropriate.

Risk-weighted Assets

The strong capital ratios enable us to absorb RWA increases, including Basel IV in the upcoming years. In 2021, overall RWA increased to EUR 211.9 (2020: 205.8) billion. In 2022, we expect an increase in RWA due to, among other things, the macroprudential risk weight floor for mortgages, and changes reflecting the EBA guidelines, as well as other model developments. These increases could be considerable, which effectively will lead to a further acceleration of the expected impact from Basel IV.

The implementation of Basel IV has been postponed to 2025. This postponement allows us additional time to prepare for and mitigate the impact. We currently estimate a remaining Basel IV impact of 5-10% RWA (after absorption of the implementation of the macroprudential add-on for mortgages). We based this estimate on our current interpretation of the proposals (including credit risk, operational risk, market risk, CVA, and the aggregated output floor) and the choices we currently anticipate in connection with the Basel proposals.

Regulatory Capital

Our regulatory capital requirement is 8% of our RWA. 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 16.9 (2020: 16.5) billion on December 31, 2021, of which 84% related to credit and transfer risk, 13% to operational risk, and 3% to market risk.

Regulatory Capital by Business Segment		
Amounts in billions of euros	*12-31-2021*	*12-31-2020*
Domestic Retail Banking	5.7	5.9
Wholesale & Rural	7.0	6.4
Leasing	1.6	1.6
Property Development	0.3	0.3
Other	2.3	2.3
Rabobank	**16.9**	**16.5**

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 NPS 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 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. Our MREL requirement is 27.62% of RWA (including the stacked CBR) and 7.5% of Leverage Ratio Exposure, which must be met by January 1, 2022.

We aim to meet the requirement with qualifying capital (own funds), the (amortized part of) tier 2 capital instruments with a remaining maturity of at least one year, and NPS bonds with a remaining maturity of at least one year. The buffer increased from EUR 62.2 billion to EUR 63.4 billion due to profit retention and the issuance of new instruments, and corresponds to 29.9% (2020: 30.2%) of RWA. The actual overall MREL ratio is significantly higher as part of our preferred senior bonds qualify for MREL. Our additional MREL needs are manageable.

MREL Eligible Capital Buffer		
Amounts in billions of euros	*12-31-2021*	*12-31-2020*
Qualifying capital	48.0	49.9
Non-qualifying grandfathered additional tier 1 capital	0	0
Amortized tier 2 >1 year remaining maturity	1.3	2.7
Non-preferred senior bonds > 1 year remaining maturity	14.1	9.7
MREL eligible capital and non-preferred senior bonds buffer	**63.4**	**62.2**
Risk-weighted assets	211.9	205.8
MREL eligible capital and non-preferred senior bonds buffer / risk-weighted assets	29.9%	30.2%

Segment Reporting

Domestic Retail Banking

Highlights

In the Netherlands, Domestic Retail Banking (DRB) is a major provider of loans in the residential mortgage market and offers products and services in savings, payments, investments, and insurance. DRB is also market leader in the SME and Food & Agri markets. Net interest income was again pressured by the persistent negative interest rate environment, but only decreased by 2% as the benefit from our participation in the TLTRO III program partly compensated for this negative impact. Operating expenses increased by 8%, mainly caused by a provision to resolve backlogs in client due diligence and transaction monitoring as part of our KYC program and a provision to compensate part of our clients with certain consumer credit products with a variable interest rate. Impairment charges on financial assets showed a release of EUR 444 million as the anticipated deterioration of the credit quality of our loan portfolio did not materialize in 2021. Deposits from customers showed a strong increase of EUR 20.6 billion in 2021. Our mortgage loan portfolio increased to EUR 192.5 billion as repayments were offset by an increase in new mortgage origination.

