

# Appendix to the Press Release

# Key Figures

| Amounts in millions of euros                                    | 12-31-2020 | 12-31-2019          | 12-31-2018 | 12-31-2017 | 12-31-2016 |
|---|------------|---------------------|------------|------------|------------|
| <b>Financial Key Figures</b>                                    |            |                     |            |            |            |
| Common equity tier 1 ratio                                      | 16.8%      | 16.3%               | 16.0%      | 15.5%      | 13.5%      |
| Total capital ratio   | 24.2%      | 25.2%               | 26.6%      | 26.2%      | 25.0%      |
| Leverage ratio  | 7.0%       | 6.3%                | 6.4%       | 6.0%       | 5.5%       |
| Risk-weighted assets  | 205,773    | 205,797             | 200,531    | 198,269    | 211,226    |
| Wholesale funding   | 131,361    | 151,742             | 153,223    | 160,407    | 188,862    |
| Cost/income ratio including regulatory levies                   | 65.8%      | 63.3%               | 65.9%      | 71.3%      | 70.9%      |
| Underlying cost/income ratio including regulatory levies        | 64.5%      | 63.0%               | 63.9%      | 65.3%      | 64.8%      |
| Return on equity  | 2.7%       | 5.3%                | 7.3%       | 6.7%       | 4.9%       |
| Income  | 10,782     | 11,756              | 12,020     | 12,001     | 12,805     |
| Operating expenses  | 6,542      | 6,956               | 7,446      | 8,054      | 8,594      |
| Impairment charges on financial assets                          | 1,913      | 975                 | 190        | (190)      | 310        |
| Net profit  | 1,096      | 2,203               | 3,004      | 2,674      | 2,024      |
| Total assets  | 632,258    | 590,598             | 590,437    | 602,991    | 662,593    |
| Private sector loan portfolio                                   | 409,381    | 417,914             | 416,025    | 410,964    | 424,551    |
| Deposits from customers   | 360,985    | 338,536             | 337,410    | 340,682    | 345,687    |
| Liquidity Coverage ratio  | 193%       | 132%                | 135%       | 123%       | -          |
| Loan-to-deposit ratio   | 1.12       | 1.22                | 1.22       | 1.21       | 1.22       |
| Non-performing loans  | 13,882     | 15,705              | 18,131     | 18,315     | 18,873     |
| <b>Non-Financial Key Figures</b>                                |            |                     |            |            |            |
| Net promotor score private customers in the Netherlands         | 56         | 61                  | 57         | 53         | 36         |
| Net promotor score private banking customers in the Netherlands | 57         | 63                  | 61         | 50         | 41         |
| Net promotor score corporate customers in the Netherlands       | 51         | 51                  | 53         | 43         | 30         |
| % Online active private customers in the Netherlands            | 65.6       | 64.0                | 61.8       | -          | -          |
| % Online active corporate customers in the Netherlands          | 82.2       | 81.5                | 80.8       | -          | -          |
| Availability of Internet Banking                                | 99.8%      | 99.7%               | 99.9%      | 99.9%      | 99.7%      |
| Availability of Mobile Banking                                  | 99.8%      | 99.6%               | 99.9%      | 99.9%      | 99.7%      |
| Availability of iDEAL   | 99.9%      | 99.7%               | 99.8%      | -          | -          |
| Total sustainable financing                                     | 52,278     | 44,583 <sup>1</sup> | 46,607     | 17,377     | -          |
| RepTrak pulse score   | 72.6       | 71.5                | 70.8       | 69.5       | 66.1       |
| Member engagement score   | 52%        | 49%                 | 45%        | -          | -          |
| Community funds and donations                                   | 42.5       | 45.4                | 48.8       | 45.5       | 43.3       |
| Employee engagement scan  | 69         | 64                  | 61         | -          | -          |
| Diversity: % Women employed in the Netherlands                  | 49%        | 51%                 | 52%        | -          | -          |
| Absenteeism in the Netherlands                                  | 3.4%       | 4.3%                | 4.3%       | 4.0%       | 3.6%       |
| <b>Ratings</b>  |            |                     |            |            |            |
| Standard & Poor's   | A+         | A+                  | A+         | A+         | A+         |
| Moody's   | Aa3        | Aa3                 | Aa3        | Aa2        | Aa2        |
| Fitch   | A+         | AA-                 | AA-        | AA-        | AA-        |
| DBRS  | AA         | AA                  | AA         | AA         | AA         |
| Sustainalytics ESG Risk Rating category diversified banks       | 1          | 1                   | 1          | -          | -          |

<sup>1</sup> 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 1,417 million.

# Our Financial Performance

## *Rabobank*

Conditions in 2020 were challenging to say the least. First, the Covid-19 pandemic has significantly impacted our results. Secondly, the lower interest rate environment continues to exert a negative effect on our net interest income and is becoming more material. Our income was lower than in 2019 and the current economic outlook resulted in materially higher impairment charges on financial assets (46 basis points). As a result net profit decreased to EUR 1,096 million.

Results were impacted by exceptional items<sup>1</sup>, resulting in an underlying operating profit before tax of EUR 1,898 (2019: 3,294) million. The decline in underlying income increased our underlying cost/income ratio (including regulatory levies) to 64.5% (2019: 63.0%). Our return on equity (RoE) amounted to 2.7% (2019: 5.3%).

Excluding FX effects our private sector loan portfolio remained more or less stable. Deposits from customers rose by EUR 22.5 billion. Deposits at Domestic Retail Banking (DRB) increased by EUR 26.3 billion in 2020 in line with the general trend in the Dutch savings market related to the impact of Covid-19.

<sup>1</sup> The non-recurring items include the result on fair value items, the sale of RNA, restructuring expenses, expenses related to the derivatives recovery framework and the impairment on our equity stake in Achmea.

## Financial Results of Rabobank

| <b>Results</b>   |                   |                   |               |
|--|-------------------|-------------------|---------------|
| <i>Amounts in millions of euros</i>                      | <i>12-31-2020</i> | <i>12-31-2019</i> | <i>Change</i> |
| Net interest income                                      | 8,184             | 8,455             | -3%           |
| Net fee and commission income                            | 1,780             | 1,858             | -4%           |
| Other results  | 818               | 1,443             | -43%          |
| <b>Total income</b>                                      | <b>10,782</b>     | <b>11,756</b>     | <b>-8%</b>    |
| Staff costs  | 4,684             | 4,821             | -3%           |
| Other administrative expenses                            | 1,463             | 1,715             | -15%          |
| Depreciation and amortization                            | 395               | 420               | -6%           |
| <b>Total operating expenses</b>                          | <b>6,542</b>      | <b>6,956</b>      | <b>-6%</b>    |
| <b>Gross result</b>                                      | <b>4,240</b>      | <b>4,800</b>      | <b>-12%</b>   |
| Impairment losses on goodwill and associates             | 283               | 300               | -6%           |
| Impairment charges on financial assets                   | 1,913             | 975               | 96%           |
| Regulatory levies  | 548               | 484               | 13%           |
| <b>Operating profit before tax</b>                       | <b>1,496</b>      | <b>3,041</b>      | <b>-51%</b>   |
| Income tax   | 400               | 838               | -52%          |
| <b>Net profit</b>  | <b>1,096</b>      | <b>2,203</b>      | <b>-50%</b>   |
| Impairment charges on financial assets (in basis points) | 46                | 23                |               |
| <b>Ratios</b>  |                   |                   |               |
| Cost/income ratio including regulatory levies            | 65.8%             | 63.3%             |               |
| Underlying cost/income ratio including regulatory levies | 64.5%             | 63.0%             |               |
| RoE  | 2.7%              | 5.3%              |               |
| <b>Balance Sheet</b>                                     |                   |                   |               |
| <i>Amounts in billions of euros</i>                      |                   |                   |               |
| Total assets   | 632.3             | 590.6             | 7%            |
| Private sector loan portfolio                            | 409.4             | 417.9             | -2%           |
| Deposits from customers                                  | 361.0             | 338.5             | 7%            |
| Number of internal employees (in FTEs)                   | 35,222            | 34,451            | 2%            |
| Number of external employees(in FTEs)                    | 8,050             | 9,371             | -14%          |
| Total number of employees(in FTEs)                       | 43,272            | 43,822            | -1%           |

## Notes to the Financial Results of Rabobank

### Net Profit Decreased to EUR 1,096 Million

The main drivers behind our reduced result in 2020 were lower income and materially higher impairment charges on financial assets. Net profit halved to EUR 1,096 (2019: 2,203) million. The divestment of our international retail activities in 2019 and the persistent low interest rate environment had a downward effect on our income. The pandemic had a materially upward effect on impairment charges on financial assets, which increased to EUR 1,913 (2019: 975) million. The divestment of our international retail activities materially contributed to the lower expense base which decreased by 6%. The underlying operating profit before tax fell by EUR 1,396 million to EUR 1,898 million. Our underlying

cost/income ratio – including regulatory levies – increased to 64.5% (2019: 63.0%).

