Annual Report 2023

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The cooperative Rabobank

About this Report

Our Reporting Approach in 2023

This report was prepared using the Integrated <IR> framework and the financial statements have been prepared in accordance with reporting standards and guidelines in order to ensure the integrity of their content, please refer to Appendix 1 for more information.

The statements and report refer to the reporting period January 1, 2023 to December 31, 2023 and were first published on our corporate website on March 7, 2024. The Annual Report takes an integrated approach that highlights our contribution to society, stakeholders, and our clients specifically, by providing both financial and non-financial information. Throughout the report, we provide detailed performance data. The Financial Report includes the Financial Statements. We describe our reporting approach in Appendix 1.

On March 7, 2024 we also published our Impact Report, a report that explains who we are, how we facilitate transitions, and how we strive to have a positive impact on society. The Impact Report accompanies the publication of our annual results. As a cooperative bank we aim to be transparent not only about our financial but also our societal and ecological impact. Our external auditor has not performed an audit on the Impact Report.

Materiality

This report provides information on the sustainability matters that are most material to Rabobank, either because Rabobank makes (potential) material impact on people and the environment (impact materiality) or because if affects Rabobank through material risks and opportunities. We explain the process by which we determine materiality and the boundaries of the sustainability matters in Appendix 1.

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Disclaimer

The annual report presented on our website is derived from the official version of Rabobank's Annual Report 2023. The European Single Electronic Filing format (the ESEF reporting package) is the official version. The ESEF reporting package is available on our website. In case of any discrepancies between the website, the PDF version, and the ESEF reporting package, the latter prevails. The auditor's report and assurance report of the independent auditor included in the PDF version on our website relate only to the ESEF reporting package.

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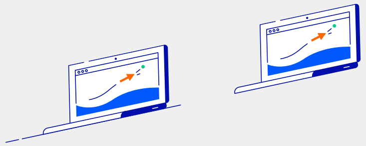
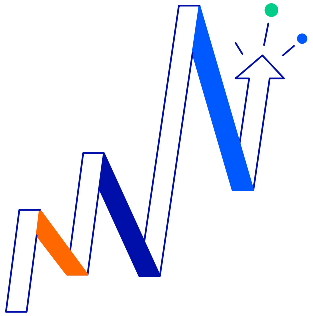




Foreword

At the heart of the historic city of Utrecht, just a stone's throw from our head office, in 1898 the founders of Rabobank put their names to the plan to establish a cooperative. Their initiative to institutionalize the collaboration between small, local agricultural credit unions helped the member farmers keep their businesses financially healthy.

In autumn 2023, I visited that historic site and sat in the room where the founders meeting took place of the Centrale Raiffeisen-Bank, one of the two predecessors of the present day Rabobank. I was interested to see where it all started. As I stood outside that timeworn building in the city centre, I wondered what those founders' expectations would have been for their cooperative. I do not think they could ever have imagined that 125 years later their idea would have been transformed into a bank like the Rabobank we know today.

When I was appointed over a year ago as the first non-Dutch national to lead this cooperative bank, I described it as a *schone* bank. I used this typically Flemish word (meaning "beautiful") primarily to commend Rabobank for all the good things that the bank does and stands for as a cooperative bank with a societal mission. After my first full year as chair of the Managing Board, I know that this description is still apt, and it is my ambition, and that of my fellow board members, to turn this fine bank into an even better one: a cooperative bank that can make an even greater impact for its customers and for society.

In the second half of 2023 we came together to celebrate the bank's 125th birthday. I believe we have many causes for celebration, because in that long period the bank had many achievements to its name. We can be justly proud of the many things Rabobank has worked on with others to bring about in the many years since that founding meeting in 1898. Of course, the scope of this Impact Report and Annual Report does not go back so far. Here we focus primarily on what happened in 2023.