Financial Results

Results

Amounts in millions of euros	*12-31-2021*	*12-31-2020*	*Change*
Net interest income	4,520	4,615	-2%
Net fee and commission income	1,490	1,314	13%
Other results	76	30	153%
Total income	**6,086**	**5,959**	**2%**
Staff costs	2,529	2,633	-4%
Other administrative expenses	1,359	961	41%
Depreciation and amortization	126	135	-7%
Total operating expenses	**4,014**	**3,729**	**8%**
Gross result	**2,072**	**2,230**	**-7%**
Impairment charges on financial assets	(444)	619	-172%
Regulatory levies	441	312	41%
Operating profit before tax	**2,075**	**1,299**	**60%**
Income tax	551	328	68%
Net profit	**1,524**	**971**	**57%**
Impairment charges on financial assets (in basis points)	(16)	23	
Ratios			
Cost/income ratio including regulatory levies	73.2%	67.8%	
Underlying cost/income ratio including regulatory levies	65.6%	67.3%	
Balance Sheet			
Amounts in billions of euros			
External assets	277.3	275.5	1%
Private sector loan portfolio	273.9	271.3	1%
Deposits from customers	300.0	279.4	7%
Number of internal employees (in FTEs)	20,504	20,317	1%
Number of external employees (in FTEs)	5,517	5,963	-7%
Total number of employees (in FTEs)	26,021	26,280	-1%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*12-31-2021*	*12-31-2020*
Income		**6,086**	**5,959**
Operating expenses		**4,014**	**3,729**
Adjustments to expenses	*Restructuring expenses*	*(121)*	*46*
	Derivatives framework	*-*	*(18)*
	Provision variable interest	*333*	*0*
	Provision KYC backlogs	*249*	*0*
Underlying expenses		***3,553***	***3,701***
Impairment charges on financial assets		(444)	619
Regulatory levies		441	312
Operating profit before tax		**2,075**	**1,299**
Total adjustments		***461***	***28***
Underlying operating profit before tax		**2,536**	**1,327**

Strong Increase of Underlying Performance

Excluding several exceptional items, DRB's performance improved sharply in 2021. Underlying operating profit before tax amounted to EUR 2,536 million, compared to EUR 1,327 million last year. The persistent negative interest environment continues to pressure our net interest income and the negative impact remains tangible. Nevertheless, income was higher in 2021 due to the benefit from our TLTRO III participation. Underlying operating expenses decreased by EUR 148 million. The deterioration of the credit quality of our loan portfolio that was anticipated did not materialize in 2021. The better-than-expected economic conditions and outlook resulted in a net release of impairment charges of EUR 444 million and had an upward effect on net profit.

Slightly Higher Income

Total income increased to EUR 6,086 (2020: 5,959) million. Net interest income decreased to EUR 4,520 (2020: 4,615) million as a result of the pressure on all commercial margins because of the low interest rate environment and ample availability of liquidity in the market. Increasing volumes and the benefit from our participation in the TLTRO III program in 2021 (EUR 124 million) had an upward effect on net interest income. Net fee and commission income was 13% higher at EUR 1,490 (2020: 1,314) million, largely driven by higher fee income on mortgages, payments, and assets under management. Other results increased to EUR 76 (2020: 30) million, mainly as a result of fair value adjustments on securitization transactions.

Operating Expenses Increased

Total operating expenses are higher than last year and amounted to EUR 4,014 (2020: 3,729) million. Staff costs decreased by 4% to EUR 2,529 (2020: 2,633) million. Lower staff costs were partly due to a smaller average workforce than in 2020 as a consequence of the implementation of strategic initiatives related to the continuing transformation of our client service model. The decrease in FTEs was partly offset by the extra staffing requirements for KYC and regulatory projects. The main driver behind the lower staff costs was lower expenses attributed to temporary and external staff. Travel expenses and training expenses were also lower than last year, which can be largely attributed to the Covid-19 pandemic. Other administrative expenses went up to EUR 1,359 (2020: 961) million. Following Kifid (Dutch Institute for Financial Disputes) rulings, we recognized that we did not consistently adjust our interest rates in accordance with a particular reference rate for a group of our consumer credit clients. Therefore, other administrative expenses include a provision of EUR 333 million to compensate part of our clients with certain consumer credit products with a variable interest rate. In addition, for our efforts to resolve backlogs in client due diligence and transaction monitoring (part of our KYC program), we recognized a provision of EUR 249 million. The increase in other administrative expenses was partly offset by lower restructuring expenses. Restructuring costs were lower at minus EUR 121 (2020: 46) million. The workforce at local banks decreased in 2021, with many employees voluntarily accepting a position outside the organization and others finding another job within our organization. Consequently, our restructuring expenses were lower than anticipated. Other administrative expenses were also positively impacted in 2020 by a VAT relief. Depreciation and amortization was lower at EUR 126 (2020: 135) million.

Very Low Impairment Charges on Financial Assets

Although we anticipated a deterioration of the credit quality of our loan portfolio that would lead to a high level of impairment charges on financial assets in 2021, it still has not happened. The positive developments caused by the improved economic outlook and ongoing government support measures resulted in a net release of impairment charges of EUR 444 million, which translates to minus 16 (2020: 23) basis points of the average private sector loan portfolio and is well below the long-term average of 19 basis points.