### Development of Underlying Operating Profit Before Tax

| <i>Amounts in millions of euros</i>           | <i>12-31-2020</i> | <i>12-31-2019</i> |
|---|-------------------|-------------------|
| <b>Income</b>                                 | <b>10,782</b>     | <b>11,756</b>     |
| Fair value items                              | 136               | 162               |
| Adjustments to income                         |                   |                   |
| Sale RNA                                      | 0                 | (372)             |
| <b>Underlying income</b>                      | <b>10,918</b>     | <b>11,546</b>     |
| <b>Operating expenses</b>                     | <b>6,542</b>      | <b>6,956</b>      |
| Restructuring expenses                        | 71                | 93                |
| Derivatives framework                         | (18)              | 40                |
| Adjustments to expenses                       |                   |                   |
| Sale RNA                                      | 0                 | 30                |
| <b>Underlying expenses</b>                    | <b>6,489</b>      | <b>6,793</b>      |
| <b>Underlying gross result</b>                | <b>4,429</b>      | <b>4,753</b>      |
| Impairment losses on goodwill and associates  | 283               | 300               |
| Adjustments to impairment losses on GW&A      |                   |                   |
| Impairment Achmea                             | 213               | 300               |
| Underlying impairment losses on GW&A          | 70                | 0                 |
| Impairment charges on financial assets        | 1,913             | 975               |
| Regulatory levies                             | 548               | 484               |
| <b>Operating profit before tax</b>            | <b>1,496</b>      | <b>3,041</b>      |
| <b>Total adjustments</b>                      | <b>402</b>        | <b>253</b>        |
| <b>Underlying operating profit before tax</b> | <b>1,898</b>      | <b>3,294</b>      |

We retained EUR 822 (2019: 1,295) million of our net profit. Taxes amounted to EUR 400 (2019: 838) million at an effective tax rate of 27% (2019: 28%).

### Decrease in Income

#### Net Interest Income 3% Lower

In 2020, our net interest income decreased by 3% and totaled EUR 8,184 (2019: 8,455) million. Both the divestment of our international retail activities (mainly RNA) and the low interest rate environment had a downward effect on our net interest income. Although we see volumes rising in Domestic Retail Banking (DRB), margins, mainly on payments accounts and savings are under severe pressure. The decrease in net interest income at Wholesale & Rural (W&R) is primarily the result of retail activities that we divested in 2019. This result was partly off-set by increasing commercial margins. The average net interest margin, calculated by dividing the net interest income by the average balance sheet total, reduced from 1.39% in 2019 to 1.30% in 2020. This decrease was partly driven by our EUR 40 billion participation in the TLTRO III program which inflated our balance sheet total.

#### Net Fee and Commission Income Negatively Impacted

Our net fee and commission income totaled EUR 1,780 (2019: 1,858) million which is 4% lower than last year. At DRB, lower

net fee and commission income resulted mainly from higher commission expenses for payment services and fewer payment transactions by private individuals and SME clients. At W&R, net fee and commission income decreased as Covid-19 slowed down the economy with lower market activity. DLL's net fee and commission income decreased by 15% primarily due to a drop in syndication activities caused by the Covid-19 pandemic.

#### ***Other Results Decreased by 43%***

Other results decreased to EUR 818 (2019: 1,443) million. The absence of positive revaluations as a result of the Covid-19 pandemic resulted in lower income from our Corporate Investment division. Our other results were positively impacted by a higher result on our stake in Achmea. In 2019 our other results were boosted by the sale of Rabobank National Association (RNA) to Mechanics Bank.

#### **Operating Expenses Decreased by 6%**

##### ***Staff Costs 3% Lower***

In 2020, Rabobank's total staff numbers (including external hires) decreased by 550 FTEs to 43,272 (2019: 43,822). Staff level at DRB decreased by 609 FTEs as a consequence of centralizing services, but this decrease was offset by FTE increases for Customer Due Diligence (CDD), transaction monitoring and investing in the bank's digital infrastructure. Driven by our divestment of retail operations in Indonesia, staff numbers at W&R decreased by 234 FTEs. Additionally lower travel and hotel expenses and lower variable pay helped control our staff costs. Staff levels at DLL increased to accommodate business growth and provide extra staff to address the needs of customers arising from the Covid-19 pandemic. Overall, staff costs decreased to EUR 4,684 (2019: 4,821) million.

##### ***Other Administrative Expenses Decreased by 15%***

Total other administrative expenses decreased to EUR 1,463 (2019: 1,715) million. Lower expenses related to the SME derivatives recovery framework, lower restructuring expenses and VAT relief in 2020 had a downward effect on other administrative expenses in 2020. Lower expenses at W&R were also driven by the divestment of our retail activities in 2019. Higher other administrative expenses at DLL were mainly caused by higher costs related to collection and recovery. In addition, other administrative expenses were upwardly impacted by an impairment on our data centers.

##### ***Depreciation and Amortization Down by 6%***

Following the reduction of property in own use by DRB, depreciation and amortization decreased to EUR 395 (2019: 420) million. This decrease was tempered by higher depreciation

of internally generated software at W&R in the Netherlands and Australia.

#### **Impairment Losses on Goodwill and Associates**

In 2020, operating profit before tax was pressured by an impairment of Rabobank's equity stake in Achmea (EUR 213 million) and an impairment on goodwill (EUR 70 million) at DLL. During 2020, the Covid-19 outbreak severely affected macroeconomic and market conditions worldwide, further exacerbating the low interest rate environment which has adverse implications for the European insurance sector, including Achmea. As a result, insurers are significantly challenged by asset allocations, profitability, solvency and business model adaptation. This development triggered the assessment of the value of the investment in Achmea including an update of the underlying model assumptions, which resulted in a downward adjustment of the carrying value of the equity investment in Achmea. Following the deterioration of market circumstances and the economic outlook, DLL impaired EUR 70 million of goodwill for one of its subsidiaries. After this impairment, no goodwill related to leasing subsidiaries remains on the balance sheet.

#### **Impairment Charges on Financial Assets**

Impairment charges on financial assets amounted to EUR 1,913 million. This represents an increase of EUR 938 million compared to the same period last year, which we largely attribute to the impact of the Covid-19 pandemic outbreak and the subsequent lockdown measures taken by governments to contain the spread of the coronavirus. A large part of this increase relate to Stage 1 and Stage 2 impairment charges: a total of EUR 893 (2019: 239) million. On an annual basis impairment charges on financial assets amounted to 46 (2019: 23) basis points, which is above the long-term average (period 2010-2019) of 29 basis points.

The timely and collective action of governments and regulatory bodies was instrumental in mitigating and delaying the immediate effect of Covid-19 on our clients. When the macro-economic outlook became more positive in the second half of the year, a potential release in the model-based allowances emerged. The translation of the dire economic circumstances into more defaults scarcely occurred in large parts of the portfolio due to the before-mentioned collective actions. We do however anticipate higher (delayed) defaults in 2021 and decided to introduce significant Top Level Adjustments to compensate for the lower outcomes of the model-based allowance calculations.

On December 31, 2020 the non-performing loans (NPL) had decreased to EUR 13.9 (2019: 15.7) billion. The NPL ratio was 2.5% (2019: 3.0%) and the NPL Coverage ratio was 23% (2019: 20%). The

decrease of NPL is mainly in the domestic business portfolio and the result of proactive NPL management.