The past year was characterized by rising geopolitical tensions. These conflicts often made themselves felt in the world in which we as a bank operate. It was also a year of rapidly rising interest rates and economic slowdowns in almost the entire world. To say it was a challenging environment is to put it mildly. Yet in the end Rabobank performed very well. Of course, higher interest rates were a driver, but we also achieved good results in our business in the Netherlands, in our activities as the leading global bank in Food and Agri, and at our vendor leasing subsidiary DLL. Taken together, these factors resulted in our best-ever performance and a profit of over EUR 4 billion.

This result gives us even more opportunities to make a difference to society as a cooperative bank. As part of our activities to mark our 125th anniversary, we allocated a total of EUR 400 million (including our annual cooperative dividend) to support our customers, members, and our employees in making the transition to a more sustainable future. For instance, we established a Rabo Cooperative Insulation budget of EUR 128 million to accelerate sustainability measures in the housing market. Specifically, a budget of EUR 1,000 is available to help our mortgage customers who live in a property classed as energy label F or G to insulate their home. We have also allocated EUR 75 million to the *Rabo Transitiefonds* to help fund local energy projects through the *Nationaal Groenfonds*. Another EUR 51 million has been invested in the Rabo Sustainability Contribution to SMEs (*Duurzaamheidsbijdrage MKB*) through which we will contribute up to 12.5% of the investment made by loyal SME customers to become more sustainable businesses. We also launched a Cooperative Sustainability Contribution (*Coöperatieve Duurzaamheidsbijdrage*) of EUR 10 million. In this project, our 78 local banks in the Netherlands have EUR 125,000 to spend on local projects set up by customers and members to help solve societal issues. Finally, at the end of the year all our employees were given a personal sustainability budget of EUR 1,250 euro to invest in making their homes and living environment more sustainable. This represents an investment of EUR 96 million by the bank.

Even before we announced these initiatives, I learned that our employee engagement scores were at their highest level ever. Added to this, our customer satisfaction scores are good, not only in the Netherlands but everywhere we operate in the world. As a Managing Board we are extremely proud of these results. Once again, I would like to express my heartfelt thanks to our customers and employees for their feedback. living environment

As I mentioned, 2023 was a challenging year in many respects. The first signs suggest that 2024 is unlikely to be any different. This year, more than half of the global population will go to the polls. Elections in countries including the United States, Russia, India, and across the EU will redetermine the world order. At the same time, we face tackling global problems such as climate change and migration. In these geopolitically turbulent times, there are major challenges for politicians and businesses and joint action is crucial.

Here at Rabobank we strongly believe in the power of cooperation, that is interwoven with our mission of “Growing a better world together.” We want to work together to make the world a better place for our customers, our members, and our employees. To make sure we get even better at that, we updated our strategy in 2022. We believe that by simplifying our organization, focusing more intensely on our customers, and giving clear ownership to our people, we will get even better at what we do. Then we can make this fine bank an even better one. A bank with more impact on society than the founders could ever have imagined 125 years ago.

I am proud to invite you to read about our achievements in our Annual Report.

Stefaan Decraene
CEO Rabobank

Management Report

Contents

Milestones

125 years a cooperative

As a cooperative bank we are building our 125-year-old tradition of supporting our stakeholders to make a difference in their own unique way.

Read more

€ 400 million

Total amount invested in cooperative initiatives

- € 128 million Cooperative Insulation Budget
- € 75 million Transition Fund
- € 51 million Sustainability Contribution SME
- € 96 million Sustainability Contribution for Employees
- € 10 million Cooperative Sustainability Contribution
- € 40 million Cooperative Dividend

Managing Board Appointments

In 2023, Alexander Zwart (CITO), Vincent Maagdenberg (CRO) and Els Kamphof (W&R) were appointed to the Managing Board.

>250,000

Smallholder farmers in Africa, Asia, and South America have joined Acorn at the end of 2023.

The new subsidiary Vitru

New Rabobank subsidiary Vitru offers financing for sustainable home rental companies through the intermediary.