Loan Portfolio Increased

In 2021, clients' extra mortgage repayments – all those on top of the mandatory repayments – at local Rabobanks and Obvion totaled approximately EUR 23.1 (2020: 22.6) billion. Of this amount, EUR 4.4 (2020: 4.1) billion related to partial repayments and EUR 18.6 (2020: 18.5) billion to mortgages paid off in full, which was partly the result of customers moving to a new house. The total volume of our residential mortgage loan portfolio on December 31, 2021, was EUR 192.5 (2019: 188.8) billion. The figure includes Obvion's loan portfolio, which is valued at EUR 32.3 (2020: 31.0) billion. The total DRB portfolio (including business lending) increased to EUR 273.9 (2020: 271.3) billion.

Loan Portfolio by Sector

Amounts in billions of euros	*12-30-2021*	*12-31-2020*
Volume of loans to private individuals	203.3	201.4
Volume of loans to Trade, Industry & Services	48.2	47.3
Volume of loans to Food & Agri	22.4	22.6
Private sector loan portfolio	**273.9**	**271.3**

Mortgage Loan Portfolio

Rabobank's share of the Dutch mortgage market decreased to 20.8% (2020: 22.0%) of new mortgage production in 2021. The local Rabobanks' market share was somewhat lower at 14.0% (2020 15.7%), the market share of Vista increased to 2.1% (2020: 1.3%), while Obvion's market share decreased to 4.7% (2020: 5.0%). The downward trend in non-performing loans, which account for 0.33% of the mortgage loan portfolio, continued throughout the year. Financing backed by the National Mortgage Guarantee (Nationale Hypotheek Garantie (NHG)) decreased to 16.3% (2020: 17.5%). The weighted-average indexed loan-to-value (LTV) of the mortgage loan portfolio was 52% (2020: 57%) on December 31, 2021.

Residential Mortgage Loans		
Amounts in millions of euros	*12-31-2021*	*12-31-2020*
Mortgage portfolio	192,450	188,761
Weighted-average LTV	52%	57%
Non-performing loans (amount)	642	1,253
Non-performing loans (in % of total mortgage loan portfolio)	0.33%	0.66%
More-than-90-days arrears	0.09%	0.12%
Share NHG portfolio	16.3%	17.5%
Impairment allowances on financial assets	110	153
Coverage ratio non-performing loans	8%	7%
Net additions	(42)	(13)
Net additions (in basis points)	(2)	(1)
Write-offs	(14)	27

Deposits from Customers Increased by EUR 21 Billion

The private savings market in the Netherlands grew by 4% to EUR 407.2 (2020: 390.0) billion on December 31, 2021, partly due to less consumer spending following the Covid-19 pandemic. Our market share was 34.9% (2020: 34.7%). Deposits from customers rose by 7% to EUR 300.0 (2020: 279.4) billion. Retail savings deposited at DRB increased by EUR 9.3 billion to EUR 144.1 (2020: 134.8) billion. Other deposits from customers went up by EUR 11.3 billion to EUR 155.9 billion mainly due to an increase in current accounts.

Strong Increase in Assets Under Management

In 2021, assets under management increased by EUR 9.6 billion, to EUR 62.5 (2020: 52.9) billion. This positive development is largely the result of stock market development and partly driven by net inflow of investments. On the back of the strong economic rebound and a more positive outlook, most stock markets had a good year: on average, shares generated positive returns for clients.

Wholesale & Rural

Highlights

Wholesale & Rural (W&R) 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 performance in 2021 was substantially higher than last year, as illustrated by the development of net profit, which increased by EUR 1,087 million. Impairment charges on financial assets were EUR 842 million lower as a result of economic recovery and a more positive outlook. Income increased by 29%, driven by solid performance of M&A, Capital Markets, and Rabo Investments, which were the main business lines that negatively impacted W&R's results in 2020.

Financial Results

Results			
Amounts in millions of euros	*12-31-2021*	*12-31-2020*	*Change*
Net interest income	2,447	2,197	11%
Net fee and commission income	433	361	20%
Other results	644	164	293%
Total income	**3,524**	**2,722**	**29%**
Staff costs	1,288	1,243	4%
Other administrative expenses	379	224	69%
Depreciation and amortization	98	90	9%
Total operating expenses	**1,765**	**1,557**	**13%**
Gross result	**1,759**	**1,165**	**51%**
Impairment charges on financial assets	41	883	-95%
Regulatory levies	218	149	46%
Operating profit before tax	**1,500**	**133**	**1028%**
Income tax	397	117	239%
Net profit	**1,103**	**16**	**6794%**
Impairment charges on financial assets (in basis points)	4	81	
Ratios			
Cost/income ratio including regulatory levies	56.3%	62.7%	
Underlying cost/income ratio including regulatory levies	57.0%	61.3%	
Balance Sheet			
Amounts in billions of euros			
External assets	140.3	135.5	4%
Private sector loan portfolio	108.6	105.9	3%
Number of internal employees (in FTEs)	8,648	8,256	5%
Number of external employees (in FTEs)	1,422	1,407	1%
Total number of employees (in FTEs)	10,070	9,663	4%