## Balance Sheet Developments

| <b>Balance Sheet</b>                |                   |                   |
|-------------------------------------|-------------------|-------------------|
| <i>Amounts in billions of euros</i> | <i>12-31-2020</i> | <i>12-31-2019</i> |
| Cash and cash equivalents           | 108.5             | 63.1              |
| Loans and advances to customers     | 436.2             | 440.5             |
| Financial assets                    | 20.1              | 17.4              |
| Loans and advances to banks         | 21.4              | 29.3              |
| Derivatives                         | 29.6              | 23.6              |
| Other assets                        | 16.5              | 16.7              |
| <b>Total assets</b>                 | <b>632.3</b>      | <b>590.6</b>      |
| Deposits from customers             | 361.0             | 338.5             |
| Debt securities in issue            | 113.5             | 130.4             |
| Deposits from credit institutions   | 61.1              | 25.2              |
| Derivatives                         | 28.4              | 24.1              |
| Financial liabilities               | 6.2               | 6.7               |
| Other liabilities                   | 21.3              | 24.3              |
| <b>Total liabilities</b>            | <b>591.6</b>      | <b>549.3</b>      |
| Equity                              | 40.6              | 41.3              |
| <b>Total liabilities and equity</b> | <b>632.3</b>      | <b>590.6</b>      |

### Underlying Private Sector Loan Portfolio Stabilized

Our private sector lending decreased by EUR 8.5 billion to EUR 409.4 billion on December 31, 2020. Excluding currency fluctuations the private sector loan portfolio decreased by approximately EUR 1.3 billion. The mortgage portfolio stabilized at DRB, where strong new production balanced out with the high level of early repayments. DRB's total private sector loan portfolio amounts to EUR 271.3 billion (2019: 271.2). Mainly driven by FX effects, W&R's loan portfolio decreased by EUR 6.5 billion and DLL's portfolio ended up EUR 1.3 billion below the December 31, 2019 level. Corrected for FX effects, the DLL portfolio showed a slight increase. The combined commercial real estate loan exposure across all segments amounted to EUR 19.7 (2019: 19.8) billion on December 31, 2020.

| <b>Loan Portfolio</b>                                    |                   |                   |
|--|-------------------|-------------------|
| <i>Amounts in billions of euros</i>                      | <i>12-31-2020</i> | <i>12-31-2019</i> |
| <b>Total loans and advances to customers</b>             | <b>436.2</b>      | <b>440.5</b>      |
| Of which to government clients                           | 2.0               | 2.0               |
| Reverse repurchase transactions and securities borrowing | 17.4              | 13.6              |
| Interest rate hedges (hedge accounting)                  | 7.4               | 7.0               |
| <b>Private sector loan portfolio</b>                     | <b>409.4</b>      | <b>417.9</b>      |
| Domestic Retail Banking                                  | 271.3             | 271.2             |
| Wholesale & Rural  | 105.9             | 112.4             |
| Leasing  | 31.9              | 33.2              |
| Property Development                                     | 0.1               | 0.3               |
| Other  | 0.2               | 0.9               |

The geographic split of the loan portfolio (based on debtor's country) on December 31, 2020 was as follows: 72% in the Netherlands, 9% in North America, 8% in Europe (outside the Netherlands), 6% in Australia and New Zealand, 3% in Latin America, and 2% in Asia.

| <b>Loan Portfolio by Sector<sup>1</sup></b> |                   |             |                   |             |
|---|-------------------|-------------|-------------------|-------------|
| <i>Amounts in billions of euros</i>         | <i>12-31-2020</i> |             | <i>12-31-2019</i> |             |
| Loans to private individuals                | 192.2             | 47%         | 191.3             | 46%         |
| Loans to trade, industry and services       | 111.7             | 27%         | 119.4             | 29%         |
| <i>of which in the Netherlands</i>          | <i>79.4</i>       |             | <i>82.4</i>       |             |
| <i>of which in other countries</i>          | <i>32.3</i>       |             | <i>37.0</i>       |             |
| Loans to Food & Agri                        | 105.4             | 26%         | 107.2             | 26%         |
| <i>of which in the Netherlands</i>          | <i>40.3</i>       |             | <i>37.9</i>       |             |
| <i>of which in other countries</i>          | <i>65.2</i>       |             | <i>69.3</i>       |             |
| <b>Private sector loan portfolio</b>        | <b>409.4</b>      | <b>100%</b> | <b>417.9</b>      | <b>100%</b> |

1 In the country where the entity is established.

### Deposits from Customers Increased by EUR 22.5 Billion

Total deposits from customers increased significantly to EUR 361.0 (2019: 338.5) billion. Our loan-to-deposit ratio (LtD ratio) landed at the historically low position of 1.12 (2019: 1.22). Deposits from DRB customers increased to EUR 279.4 (2019: 253.1) billion partly as a result of lower spending due to the Covid-19 pandemic combined with unused holiday allowances. Retail savings at DRB increased by EUR 11.1 billion to EUR 134.8 billion. Deposits from customers in other segments decreased to EUR 81.7 (2019: 85.5) billion mainly because of lower volumes at W&R and Treasury.

| <b>Deposits from Customers</b>       |                   |                   |
|--------------------------------------|-------------------|-------------------|
| <i>Amounts in billions of euros</i>  | <i>12-31-2020</i> | <i>12-31-2019</i> |
| <b>Retail savings</b>                | <b>155.9</b>      | <b>145.8</b>      |
| Domestic Retail Banking              | 134.8             | 123.7             |
| Other segments                       | 21.1              | 22.1              |
| <b>Other deposits from customers</b> | <b>205.1</b>      | <b>192.7</b>      |
| Domestic Retail Banking              | 144.6             | 129.3             |
| Other segments                       | 60.6              | 63.4              |
| <b>Total deposits from customers</b> | <b>361.0</b>      | <b>338.5</b>      |

### Equity

Our equity decreased to EUR 40.6 (2019: 41.3) billion mainly because of the call of a Capital Security, which was partly compensated by an additional tier 1 issue. Our equity on December 31, 2020 consisted of retained earnings and reserves: 69% (2019: 68%), Rabobank Certificates: 19% (2019: 18%), Capital Securities: 11% (2019: 13%), and other non-controlling interests: 1% (2019: 1%).

**Development of Equity***Amounts in millions of euros*

|   |               |
|---|---------------|
| <b>Equity at the end of December 2019</b>         | <b>41,347</b> |
| Net profit for the period                         | 1,096         |
| Other comprehensive income                        | (663)         |
| Payments on Capital Securities issued by Rabobank | (234)         |
| Redemption of Capital Securities                  | (1,880)       |
| Issue of Capital Securities                       | 1,000         |
| Other   | (34)          |
| <b>Equity at the end of December 2020</b>         | <b>40,632</b> |

# Capital Developments

## Capital Developments

### Maintaining a Strong Capital Position

| <b>Capital Ratios</b>  |                   |                   |
|--|-------------------|-------------------|
| <i>Amounts in millions of euros</i>  | <i>12-31-2020</i> | <i>12-31-2019</i> |
| Retained earnings  | 29,234            | 28,910            |
| Expected distributions   | (2)               | (3)               |
| Rabobank Certificates  | 7,822             | 7,449             |
| Part of non-controlling interest treated as qualifying capital               | 0                 | 0                 |
| Reserves   | (1,382)           | (753)             |
| Regulatory adjustments   | (1,080)           | (2,007)           |
| Transition guidance  | 55                | 0                 |
| <b>Common equity tier 1 capital</b>  | <b>34,647</b>     | <b>33,596</b>     |
| Capital securities   | 4,441             | 4,951             |
| Grandfathered instruments  | 41                | 313               |
| Non-controlling interests  | 0                 | 0                 |
| Regulatory adjustments   | (67)              | (106)             |
| Transition guidance  | 0                 | 0                 |
| <i>Additional tier 1 capital</i>   | <i>4,415</i>      | <i>5,158</i>      |
| <b>Tier 1 capital</b>  | <b>39,062</b>     | <b>38,754</b>     |
| Part of subordinated debt treated as qualifying capital                      | 10,816            | 13,299            |
| Non-controlling interests  | 0                 | 0                 |
| Regulatory adjustments   | 33                | (92)              |
| Transition guidance  | (60)              | 0                 |
| <b>Tier 2 capital</b>  | <b>10,789</b>     | <b>13,207</b>     |
| <b>Qualifying capital</b>  | <b>49,851</b>     | <b>51,961</b>     |
| <b>Risk-weighted assets</b>  | <b>205,773</b>    | <b>205,797</b>    |
| Common equity tier 1 ratio   | 16.8%             | 16.3%             |
| Tier 1 ratio   | 19.0%             | 18.8%             |
| MREL buffer  | 30.2%             | 29.3%             |
| Total capital ratio  | 24.2%             | 25.2%             |
| Equity capital ratio   | 18.0%             | 17.7%             |
| Common equity tier 1 ratio of Coöperatieve Rabobank U.A. solo (issuer level) | 16.0%             | 16.8%             |

On December 31, 2020, our CET 1 ratio amounted to 16.8% (2019: 16.3%). This is well above our >14% ambition. The development of the CET 1 ratio was positively influenced by the addition of net profit to retained earnings and a decline in IRB shortfall as a result of increased IFRS 9 allowances. RWA was roughly stable. 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, 2020 was 7.0% (2019: 6.3%), which is well above the minimum leverage ratio of 3% required by the Basel III guidelines. The leverage ratio was positively influenced by the exclusion of Central Bank exposures out of the total balance sheet

positions. This measure was part of the so-called “CRR quick fix”. In line with our capital strategy we issued NPS instruments to meet future MREL requirements. Our total capital ratio decreased to 24.2% (2019: 25.2%) following the call of several Tier 2 instruments and the amortization of the eligible amount of outstanding Tier 2 instruments, in line with our intentions. Total capital will be trending further downward towards 20%.