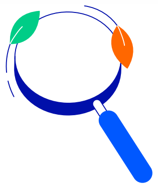
Read more

AGRI3 Fund

AGRI3 Fund have closed first deal in Africa, supporting sustainable agricultural products, improved livelihoods and forest conservation on the farm.

TNFD launch

TNFD launch of which Rabobank has been a co-developing taskforce member.



We have developed different initiatives to help our customers towards a more sustainable future, when the impact is material this is disclosed in this report.

Key Figures

Financial Key Figures

Amounts in millions of euros	*12-31-2023*	*12-31-2022[1]*	*12-31-2021*	*12-31-2020*	*12-31-2019*
Common Equity Tier 1 Ratio	17.1%	16.0%	17.4%	16.8%	16.3%
Total Capital Ratio	21.7%	21.1%	22.6%	24.2%	25.2%
Leverage Ratio	7.1%	6.6%	7.3%	7.0%	6.3%
Risk-weighted Assets	242,763	240,376	211,855	205,773	205,797
Issued Debt	133,372	124,448	121,663	131,390	151,781
Cost/Income Ratio Including Regulatory Levies	55.9%	65.4%	63.8%	65.8%	63.3%
Underlying Cost/Income Ratio Including Regulatory Levies	57.4%	61.4%	60.4%	64.5%	63.0%
Return on Equity	9.1%	5.4%	8.8%	2.7%	5.3%
Income	15,405	11,800	12,169	10,782	11,756
Operating Expenses	8,057	7,049	7,044	6,542	6,956
Impairment Charges on Financial Assets	727	344	(474)	1,913	975
Net Profit	4,377	2,403	3,692	1,096	2,203
Total Assets	613,796	628,513	639,231	632,258	590,598
Private Sector Loan Portfolio	434,007	432,121	417,685	409,380	417,914
Deposits from Customers	391,380	396,472	372,381	361,028	338,536
Liquidity Coverage Ratio	175%	156%	184%	193%	132%
Loan-to-Deposit Ratio (12-month average)	1.10	1.10	1.08	1.13	1.22
Non-performing Loans	8,997	8,636	9,231	13,882	15,705

1 Due to the retrospective application of IFRS 9/17, Rabobank has restated the comparative figures for 2022, in relation to our accounting for the associate Achmea.

Non-Financial Key Figures[1]

Amounts in millions of euros	12-31-2023	*12-31-2022*	*12-31-2021*	*12-31-2020*	*12-31-2019*
Online Active Private Customers in the Netherlands	69.8%	68.1%	67.0%	65.6%	64.0%
Online Active Corporate Customers in the Netherlands	83.8%	82.9%	82.4%	82.2%	81.5%
Availability of Internet Banking	99.6%	99.8%	99.8%	99.8%	99.7%
Availability of Mobile Banking	99.6%	99.8%	99.8%	99.8%	99.6%
Availability of iDEAL	99.7%	99.9%	99.8%	99.9%	99.7%
Total Sustainable Financing[2]	34,227	31,418	30,392	21,097	44,583
RepTrak Pulse Score	69.2	69.2	70.4	72.6	71.5
Member Engagement Score	44%	42%	44%	52%	49%
Community Funds and Donations	40.1	30.4	27.6	42.5	45.4
Employee Engagement Score	88	86	83	-	-
Diversity: Women Employed in the Netherlands	50%	50%	49%	49%	51%
Absenteeism in the Netherlands	4.3%	4.4%	3.9%	3.4%	4.3%
Ratings					
Standard & Poor's	A+	A+	A+	A+	A+
Moody's	Aa2	Aa2	Aa2	Aa3	Aa3
Fitch	A+	A+	A+	A+	AA-
DBRS	AA low	AA low	AA low	AA	AA
Sustainalytics ESG Risk Rating Category Diversified Banks[3]	13.7	10.2	10.6	9.4	12.7

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

2 For an overview of related accounts in the consolidated financial statements please refer to Appendix 2: Methodology and Definitions of Non-Financial Key-Figures