Notes to the Financial Results

Development of Underlying Profit Before Tax			
Amounts in millions of euros		*12-31-2021*	*12-31-2020*
Income		**3,524**	**2,722**
Adjustments to income	*Fair value items*	*(34)*	*48*
Underlying income		***3,490***	***2,770***
Operating expenses		**1,765**	**1,557**
Adjustments to expenses	*Restructuring expenses*	*(6)*	*7*
Underlying expenses		**1,771**	**1,550**
Impairment charges on financial assets		41	883
Regulatory levies		218	149
Operating profit before tax		**1,500**	**133**
Total adjustments		***(40)***	***55***
Underlying operating profit before tax		**1,460**	**188**

Underlying Performance Shows Strong Rebound

After a difficult 2020, W&R showed a strong rebound on the back of economic recovery. The underlying operating profit before tax in 2021 amounted to EUR 1,460 million compared to EUR 188 million in 2020. The calculation includes an adjustment for fair value items and restructuring costs. Total underlying income increased by 26%, mainly driven by the strong performance from event-driven business and the robust results of Rabo Investments. By comparison, in 2020, these business lines were negatively impacted by the Covid-19 pandemic, but the effects of the strong economic rebound became tangible during 2021. Credit quality remained better than expected and resulted in significant lower impairment charges on financial assets (EUR 842 million lower) and an upward effect on profit.

Income Increased by 29%

W&R's income increased to EUR 3,524 (2020: 2,722 million in 2021. Net interest income ended up 11% higher at EUR 2,447 (2020: 2,197) million. The benefit from our participation in the

TLTRO III program in 2021 (EUR 93 million) and increasing asset levels partly driven by higher commodity prices contributed to this increase. Net fee and commission income was higher and amounted to EUR 433 (2020: 361) million, due to the robust performance of the event-driven business (M&A and Capital Markets) after a modest previous year. Other results increased significantly by EUR 480 million to EUR 644 (2020: 164) million, driven by EUR 342 million higher income from the high-performing portfolio of Rabo Investment. These improved results were driven by a combination of Covid-19 reversals which benefited the entire sector, a number of successful exits, and stock price performance.

Higher Operating Expenses

Operating expenses were higher in 2021, amounting to EUR 1,765 (2020: 1,557) million. Staff numbers at W&R showed a 4% increase, which can be explained by growth initiatives within Rural and additional staff related to structural investments in infrastructure and compliance. Staff costs increased to EUR 1,288 (2020: 1,243) million, but this increase was partly compensated by lower expenses for travel, hotels, and recruitment related to Covid-19 measures. Other administrative expenses increased to EUR 379 (2020: 224) million as we benefited from an incidental VAT relief in 2020. In addition, other administrative expenses in 2021 were negatively impacted by higher impairments on self-developed software. Depreciation and amortization went up to EUR 98 (2020: 90) million because of increased depreciation on large infrastructural projects.

Low Impairment Charges on Financial Assets

The Covid-19 pandemic made 2020 a year of high impairment charges, but at EUR 41 (2020: 883) million in 2021, the level of impairment charges was low. Because the expected deterioration of the credit quality did not materialize in 2021, hardly any significant specific provisions has were taken. This trend is visible across almost all regions and all business lines. Total impairment charges on financial assets amounted to 4 (2020: 81) basis points of the average private sector loan portfolio, well below the long-term average of 48 basis points.

Loan Portfolio Increased by 3%

In 2021, the total private sector loan portfolio of W&R increased to EUR 108.6 (2020: 105.9) billion. This increase is completely attributable to FX effects. Corrected for FX effects the portfolio decreased by around EUR 1.3 billion. The volume of lending to the Food & Agri sector increased to EUR 67.7 (2020: 61.6) billion, which accounted for 62% (2020: 58%) of W&R's total loan portfolio. Loans to the Trade, Industry, and Services (TIS) sectors decreased to EUR 40.4 (2020: 43.6) billion.