### Risk-weighted Assets

In anticipation of Basel IV, we will continue to strengthen our capital position in the next few years. The implementation date of Basel IV has been postponed to 2023 in response to the Covid-19 crisis. In 2020, overall RWA were stable at EUR 205.8 (2019: 205.8) billion. A variety of factors offset one other. The new Definition of Default and TRIM increased RWAs, however, this is offset by a decrease in RWA due to amongst others the postponed DNB measure to apply a minimum risk weight for mortgages, the revised SME support factor and lower operational risk RWA.

Based on pro-forma calculations we estimate the remaining impact of the Basel Committee proposals to lead to an increase in risk-weighted assets of 15-18% on a fully loaded basis. The postponed implementation of Basel IV gives us additional time to prepare for and mitigate the impact. We based our estimate of the remaining Basel IV impact 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. The ultimate impact of Basel IV could be mitigated through:

- Changes in product and portfolio composition, for example, a reduction of committed credit lines and undrawn headroom in credit lines;
- Distribution of assets;
- Data improvements such as data mapping, improved revenue information storage, collateral information, external ratings; and/or
- Repricing of longer-term assets.

### Regulatory Capital

Our 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 16.5 (2019: 16.5) billion on December 31, 2020, of which 83% related to credit and transfer risk, 14% to operational risk, and 3% to market risk.

| <b>Regulatory Capital by Business Segment</b> |                   |                   |
|---|-------------------|-------------------|
| <i>Amounts in billions of euros</i>           | <i>12-31-2020</i> | <i>12-31-2019</i> |
| Domestic Retail Banking                       | 5.9               | 6.0               |
| Wholesale & Rural                             | 6.6               | 6.7               |
| Leasing                                       | 1.6               | 1.6               |
| Property Development                          | 0.3               | 0.3               |
| Other   | 2.0               | 1.7               |
| <b>Rabobank</b>                               | <b>16.5</b>       | <b>16.5</b>       |

### 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 De Nederlandsche Bank (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 European Union 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 of Rabobank Group, as determined by the SRB for the time being. The binding MREL requirement remains 28.58% of RWA as at 2017, which corresponds to 9.64% of Total Liabilities and Own Funds (TLOF). Our preliminary binding MREL requirement is 27.62% of RWA (including the stacked CBR) and 7.5% of Leverage Ratio Exposure, to be met by January 1, 2022.

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 60.3 billion to EUR 62.2 billion due to profit retention and the issuance of new instruments corresponds with 30.2% (2019: 29.3%) of risk-weighted assets. Our additional MREL needs are manageable.

| <b>MREL Eligible Capital Buffer</b>   |                   |                   |
|---|-------------------|-------------------|
| <i>Amounts in billions of euros</i>   | <i>12-31-2020</i> | <i>12-31-2019</i> |
| Qualifying capital  | 49.9              | 52.0              |
| Non qualifying grandfathered additional tier 1 capital                                    | 0                 | 0                 |
| Amortized tier 2 >1 year remaining maturity   | 2.7               | 1.7               |
| Non-Preferred Senior bonds > 1 year remaining maturity                                    | 9.7               | 6.7               |
| <b>MREL eligible capital and Non-Preferred Senior bonds buffer</b>                        | <b>62.2</b>       | <b>60.3</b>       |
| Risk-weighted assets  | 205.8             | 205.8             |
| <b>MREL eligible capital and Non-Preferred Senior bonds buffer / risk-weighted assets</b> | <b>30.2%</b>      | <b>29.3%</b>      |

# Segment Reporting

## Domestic Retail Banking

### Highlights

In the Netherlands, Domestic Retail Banking (DRB) is a leading player in providing loans in the residential mortgage market and offering products and services in savings, payments, investments and insurance. DRB is also market leader in the SME and Food & Agri markets. Income was pressured by the low interest rate environment in 2020, resulting in 12% lower net interest income. Operating expenses decreased by 3%. Staff costs were 4% lower than last year as the downward effect of the digitalization and centralization of services was partly offset by additional hired capacity for CDD and transaction monitoring. Covid-19 had an upward effect on impairment charges on financial assets which increased by EUR 467 million. Deposits from customers increased significantly in 2020 by EUR 26.3 billion, while the private sector loan portfolio remained unchanged. Our mortgage loan portfolio remained stable at EUR 188.8 billion as repayments were offset by an increase in new mortgage origination, and our SME loan portfolio stabilized at EUR 80.6 billion.

### Financial Results

| <b>Results</b>   |              |              |             |
|--|--------------|--------------|-------------|
| Amounts in millions of euros                             | 12-31-2020   | 12-31-2019   | Change      |
| Net interest income                                      | 4,615        | 5,258        | -12%        |
| Net fee and commission income                            | 1,314        | 1,340        | -2%         |
| Other results  | 30           | 67           | -55%        |
| <b>Total income</b>                                      | <b>5,959</b> | <b>6,665</b> | <b>-11%</b> |
| Staff costs  | 2,633        | 2,738        | -4%         |
| Other administrative expenses                            | 1,014        | 1,027        | -1%         |
| Depreciation and amortization                            | 82           | 95           | -14%        |
| <b>Total operating expenses</b>                          | <b>3,729</b> | <b>3,860</b> | <b>-3%</b>  |
| <b>Gross result</b>                                      | <b>2,230</b> | <b>2,805</b> | <b>-20%</b> |
| Impairment charges on financial assets                   | 619          | 152          | 307%        |
| Regulatory levies  | 312          | 270          | 16%         |
| <b>Operating profit before tax</b>                       | <b>1,299</b> | <b>2,383</b> | <b>-45%</b> |
| Income tax   | 328          | 607          | -46%        |
| <b>Net profit</b>  | <b>971</b>   | <b>1,776</b> | <b>-45%</b> |
| Impairment charges on financial assets (in basis points) | 23           | 6            |             |
| <b>Ratios</b>  |              |              |             |
| Cost/income ratio including regulatory levies            | 67.8%        | 62.0%        |             |
| Underlying cost/income ratio including regulatory levies | 67.3%        | 60.5%        |             |
| <b>Balance Sheet</b>                                     |              |              |             |
| Amounts in billions of euros                             |              |              |             |
| External assets  | 275.0        | 275.9        | 0%          |
| Private sector loan portfolio                            | 271.3        | 271.2        | 0%          |
| Deposits from customers                                  | 279.4        | 253.1        | 10%         |
| Number of internal employees (in FTEs)                   | 20,317       | 19,913       | 2%          |
| Number of external employees (in FTEs)                   | 5,963        | 6,976        | -15%        |
| Total number of employees (in FTEs)                      | 26,280       | 26,889       | -2%         |

### Notes to the Financial Results

| <b>Development of Underlying Operating Profit Before Tax</b> |                        |              |    |
|--|------------------------|--------------|----|
| Amounts in millions of euros                                 | 12-31-2020             | 12-31-2019   |    |
| <b>Income</b>  | <b>5,959</b>           | <b>6,665</b> |    |
| <b>Operating expenses</b>                                    | <b>3,729</b>           | <b>3,860</b> |    |
| Adjustments to expenses                                      |                        |              |    |
|  | Restructuring expenses | 46           | 57 |
|  | Derivatives framework  | (18)         | 40 |
| <b>Underlying expenses</b>                                   | <b>3,701</b>           | <b>3,763</b> |    |
| Impairment charges on financial assets                       | 619                    | 152          |    |
| Regulatory levies  | 312                    | 270          |    |
| <b>Operating profit before tax</b>                           | <b>1,299</b>           | <b>2,383</b> |    |
| <b>Total adjustments</b>                                     | <b>28</b>              | <b>97</b>    |    |
| <b>Underlying operating profit before tax</b>                | <b>1,327</b>           | <b>2,480</b> |    |

#### Underlying Performance Decreased by 46%

DRB's underlying performance decreased in 2020. The underlying operating profit before tax amounted to EUR 1,327 million, compared to EUR 2,480 million in 2019. In calculating this underlying profit before tax, we made corrections for restructuring costs and for the amounts related to the interest rate derivatives framework. Underlying income decreased by EUR 706 million, while underlying operating expenses decreased by EUR 62 million. The Covid-19 pandemic resulted in higher impairment charges on financial assets, which amounted to EUR 619 million and tempered net profit.