Dutch and International Wholesale

The Wholesale portfolio totaled EUR 71.4 (2020: 65.3) billion. Excluding FX effects the Wholesale portfolio increased by approximately EUR 3.3 billion. Lending to the largest Dutch companies increased in 2021 to EUR 30.1 (2020: 25.4) billion. The size of the Wholesale loan portfolio granted to clients outside the Netherlands was EUR 41.3 (2020: 39.9) billion on December 31, 2021.

International Rural Banking

Lending to Rural clients amounted to EUR 34.7 (2020: 32.7) billion. Excluding FX effects the Rural portfolio increased by approximately EUR 0.8 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 11.1 (2020: 10.9) billion, in New Zealand EUR 7.3 (2020: 7.0) billion, in the United States EUR 11.9 (2020: 10.8) billion, in Brazil EUR 3.3 (2020: 3.0) billion, and EUR 1.0 (2020: 0.9) billion in Chile, Peru, and Argentina in aggregate.

Deposits at RaboDirect Decreased by 53%

International Direct Banking (IDB) 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. Earlier this year we officially announced our decision to discontinue our direct banking operations in Europe. Consequently, the savings balances of IDB decreased to EUR 11.8 (2020: 25.0) billion on December 31, 2021. The number of online savings bank clients also declined, to approximately 525,000 (2020: 685,000). The total wind-down of IDB Europe is expected to be completed in the course 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 30 countries. The EUR 411 million increase in DLL's net profit to EUR 575 million can be primarily attributed to a significantly lower level of impairment charges on financial assets (a net release of EUR 74 million) as a result of more favorable economic conditions. The lease portfolio grew by almost 3% (excluding FX effects) when compared to 2020. On December 31, 2021, the Food & Agri share of the portfolio amounted to EUR 16.5 (2020: 14.7) billion, representing 44% (2020: 42%) of the DLL portfolio.

Financial Results

Results

Amount in millions of euros	*12-31-2021*	*12-31-2020*	*Change*
Net interest income	1,147	1,100	4%
Net fee and commission income	105	106	-1%
Other results	294	292	1%
Total income	**1,546**	**1,498**	**3%**
Staff costs	562	537	5%
Other administrative expenses	202	200	1%
Depreciation and amortization	26	27	-4%
Total operating expenses	**790**	**764**	**3%**
Gross result	**756**	**734**	**3%**
Impairment losses on goodwill	0	70	-100%
Impairment charges on financial assets	(74)	410	-118%
Regulatory levies	46	29	59%
Operating profit before tax	**784**	**225**	248%
Income tax	209	61	243%
Net profit	**575**	**164**	251%
Impairment charges on financial assets (in basis points)	(21)	127	
Ratios			
Cost/income ratio including regulatory levies	54.1%	52.9%	
Underlying cost/income ratio including regulatory levies	53.8%	52.3%	
Balance Sheet			
Amounts in billions of euros			
Lease portfolio	37.4	34.9	7%
Number of internal employees (in FTEs)	5,155	5,168	0%
Number of external employees (in FTEs)	333	341	-2%
Total number of employees (in FTEs)	5,488	5,509	0%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*12-31-2021*	*12-31-2020*
Income		**1,546**	**1,498**
Operating expenses		**790**	**764**
Adjustments to expenses	Restructuring expenses	4	10
Underlying expenses		**786**	**754**
Impairment losses on goodwill		0	70
Impairment charges on financial assets		(74)	410
Regulatory levies		46	29
Operating profit before tax		**784**	**225**
Total adjustments		***4***	***10***
Underlying operating profit before tax		**788**	**235**

Income Increased by 3%

Total income of the Leasing segment increased to EUR 1,546 (2020: 1,498) million in 2021. Net interest income increased by 4% to EUR 1,147 (2020: 1,100) million, which can be primarily attributed to the growth of the portfolio. As a result of supply chain disruptions and product shortages, income on the short-term commercial finance business was lower, but this was compensated by higher income on long-term lease business. Net fee and commission income was stable at EUR 105 (2020: 106) million. Other results, composed mostly of income from operating leases and sales of end-of-lease assets, remained stable at EUR 294 (2020: 292) million.

Operating Expenses Higher

Total operating expenses in the Leasing segment increased by 3% to EUR 790 (2020: 764) million. Staff costs increased by 5% to EUR 562 (2020: 537) million in line with business growth. The increase was partly tempered by lower travel costs, as international mobility continued to be affected by Covid-19 restrictions. Staff numbers in the Leasing segment decreased by 21 FTEs to 5,488 FTEs in 2021. Other administrative expenses remained at the same level as in 2020 and amounted to EUR 202 (2020: 200) million. The total amount for depreciation and amortization was also stable at EUR 26 (2020: 27) million.