#### Income Down by 11%

Total income decreased to EUR 5,959 (2019: 6,665) million. Net interest income was mainly pressured by continued shrinking margins on savings and current accounts as a result of the low interest rate environment. Total net interest income of EUR 4,615 (2019: 5,258) million was 12% down. Net fee and commission income was somewhat lower than last year and amounted to

EUR 1,314 (2019: 1,340) million, mainly driven by lower income on payment services. Other results decreased to EUR 30 (2019: 67) million primarily because other results in 2019 were positively impacted by the sale of a share of Rabobank's mortgage portfolio.

### Operating Expenses Down by 3%

Total operating expenses decreased to EUR 3,729 (2019: 3,860) million. Staff costs were reduced to EUR 2,633 (2019: 2,738) million because the average size of the workforce was smaller than in 2019 due to the centralization of services and digitalization. Nonetheless, this decrease was partly offset by additional staffing for CDD and transaction monitoring. Other administrative expenses were slightly down to EUR 1,014 (2019: 1,027) million and were positively impacted by a VAT relief in 2020. Furthermore, expenses related to the interest rate derivatives framework were lower than in the same period last year as were the restructuring costs which totaled EUR 46 (2019: 57) million. The revaluation of property for own use had an upward effect on expenses of EUR 42 million, whereas in 2019, it had a downward effect on other administrative expenses of EUR 60 million. In addition, other administrative expenses were negatively impacted by an additional impairment on our data centers. Depreciation and amortization decreased to EUR 82 (2019: 95) million, partly because of the reduced number of properties.

### Higher Impairment Charges on Financial Assets

Impairment charges on financial assets increased in 2020, as the Covid-19 pandemic resulted in less favorable economic conditions in the Netherlands. Impairment charges on financial assets amounted to EUR 619 (2019: 152) million, which translates to 23 (2019: 6) basis points of the average private sector loan portfolio – above the long-term average of 18 basis points.

### Loan Portfolio Stable

In 2020, clients' extra mortgage repayments – all those on top of the mandatory repayments – at local Rabobanks and Obvion totaled approximately EUR 22.6 (2019: 19.5) billion. Of this amount, EUR 4.1 (2019: 3.7) billion related to partial repayments and EUR 18.5 (2019: 15.8) 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, 2020 was EUR 188.8 (2019: 187.7) billion. The figure includes Obvion's loan portfolio, valued at EUR 31.0 (2019: 29.7) billion. The total DRB portfolio (including business lending) remained stable at EUR 271.3 (2019: 271.2) billion and the total SME portfolio currently amounts to EUR 80.6 (2019: 81.4) billion.

### Loan Portfolio by Sector

| Amounts in billions of euros                  | 12-31-2020   | 12-31-2019   |
|---|--------------|--------------|
| Volume of loans to private individuals        | 190.6        | 189.8        |
| Volume of loans to Trade, Industry & Services | 51.0         | 56.2         |
| Volume of loans to Food & Agri                | 29.6         | 25.2         |
| <b>Private sector loan portfolio</b>          | <b>271.3</b> | <b>271.2</b> |

### Mortgage Loan Portfolio

Rabobank's share of the Dutch mortgage market increased to 22.0% (2019: 20.9%) of new mortgage production in 2020. The local Rabobanks' market share was somewhat higher at 15.7% (2019: 15.5%), while Obvion's market share decreased to 5.0% (2019: 5.4%) and the market share of Vista amounted to 1.3%. Despite the Covid-19 outbreak, the quality of Rabobank's residential mortgage loan portfolio remained strong. The higher net additions to impairments in the first half of 2020 were chiefly the result of a deteriorated economic outlook. However, the second half of 2020 showed a less negative outcome of the macro-economic scenario than expected, and actual defaults stayed behind expectations due to payment moratoria and government support measures. As a result net additions decreased significantly at the end of the year. Actual non-performing loans still showed a decreasing trend throughout the year, and account for 0.66% of the mortgage loan portfolio. Financing backed by the National Mortgage Guarantee (Nationale Hypotheek Garantie (NHG)) decreased to 17.5% (2019: 18.7%). The weighted average indexed loan-to-value (LTV) of the mortgage loan portfolio was 57% (2019: 60%) on December 31, 2020.

### Residential Mortgage Loans

| Amounts in millions of euros                                 | 12-31-2020 | 12-31-2019 |
|--|------------|------------|
| Mortgage loan portfolio                                      | 188,761    | 187,671    |
| Weighted-average LTV   | 57%        | 60%        |
| Non-performing loans (amount)                                | 1,253      | 1,609      |
| Non-performing loans (in % of total mortgage loan portfolio) | 0.66%      | 0.86%      |
| More-than-90-days arrears                                    | 0.17%      | 0.21%      |
| Share NHG portfolio  | 17.5%      | 18.7%      |
| Impairment allowances on financial assets                    | 153        | 198        |
| Coverage ratio non-performing loans                          | 7%         | 8%         |
| Net additions  | (13)       | 16         |
| Net additions (in basis points)                              | (1)        | 1          |
| Write-offs   | 27         | 32         |

### Deposits from Customers Increased by EUR 26 Billion

The private savings market in the Netherlands has grown by 6% to EUR 390.0 (2019: 368.2) billion on December 31, 2020 due to less consumer spending following the Covid-19 pandemic. Our

market share was 33.9% (2019: 33.0%). Deposits from customers rose 10% to EUR 279.4 (2019: 253.1) billion. Retail savings deposited at DRB increased by EUR 11.1 billion to EUR 134.8 (2019: 123.7) billion. Other deposits from customers went up by EUR 15.2 billion to EUR 144.6 billion mainly due to an increase in current accounts.

## Wholesale & Rural

### Highlights

The Wholesale & Rural (W&R) segment operates in six regions: the Netherlands & Africa, North America, South America, Australia & New Zealand, Europe, and Asia. Our Banking for Food and Banking for the Netherlands strategies drives the W&R portfolio. Formerly known as Wholesale, Rural & Retail, this segment is now called W&R to reflect strategic changes in our retail activities over the past few years, especially the sale of RNA (North America), ACC (Ireland), and RII (Indonesia). W&R's performance in 2020 was substantially lower, as illustrated by the development of the net profit, which decreased to EUR 16 million. Impairment charges on financial assets increased significantly by EUR 272 million as a result of the Covid-19 pandemic. Income was lower partly because of lower fees and the absence of positive revaluations. The result this year is also lower because the figures of the divested retail activities (mainly RNA) still contributed to the result of this business segment for a large part of last year.

### Financial Results

| <b>Results</b>   |              |              |             |
|--|--------------|--------------|-------------|
| Amounts in millions of euros                             | 12-31-2020   | 12-31-2019   | Change      |
| Net interest income                                      | 2,197        | 2,431        | -10%        |
| Net fee and commission income                            | 361          | 458          | -21%        |
| Other results  | 164          | 766          | -79%        |
| <b>Total income</b>                                      | <b>2,722</b> | <b>3,655</b> | <b>-26%</b> |
| Staff costs  | 1,243        | 1,402        | -11%        |
| Other administrative expenses                            | 224          | 481          | -53%        |
| Depreciation and amortization                            | 90           | 83           | 8%          |
| <b>Total operating expenses</b>                          | <b>1,557</b> | <b>1,966</b> | <b>-21%</b> |
| <b>Gross result</b>                                      | <b>1,165</b> | <b>1,689</b> | <b>-31%</b> |
| Impairment charges on financial assets                   | 883          | 611          | 45%         |
| Regulatory levies  | 149          | 140          | 6%          |
| <b>Operating profit before tax</b>                       | <b>133</b>   | <b>938</b>   | <b>-86%</b> |
| Income tax   | 117          | 260          | -55%        |
| <b>Net profit</b>  | <b>16</b>    | <b>678</b>   | <b>-98%</b> |
| Impairment charges on financial assets (in basis points) | 81           | 55           |             |
| <b>Ratios</b>  |              |              |             |
| Cost/income ratio including regulatory levies            | 62.7%        | 57.6%        |             |
| Underlying cost/income ratio including regulatory levies | 62.4%        | 56.6%        |             |
| <b>Balance Sheet</b>                                     |              |              |             |
| Amounts in billions of euros                             |              |              |             |
| External assets  | 135.5        | 137.1        | -1%         |
| Private sector loan portfolio                            | 105.9        | 112.4        | -6%         |
| Number of internal employees (in FTEs)                   | 8,256        | 8,269        | 0%          |
| Number of external employees (in FTEs)                   | 1,407        | 1,628        | -14%        |
| <b>Total number of employees (in FTEs)</b>               | <b>9,663</b> | <b>9,897</b> | <b>-2%</b>  |

### Notes to the Financial Results

| <b>Development of Underlying Profit Before Tax</b> |                        |              |       |
|--|------------------------|--------------|-------|
| Amounts in millions of euros                       | 12-31-2020             | 12-31-2019   |       |
| <b>Income</b>                                      | <b>2,722</b>           | <b>3,655</b> |       |
|  | Fair value items       | 48           | 0     |
| Adjustments to income                              | Sale RNA               | 0            | (372) |
| <b>Underlying income</b>                           | <b>2,770</b>           | <b>3,283</b> |       |
| <b>Operating expenses</b>                          | <b>1,557</b>           | <b>1,966</b> |       |
|  | Restructuring expenses | 7            | 7     |
| Adjustments to expenses                            | Sale RNA               | 0            | 30    |
| <b>Underlying expenses</b>                         | <b>1,550</b>           | <b>1,929</b> |       |
| Impairment charges on financial assets             | 883                    | 611          |       |
| Regulatory levies                                  | 149                    | 140          |       |
| <b>Operating profit before tax</b>                 | <b>133</b>             | <b>938</b>   |       |
| <b>Total adjustments</b>                           | <b>55</b>              | <b>(335)</b> |       |
| <b>Underlying operating profit before tax</b>      | <b>188</b>             | <b>603</b>   |       |

### Covid-19 Impacts Underlying Performance

The underlying operating profit before tax amounted to EUR 188 million compared to EUR 603 million in 2019. The calculation includes a correction for fair value items, the book gain on the sale of RNA and restructuring costs. Total underlying income decreased by 16% and underlying operating expenses decreased by 20%. Significantly higher impairment charges on financial assets, largely caused by the Covid-19 pandemic, had a downward effect on profit.

### Income Down by 26%

Total income decreased to EUR 2,722 (2019: 3,655) million and net interest income decreased to EUR 2,197 (2019: 2,431) million, mainly driven by our divestments of retail operations. This decrease was tempered by higher commercial margins. Corrected for the sale of RNA, net interest income was up by 4%. Both the Wholesale and Rural divisions generated

higher net interest income. In Wholesale, the net interest income increase was mainly evident in Asset Based Finance. Net interest income decreased at our deposit franchise RaboDirect. Net fee and commission income declined to EUR 361 (2019: 458) million due to lower fees because of Covid-19 which impacted our Capital Markets, Commodity Finance and Corporate Finance business. Other results decreased to EUR 164 (2019: 766) million chiefly because of the book gain on the divestment of our retail operations in 2019, the absence of positive revaluations at our Corporate Investment division and lower income at our Markets division.

### **Operating Expenses Decreased by 21%**

Operating expenses amounted to EUR 1,557 (2019: 1,966) million. Staff numbers at W&R showed a 2% decrease. These lower staff numbers can be largely explained by the divestment of our retail activities in Indonesia. The reduction in staff was partly offset by growth initiatives within Rural and additional staff related to structural investments in infrastructure and compliance. Staff costs decreased to EUR 1,243 (2019: 1,402) million, an 11% decrease compared to last year. Lower hotel and travel expenses as a result of the Covid-19 pandemic contributed to this decrease as did lower variable income. Other administrative expenses decreased to EUR 224 (2019: 481) million and were positively impacted by a VAT relief. An additional impairment on our data centers had an upward effect on other administrative expenses. Depreciation and amortization went up slightly to EUR 90 (2019: 83) million due to higher depreciation in the Netherlands and Australia.

### **Impairment Charges on Financial Assets Up EUR 272 Million**

The impact of Covid-19 is reflected in significantly higher impairment charges on financial assets, which increased to EUR 883 (2019: 611) million in 2020. After a period characterized by low impairments, they have been rising since the first half of 2018. The outbreak of Covid-19 accelerated this increase. Significant increases occurred in the Stage 1 and Stage 2 impairments, whereas higher Stage 3 impairments were partly related to our Trade & Commodity Finance division. Total impairment charges on financial assets amounted to 81 (2019: 55) basis points of the average private sector loan portfolio, above the long-term average of 47 basis points.

### **Loan Portfolio Decreased by 6%**

In 2020, the total private sector loan portfolio of W&R decreased to EUR 105.9 (2019: 112.4) billion. This decrease is largely attributable to FX effects. Corrected for FX effects the portfolio decreased by around EUR 2.1 billion. The volume of lending to the Food & Agri sector decreased to EUR 64.1 (2019: 71.2) billion, which accounted for 61% (2019: 63%) of W&R's total loan portfolio. Loans to the

Trade, Industry, and Services (TIS) sectors increased slightly to EUR 41.1 (2019: 40.4) billion.

### **Dutch and International Wholesale**

The Wholesale portfolio totaled EUR 73.2 (2019: 76.8) billion. Excluding FX effects the Wholesale portfolio decreased by approximately EUR 1.4 billion. Lending to the largest Dutch companies increased in 2020 to EUR 22.3 (2019: 20.3) billion and the size of the Wholesale loan portfolio granted to clients outside the Netherlands was EUR 51.0 (2019: 56.5) billion on December 31, 2020.

### **International Rural Banking**

Lending to Rural clients amounted to EUR 32.7 (2019: 35.6) billion. Excluding FX effects the Rural portfolio decreased by approximately EUR 0.7 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 10.9 (2019: 11.0) billion, EUR 7.0 (2019: 6.9) billion in New Zealand, EUR 10.8 (2019: 13.0) billion in the United States, EUR 3.0 (2019: 3.6) billion in Brazil, and EUR 0.9 (2019: 1.0) billion in Chile, Peru and Argentina in aggregate.

### **Deposits at RaboDirect Decreased by 4%**

Our online savings bank RaboDirect operates in Belgium, Germany, Australia, and New Zealand. Deposits entrusted by clients to RaboDirect are used for funding our international Rural banking business and other divisions. RaboDirect's savings balances decreased to EUR 25.0 (2019: 26.0) billion on December 31, 2020. The number of online savings bank clients decreased slightly to approximately 685,000 (2019: 690,000).

## Leasing

### Highlights

As a global asset finance company, our leasing subsidiary DLL partners with equipment manufacturers, dealers, and distributors, as well as end-customers on a direct basis, to provide businesses 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 49% decrease in DLL's net profit can be fully attributed to an increase in impairment charges on financial assets as a result of the negative effects of the Covid-19 pandemic and an impairment on goodwill. Despite these challenging market conditions, including lock downs imposed by various governments to control the spread of Covid-19, the lease portfolio grew by 2% (excluding currency movements) compared to 2019. On December 31, 2020, the Food & Agri share of the portfolio amounted to EUR 14.7 (2019: 14.5) billion, representing 42% (2019: 40%) of the DLL portfolio.

### Financial Results

| <b>Results</b>   |              |              |             |
|--|--------------|--------------|-------------|
| Amount in millions of euros                              | 12-31-2020   | 12-31-2019   | Change      |
| Net interest income                                      | 1,100        | 1,052        | 5%          |
| Net fee and commission income                            | 106          | 124          | -15%        |
| Other results  | 292          | 255          | 15%         |
| <b>Total income</b>                                      | <b>1,498</b> | <b>1,431</b> | <b>5%</b>   |
| Staff costs  | 537          | 536          | 0%          |
| Other administrative expenses                            | 200          | 174          | 15%         |
| Depreciation and amortization                            | 27           | 28           | -4%         |
| <b>Total operating expenses</b>                          | <b>764</b>   | <b>738</b>   | <b>4%</b>   |
| <b>Gross result</b>                                      | <b>734</b>   | <b>693</b>   | <b>6%</b>   |
| Impairment losses on goodwill                            | 70           | 0            |             |
| Impairment charges on financial assets                   | 410          | 214          | 92%         |
| Regulatory levies  | 29           | 26           | 12%         |
| <b>Operating profit before tax</b>                       | <b>225</b>   | <b>453</b>   | <b>-50%</b> |
| Income tax   | 61           | 131          | -53%        |
| <b>Net profit</b>  | <b>164</b>   | <b>322</b>   | <b>-49%</b> |
| <hr/>  |              |              |             |
| Impairment charges on financial assets (in basis points) | 127          | 67           |             |