Impairment Charges on Financial Assets

In 2020, impairment charges were high (EUR 410 million) as a result of the deteriorating outlook created by the Covid-19 pandemic. DLL supports customers affected by both the pandemic and the subsequent containment measures taken by governments in several markets by granting temporary payment relief when needed. Due to much improved macroeconomic conditions in 2021, and credit quality remaining higher than expected, DLL was able to reverse previously booked provisions, resulting in impairment charges on financial assets of minus EUR 74 million. This result corresponds to minus 21 (2020: 127) basis points of the average loan portfolio and is below DLL's long-term average of 52 basis points.

Higher Lease Portfolio

The lease portfolio grew by 7% to EUR 37.4 (2020: 34.9) billion, primarily due to changes in exchange rates. Excluding FX effects, the lease portfolio grew by 3%. In 2021, the Food & Agri share of the portfolio increased to EUR 16.5 (2020: 14.7) billion, representing 44% (2020: 42%) 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. The Covid-19 pandemic did not negatively impact the segment's results as the housing market remained strong with remarkably high activity levels. The results at BPD were higher than in 2020 as a result of the strong housing market and improved margins in both the Netherlands and Germany. Since 2018 the activities of Bouwfonds Investment Management (BIM) have been being phased out and therefore represent only a small part of the results.

Financial Results

Results			
Amount in millions of euros	*12-31-2021*	*12-31-2020*	*Change*
Net interest income	(23)	(16)	-44%
Net fee and commission income	0	1	-100%
Other results	401	309	30%
Total income	**378**	**294**	**29%**
Staff costs	102	91	12%
Other administrative expenses	28	32	-13%
Depreciation and amortization	9	9	0%
Total operating expenses	**139**	**132**	**5%**
Gross result	**239**	**162**	48%
Impairment charges on financial assets	0	1	-100%
Regulatory levies	2	1	100%
Operating profit before tax	**237**	**160**	**48%**
Income tax	51	45	13%
Net profit	**186**	**115**	**62%**
of which: BPD	*178*	*120*	*48%*
Ratios			
Cost/income ratio incl. regulatory levies	37.3%	45.2%	
Balance Sheet			
Number of property transactions	8,903	8,901	0%
Amounts in billions of euros			
Loan portfolio	0.1	0.1	0%
Number of internal employees (in FTEs)	711	655	9%
Number of external employees (in FTEs)	95	93	2%
Total number of employees (in FTEs)	806	748	8%

Notes to the Financial Results

Development of Underlying Operating Profit Before Tax		
Amounts in millions of euros	*12-31-2021*	*12-31-2020*
Income	**378**	**294**
Operating expenses	**139**	**132**
Impairment charges on financial assets	0	1
Regulatory levies	2	1
Operating profit before tax	**237**	**160**
Total adjustments	***0***	***0***
Underlying profit before tax	**237**	**160**

Strong Housing Market Boosted Income

The Property Development segment's total income increased to EUR 378 (2020: 294) million. BPD's solid performance is mainly due to the persistent high activity on the housing market. In addition, margins improved in both the Netherlands and Germany.

Operating Expenses 5% Higher

Total operating expenses were higher at EUR 139 (2020: 132) million. Higher staff numbers to support business growth resulted in an increase in staff costs of EUR 11 million compared to 2020, totaling EUR 102 (2020: 91) million. Staff numbers increased by 8% to 806 FTEs on December 31, 2021. Other administrative expenses were lower at EUR 28 (2020: 32) million. Depreciation and amortization landed at EUR 9 (2020: 9) million.

Stable Number of Property Transactions

The number of residential property transactions remained at a high level and amounted to 8,903 (2020: 8,901). The number of residential property transactions include 205 (2020: 743) transactions with BPD Woningfonds. This rental housing fund will add to the Dutch housing market 15,000 energy-efficient, sustainable, and mid-price rental homes with average rents. BPD Woningfonds is an initiative of Rabobank and BPD aims to contribute to addressing the pressing demand for housing among those on middle incomes. These new-build properties are being developed by BPD. Excluding the transactions with BPD Woningfonds, the number of transactions increased by 540 or 7%. Covid-19 had no negative impact on the level of transactions in 2021. In the Netherlands, the number of transactions amounted to 6,376 (2020: 6,375) and the total number of transactions in Germany was 2,527 (2020: 2,526).