#### Ratios

|  |       |       |
|--|-------|-------|
| Cost/income ratio including regulatory levies            | 52.9% | 53.4% |
| Underlying cost/income ratio including regulatory levies | 52.3% | 53.5% |

#### Balance Sheet

| <i>Amounts in billions of euros</i>        |              |              |           |
|--|--------------|--------------|-----------|
| Lease portfolio                            | 34.9         | 36.2         | -4%       |
| <hr/>                                      |              |              |           |
| Number of internal employees (in FTEs)     | 5,168        | 4,877        | 6%        |
| Number of external employees (in FTEs)     | 341          | 426          | -20%      |
| <b>Total number of employees (in FTEs)</b> | <b>5,509</b> | <b>5,303</b> | <b>4%</b> |

### Notes to the Financial Results

| <b>Development of Underlying Profit Before Tax</b> |                        |              |     |
|--|------------------------|--------------|-----|
| Amounts in millions of euros                       | 12-31-2020             | 12-31-2019   |     |
| <b>Income</b>                                      | <b>1,498</b>           | <b>1,431</b> |     |
| <b>Operating expenses</b>                          | <b>764</b>             | <b>738</b>   |     |
| Adjustments to expenses                            |                        |              |     |
|  | Restructuring expenses | 10           | (1) |
| <b>Underlying expenses</b>                         | <b>754</b>             | <b>739</b>   |     |
| Impairment losses on goodwill                      | 70                     | 0            |     |
| Impairment charges on financial assets             | 410                    | 214          |     |
| Regulatory levies                                  | 29                     | 26           |     |
| <b>Operating profit before tax</b>                 | <b>225</b>             | <b>453</b>   |     |
| <b>Total adjustments</b>                           | <b>10</b>              | <b>(1)</b>   |     |
| <b>Underlying operating profit before tax</b>      | <b>235</b>             | <b>452</b>   |     |

#### Income Up by 5%

Total income of the Leasing segment increased by 5% to EUR 1,498 (2019: 1,431) million in 2020. Net interest income increased by 5% to EUR 1,100 (2019: 1,052) million, mostly because margins improved as lease pricing was adjusted upward to reflect increased market risks related to the Covid-19 pandemic. Net fee and commission income decreased to EUR 106 (2019: 124) million, primarily due to a drop in syndication activities caused by the Covid-19 pandemic. Other results, mainly consisting of income from operating leases and sales of end-of-lease assets, increased to EUR 292 (2019: 255) million.

#### Operating Expenses Up by 4%

Total operating expenses in the Leasing segment were EUR 764 (2019: 738) million. Staff costs remained stable at EUR 537 (2019: 536), despite an increase in the number of employees to address customers' needs arising from the Covid-19 pandemic. Staff numbers in the Leasing segment increased by 206 FTEs to 5,509 FTEs in 2020. Lower costs for travel, housing and variable pay had a downward effect on staff costs. Other administrative expenses

increased to EUR 200 (2019: 174) million driven by additional expenses related to collection and recovery of leased assets. The total for depreciation and amortization was stable at EUR 27 (2019: 28) million.

### **Impairment Losses on Goodwill**

Following a deterioration of the market circumstances and economic outlook, DLL impaired EUR 70 million of goodwill for one of its subsidiaries. After this impairment, no goodwill related to leasing subsidiaries remains on the balance sheet.

### **Impairment Charges on Financial Assets Increased**

The Covid-19 pandemic had an upward effect on the impairment charges on financial assets in the Leasing segment, which increased to EUR 410 (2019: 214) million, corresponding with 127 (2019: 67) basis points of the average loan portfolio and above DLL's long-term average of 49 basis points. The measures taken by governments worldwide to control the Covid-19 pandemic also impacted DLL's vendors and customers. DLL has been supporting customers by granting payment relief when needed. Nonetheless, impairments still increased. Stage 1 and Stage 2 impairments have driven up total impairments and are linked to the macro-economic outlook in some of DLL's key markets. Stage 1 and Stage 2 impairments amounted to EUR 190 (2019: 43) million.

### **Income Tax Down 53%**

Income tax in the Leasing segment decreased to EUR 61 million from EUR 131 million as a result of the lower operating profit before tax.

### **Lease Portfolio Decreased 4%**

The lease portfolio decreased to EUR 34.9 (2019: 36.2) billion, fully due to changes in exchange rates. Excluding FX effects the lease portfolio increased by 2% compared to 2019. In 2020, the Food & Agri share of the portfolio increased to EUR 14.7 (2019: 14.5) billion, representing 42% (2019: 40%) 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 significantly affect the segment's results and the commercial results at BPD were slightly higher than in 2019 as it sold more houses in both the Netherlands and Germany. Because the activities of Bouwfonds Investment Management (BIM) have been being phased out since 2018, they represent only a small part of the segment's results.

### Financial Results

| <b>Results</b>                         |            |            |             |
|--|------------|------------|-------------|
| Amount in millions of euros            | 12-31-2020 | 12-31-2019 | Change      |
| Net interest income                    | (16)       | (10)       | 60%         |
| Net fee and commission income          | 1          | 8          | -88%        |
| Other results                          | 309        | 308        | 0%          |
| <b>Total income</b>                    | <b>294</b> | <b>306</b> | <b>-4%</b>  |
| Staff costs                            | 91         | 84         | 8%          |
| Other administrative expenses          | 32         | 40         | -20%        |
| Depreciation and amortization          | 9          | 7          | 29%         |
| <b>Total operating expenses</b>        | <b>132</b> | <b>131</b> | <b>1%</b>   |
| <b>Gross result</b>                    | <b>162</b> | <b>175</b> | <b>-7%</b>  |
| Impairment charges on financial assets | 1          | 2          |             |
| Regulatory levies                      | 1          | 2          | -50%        |
| <b>Operating profit before tax</b>     | <b>160</b> | <b>171</b> | <b>-6%</b>  |
| Income tax                             | 45         | 40         | 13%         |
| <b>Net profit</b>                      | <b>115</b> | <b>131</b> | <b>-12%</b> |
| <i>of which: BPD</i>                   | <i>120</i> | <i>116</i> | <i>3%</i>   |

#### Ratios

|  |       |       |
|--|-------|-------|
| Cost/income ratio incl. regulatory levies            | 45.2% | 43.5% |
| Underlying cost/income ratio incl. regulatory levies | 45.2% | 43.1% |

#### Balance Sheet

|                       |       |       |     |
|-----------------------|-------|-------|-----|
| Number of houses sold | 8,901 | 6,471 | 38% |
|-----------------------|-------|-------|-----|

#### Amounts in billions of euros

|                               |     |     |      |
|-------------------------------|-----|-----|------|
| Private sector loan portfolio | 0.1 | 0.3 | -54% |
|-------------------------------|-----|-----|------|

|  |            |            |           |
|--|------------|------------|-----------|
| Number of internal employees (in FTEs)     | 655        | 605        | 8%        |
| Number of external employees (in FTEs)     | 93         | 96         | -3%       |
| <b>Total number of employees (in FTEs)</b> | <b>748</b> | <b>701</b> | <b>7%</b> |

### Notes to the Financial Results

#### Development of Underlying Operating Profit Before Tax

| Amounts in millions of euros           | 12-31-2020 | 12-31-2019 |
|--|------------|------------|
| <b>Income</b>                          | <b>294</b> | <b>306</b> |
| <b>Operating expenses</b>              | <b>132</b> | <b>131</b> |
| Adjustments to expenses                |            |            |
| Restructuring expenses                 | 0          | 1          |
| <b>Underlying expenses</b>             | <b>132</b> | <b>130</b> |
| Impairment charges on financial assets | 1          | 2          |
| Regulatory levies                      | 1          | 2          |
| <b>Operating profit before tax</b>     | <b>160</b> | <b>171</b> |
| <b>Total adjustments</b>               | <b>0</b>   | <b>1</b>   |
| <b>Underlying profit before tax</b>    | <b>160</b> | <b>172</b> |

#### Income Decreased by 4%

The Property Development segment's total income decreased to EUR 294 (2019: 306) million mainly as a result of the phasing out of the activities of Bouwfonds Investment Management. Driven by an increase in the number of houses sold, BPD's income in 2020 was higher than in 2019.

#### Operating Expenses Up by 1%

Total operating expenses increased to EUR 132 (2019: 131) million. Higher staff numbers, which increased by 7% to 748 FTEs on December 31, 2020, resulted in an increase in staff costs of EUR 7 million compared to 2019, totaling EUR 91 (2019: 84) million. Other administrative expenses decreased to EUR 32 (2019: 40) million due to the phasing out of activities. Depreciation and amortization increased slightly to EUR 9 (2019: 7) million.