Impairment Charges on Financial Assets

In 2021, impairment charges on financial assets significantly decreased in all business segments. This was due to the economic recovery from the Covid-19 induced world recession in 2020 and due to the government support packages offered to reduce the impact of the pandemic containment measures. Impairment charges were minus 11 basis points of the average private sector loan portfolio. The historical 10-year average (period 2011-2020) of the impairment charges is 31 basis points. The decrease realized in 2021 reduced the 10-year average (period 2012-2021) to 26 basis points.

Impairment Charges and Impairment Allowances on Financial Assets

	2021			*2020*		
in millions of euros	Impairment charges	Impairment charges in basis points	Allowances (12/31/2021)	Impairment charges	Impairment charges in basis points	Allowances (12/31/2020)
Domestic Retail Banking	(444)	(16)	1,687	619	23	2,413
Wholesale & Rural	41	4	1,522	883	81	1,849
Leasing	(74)	(21)	427	410	127	610
Other	3	n/a	1	1	n/a	0
Rabobank Group	**(474)**	**(11)**	**3,637**	**1,913**	**46**	**4,872**

The table above can be divided into IFRS 9 stages. In 2021, the resilience of the economy in combination with government Covid-19 support packages prevented large-scale defaults in many sectors. We anticipate higher (delayed) defaults in 2022-2023 so decided to maintain top level adjustments in stages 1 & 2 to compensate for the low outcome of the model-based allowances calculations. This resulted in a release in stage 1 and some increase in stage 2 due to the impact of vulnerable sectors.

Impairment Charges on Financial Assets per IFRS 9 Stage

in millions of euros	2021	2020
Stage 1	(375)	419
Stage 2	76	474
Stage 3	(175)	1,020
Rabobank Group	**(474)**	**1,913**

Development of the Impairment Allowance on Financial Assets

in millions of euros

Allowance	Write-offs	Net additions	Other	Allowance	Received after write-offs	Impairment charges
12-31-2020	2021	2021	2021	12-31-2021	2021	2021
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII=III+VI)
4.872	(805)	(367)	(63)	3,637	(107)	(474)

Forbearance

Forbearance measures for the corporate portfolio are identified using the Loan Quality Classification (LQC) framework or its successor, the Credit Risk Classifier (CRC). CRC was already introduced for Local Banks in Q4-2021 and W&R will follow in 2022. Forbearance measures can only be applied for clients in the portfolio of the Financial Restructuring & Recovery (FR&R) department. Items in the forbearance category must be reported for up to two years after their recovery. This period of two years is referred to as "Forborne under probation." Expressed as a percentage of total gross carrying amount, the forborne loans accounted for 1.9% (2020: 2.5%) on December 31, 2021. The decrease in 2021 was concentrated in the non-performing forborne assets.

Forborne Assets on 12-31-2021					
in millions of euros	Private sector loan portfolio	Forborne assets (gross carrying amount)	Performing forborne assets	Non-performing forborne assets	Allowances for non-performing forborne assets
Domestic Retail Banking	273,850	6,201	3,752	2,449	307
Wholesale & Rural	108,636	4,564	1,954	2,610	634
Leasing	34,484	452	282	169	42
Other	188	0	0	0	0
Rabobank Group	**417,158**	**11,216**	**5,988**	**5,228**	**984**

Non-performing loans (NPL) amounted to EUR 9,231 (2020: 13,882) million on December 31, 2021. The NPL coverage ratio was 24% (2020: 23%). Expressed as a percentage of total gross carrying amount, non-performing loans accounted for 1.6% (2020: 2.5%) on December 31, 2021.

Non-performing Loans		
in millions of euros	*12-31-2021*	*12-31-2020*
Domestic Retail Banking	4,651	7,284
Wholesale & Rural	3,884	5,592
Leasing	696	1,006
Property Development	0	0
Rabobank Group	**9,231**	**13,882**

AML, CTF & Sanctions

As a cooperative bank with a mission, Rabobank operates at the core of society to make the world a better place: Growing a better world together. This mission includes protecting our customers, members and society from financial crime. We take our role as gatekeeper to the financial system very seriously. It is part of our responsibility as a bank and a prerequisite for successfully carrying out our mission. It goes without saying that we want to comply with the applicable laws and regulations.