#### Higher Number of Property Transactions

The number of residential property transactions by BPD increased by 38% to 8,901 (2019: 6,471). This total includes 743 of BPD's transactions to BPD Woningfonds in 2020. The impact of Covid-19 was limited. In the Netherlands BPD sold 6,375 houses (2019: 4,485). The total number of transactions in Germany was 2,526 (2019: 1,986).

# Risk Management

## Impairment Charges and Impairment Allowances on Financial Assets

In 2020 impairment charges on financial assets significantly increased in all business segments. This was due to the outbreak

of the Covid-19 pandemic and the subsequent containment measures taken by the authorities, which resulted in an unprecedented world recession.

### Impairment Charges and Impairment Allowances on Financial Assets

| in millions of euros    | 2020               |                                    |                         | 2019               |                                    |                         |
|-------------------------|--------------------|------------------------------------|-------------------------|--------------------|------------------------------------|-------------------------|
|                         | Impairment charges | Impairment charges in basis points | Allowances (12/31/2020) | Impairment charges | Impairment charges in basis points | Allowances (12/31/2019) |
| Domestic Retail Banking | 619                | 23                                 | 2,413                   | 152                | 6                                  | 2,132                   |
| Wholesale & Rural       | 883                | 81                                 | 1,849                   | 611                | 55                                 | 1,596                   |
| Leasing                 | 410                | 127                                | 610                     | 214                | 67                                 | 362                     |
| Other                   | 1                  | n/a                                | 0                       | 2                  | n/a                                | 14                      |
| <b>Rabobank Group</b>   | <b>1,913</b>       | <b>46</b>                          | <b>4,872</b>            | <b>975</b>         | <b>23</b>                          | <b>4,104</b>            |

Impairment charges were 46 basis points of the average private sector loan portfolio. The historical 10-year average (period 2010-2019) of the impairment charges is 29 basis points. With the realization of 2020 the 10-year average (period 2011-2020) increases to 31 basis points.

The table above can be divided into IFRS 9 stages. Huge government support packages prevented large-scale defaults in many sectors. We anticipate higher (delayed) defaults in 2021 and decided to introduce significant Top Level Adjustments in stages 1 & 2 to compensate for the low outcome of the model-based allowances calculations. This resulted in substantial impairment charges in Stages 1 and 2 in 2020.

### Impairment Charges on Financial Assets per IFRS 9 Stage

| in millions of euros  | 2020         | 2019       |
|-----------------------|--------------|------------|
| Stage 1               | 419          | 111        |
| Stage 2               | 474          | 128        |
| Stage 3               | 1,020        | 736        |
| <b>Rabobank Group</b> | <b>1,913</b> | <b>975</b> |

### 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 |
| 12-31-2019           | 2020       | 2020          | 2020  | 12-31-2020 | 2020                      | 2020               |
| (I)                  | (II)       | (III)         | (IV)  | (V)        | (VI)                      | (VII=III+VI)       |
| 4,104                | (1,078)    | 2,016         | (170) | 4,872      | (104)                     | <b>1,913</b>       |

## Forbearance

Forbearance measures for the corporate portfolio are identified using the Loan Quality Classification framework. Forbearance measures apply only to the classified portfolio. If forbearance measures are permitted for a debtor, this debtor will automatically be passed to the Financial Restructuring & Recovery (FR&R) department. Debtors in the private loan portfolio to whom forbearance measures are applied must also be included in the FR&R portfolio. Items in the forbearance category must

be reported for up to two years after their recovery from 'non-performing' to 'performing'. This period of two years is referred to as 'Forborne under probation'. Expressed as a percentage of total gross carrying amount and forborne loans accounted for 2.5% (2019: 2.1%) on December 31, 2020. Growth in 2020 was concentrated in the performing forborne assets in DRB.

**Forborne Assets on 12-31-2020**

| <i>in millions of euros</i> | <i>Private sector loan portfolio</i> | <i>Forborne assets (gross carrying amount)</i> | <i>Performing forborne assets</i> | <i>Non-performing forborne assets</i> | <i>Allowances for non-performing forborne assets</i> |
|-----------------------------|--------------------------------------|--|-----------------------------------|---------------------------------------|--|
| Domestic Retail Banking     | 271,262                              | 8,100  | 4,025                             | 4,074                                 | 630  |
| Wholesale & Rural           | 105,889                              | 5,681  | 2,088                             | 3,594                                 | 798  |
| Leasing                     | 31,911                               | 470  | 224                               | 246                                   | 51   |
| Other                       | 318                                  | 0  | 0                                 | 0                                     | 0  |
| <b>Rabobank Group</b>       | <b>409,380</b>                       | <b>14,251</b>                                  | <b>6,337</b>                      | <b>7,914</b>                          | <b>1,479</b>   |

Non-performing loans (NPL) amounted to EUR 13,882 (2019: 15,705) million on December 31, 2020. The NPL coverage ratio was 23% (2019: 20%). Expressed as a percentage of total gross carrying amount, non-performing loans accounted for 2.5% (2019: 3.0%) on December 31, 2020.

**Non-performing Loans**

| <i>in millions of euros</i> | <i>12-31-2020</i> | <i>12-31-2019</i> |
|-----------------------------|-------------------|-------------------|
| Domestic Retail Banking     | 7,284             | 9,488             |
| Wholesale & Rural           | 5,592             | 5,267             |
| Leasing                     | 1,006             | 886               |
| Property Development        | 0                 | 65                |
| <b>Rabobank Group</b>       | <b>13,882</b>     | <b>15,705</b>     |

**AML, CTF & Sanctions**

Rabobank's role as a gatekeeper to the financial system is a top priority for the bank. Furthering a foundation for compliance with applicable laws and regulations and good customer service, Rabobank has substantially improved its KYC (Know Your Customer) activities and increased its investments in KYC compliance in recent years. The bank operates a global program to enhance the quality of our client files and data to identify (potential) criminal activity.

In September 2018, Rabobank received an injunction ('last onder dwangsom') from De Nederlandsche Bank (DNB). Commencing from 1 April 2020, DNB carried out an investigation related to whether Rabobank met the requirements of the aforementioned injunction. Despite our efforts, DNB determined that Rabobank did not meet the requirements of the injunction. As a result, a penalty ('dwangsom') of EUR 500,000 has been forfeited.

Nonetheless, Rabobank continued to substantially invest in its KYC activities in 2020, both in terms of dedicated resources and the further automation and innovation of processes, allocating EUR 380 million over the year, excluding front office activities and subsidiaries. The program also includes initiatives to uplift our global Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) and Sanctions framework.

As such, Rabobank on-boarded and trained an additional workforce of around 800 KYC employees in the Retail Netherlands domain, increasing the total number of individuals dedicated to KYC activities worldwide around 4000. Rabobank also reported an increased number of unusual transactions to the Financial Intelligence Unit (FIU). In addition, Rabobank's KYC activities have been upgraded, deepening the (thematic) investigations such as into high-risk cash-intensive sectors. Furthermore, Rabobank has modified its client exit policies and processes.

Whilst Rabobank has made improvements, much still remains to be done. Rabobank will therefore continue its dedication to, and investment in its KYC program. This program is being executed under the direct responsibility of the Managing Board. The program assigns clear responsibilities and activities to each line in accordance with the 3LoR model. First line takes risks, owns risks and manages risks and returns. Second line provides risk and compliance governance, challenges and advises on risk taking and monitors the risk profiles. Third line provides independent assurance, advice and insights via (periodic) assessments. The Supervisory board has set up a (temporary) committee to support its management. Going forward, DNB will also continue to supervise Rabobank's KYC program.

In 2021, Rabobank will continue to invest in its KYC activities and advanced technology, which will increasingly enable us to detect transaction patterns which were otherwise not visible or detected as unusual. Rabobank will sustain its focus on quality assurance and will increase the effectiveness and efficiency of processes. Emphasis will be placed on adjusting Rabobank's risk appetite and the Systematic Integrity Risk Analysis (SIRA) as well as on continuously monitoring of clients and timely detection of unusual activities.

Moreover, we will promote even closer cooperation between banks and various parties in the public sector. This joint effort is essential in reinforcing our common fight against financial and economic crime.

# 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 2020 are in progress and may be subject to adjustments from subsequent events. The Consolidated Financial Statements 2020 will be published on 11 March 2021.

All figures in this document are unaudited.