Our press release of 15 November 2021 announced that Rabobank received a draft instruction (*voorgenomen aanwijzing*) from the Dutch Central Bank (DNB) on 12 October 2021. Subsequently, Rabobank received the instruction (*aanwijzing*) on 23 December 2021. In this instruction, DNB determines that Rabobank does not meet the requirements of the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financiering van terrorisme, Wwft*). DNB orders Rabobank to remedy deficiencies regarding its Dutch retail division's compliance with the Wwft by 15 December 2023 at the latest. These deficiencies mainly concern the execution, recording and outsourcing of client due diligence, transaction monitoring and reporting of unusual transactions. We also announced on 15 November 2021 that DNB informed the bank that a separate punitive enforcement procedure would commence, the outcome of which is not yet known.

Since 2016, Rabobank has centralized and specialized its KYC organization, focused on achieving consistent quality throughout its KYC chain, accelerated innovation and assigned responsibilities and activities in accordance with its 'three lines of responsibility' model. From 2016 up to and including 2020, Rabobank invested a total amount of EUR 1,150 million in its KYC organization and in enhancing its compliance framework to adequately meet the requirements of the Wwft.

Throughout 2021, we have further strengthened our KYC activities and have continued to invest in training for our KYC employees. In line with the increase over the previous years, the bank expanded its worldwide KYC workforce from approximately 4,000 employees in 2020 to 4,900 employees in 2021. These colleagues work hard daily to build a reliable and safe system for our customers, members and society. Rabobank realized the increase of 900 KYC employees despite difficult circumstances such as the Covid-19 pandemic and challenges to find qualified personnel to fill vacancies. Rabobank also continued to invest in automation, innovation of processes and technology such as artificial intelligence and robotics. In 2021 alone, Rabobank spent approximately EUR 450 million on KYC compliance.

While Rabobank has made improvements, the bank acknowledges that it has not yet remedied the deficiencies in order to adequately meet the requirements of the Wwft. Rabobank will therefore continue its efforts and investments in the necessary expertise, technology and systems to build a robust and future-proof KYC organization that adequately meets the requirements of the Wwft. Ensuring this is an ongoing process and has the bank's full attention, Rabobank is in constant dialogue with DNB.

In response to the severity of the instruction received from DNB, Rabobank has committed itself to increase its efforts in order to remedy the deficiencies within the timeline set by DNB and will redesign its KYC enhancement program accordingly. Additional efforts required by the bank to resolve backlog files in client due diligence and transaction monitoring are part of this process. Accordingly, a provision of EUR 249 million has been included in Rabobank's 2021 financial statements for the incremental cost involved to resolve these backlogs.

Rabobank's KYC enhancement program is executed under the direct responsibility of the Managing Board. In addition, a new position within the Managing Board will be created with a specific focus on KYC compliance. The Supervisory Board will continue to oversee the KYC enhancement program, including by means of a dedicated (temporary) committee. DNB will also continue to supervise the progress made under the program.

The role of gatekeeper comes with certain dilemmas which we need to explain to our customers to the best of our ability. For example: certain cash intensive sectors can be more vulnerable to financial crime. In order to mitigate the risks involved, we actively monitor and manage such sectors and relevant customers, and if needed take appropriate actions to limit the excessive use of cash. We understand that this may impact customers such as vulnerable groups within society and entrepreneurs who rely on the use of cash. We continuously balance the interest of (individual) customers and the integrity of the financial system, and engage with relevant stakeholders where possible.

Notwithstanding our responsibility to adequately meet the requirements of the Wwft, providing a sound and effective financial system requires a joint effort from- and optimal cooperation throughout the chain by the different types of parties involved. In addition to banks, the government, the FIU, law enforcement and regulators also play an important role. Rabobank will continue to promote even closer cooperation between banks and the various parties in the public sector. Transaction Monitoring Netherlands (TMNL), in which the transactions of five banks are monitored collectively, is a first step. Local and international cooperation is of the utmost importance in order to prevent the large internationally operating criminal organizations from misusing the financial system. It is our strong belief that in a better world there should be no place for criminal money obtained from activities such as drug trafficking, human trafficking, arms trafficking and child labor.

Important Legal Information

Elements of this press release are considered by Rabobank as inside information relating directly or indirectly to Rabobank within the meaning of article 7 of the Market Abuse Regulation (EU Regulation 596/2014) that is made public in accordance with article 17 Market Abuse Regulation.

The Consolidated Financial Statements of Rabobank have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').
In preparing the financial information in this document the same accounting principles are applied as in the Consolidated Financial Statements of Rabobank, unless described otherwise.
The Consolidated Financial Statements 2021 are in progress and may be subject to adjustments from subsequent events.
The Consolidated Financial Statements 2021 will be published on March 10, 2022.

All figures in this document are unaudited.