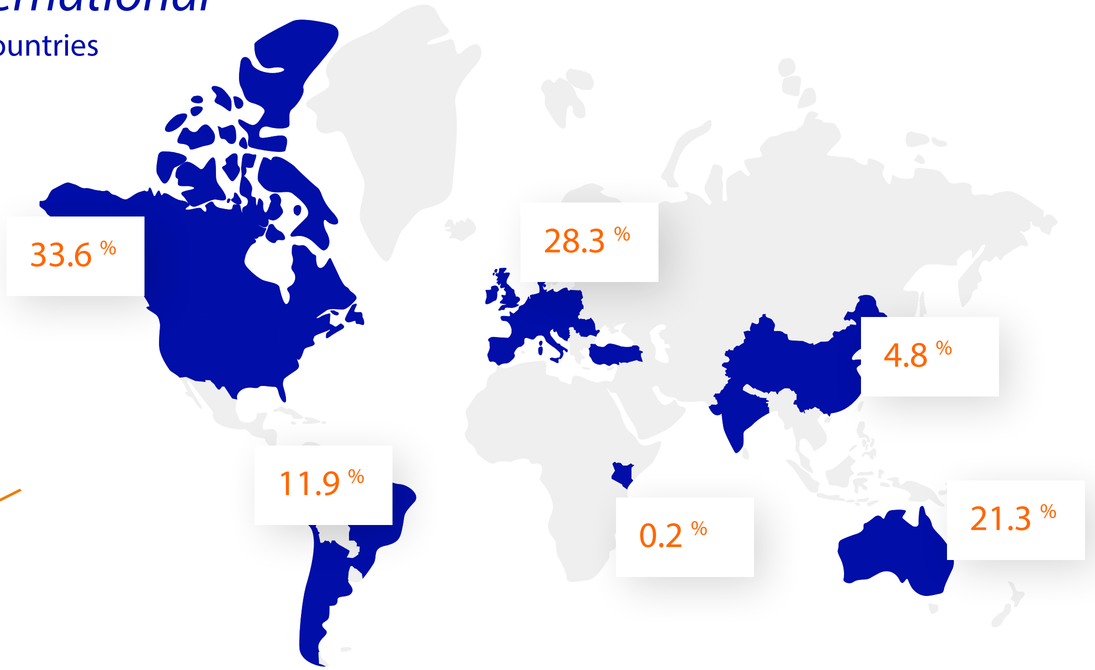
3 As of 2023 we report the ESG Risk Rating Score instead of the Sustainalytics ranking. The comparative figures are in line with the new score.

At a Glance

Our mission
Growing a better world together

The Netherlands
78 Local Rabobanks

International
36 Countries



What We Offer in the Netherlands

(amounts in EUR billions)

- Dutch Residential Mortgages: 193.8
- Lending to Food & Agri: 42.2
- Lending to Trade, Industry and Services: 75.3
- Number of point-of-sale terminal transactions: 2.2 (billions)
- Savings: 163.0
- Assets Under Management: 57.6
- Leasing: 1.3
- Number of BPD transactions: 4,239
- Insurance Commission: 0.3

14
Regions

8.3 million
Private Customers

2.3 million
Members

0.8 million
Business Customers

What We Offer internationally

(amounts in EUR billions)

- Lending to Food & Agri: 72.6
- Lending to Trade, Industry, and Services: 40.2
- Leasing: 40.5

About Us

Profile

Our History

Rabobank grew out of small credit unions founded by farmers and horticulturists dating back to the end of the 19th century. These farmers wanted to modernize in order to meet increasing demands, but had limited or no access to credit. They solved this problem by founding credit cooperatives. The farmers were not shareholders but members working together on structural solutions to the challenges they faced, while also sharing their gains with others. The success of this cooperative model attracted other citizens who brought their savings to the local "banks."

> *The cooperative model makes the bank stakeholder centric, not shareholder centric*

As these cooperatives worked locally, they needed a central bank to support them in various areas. This is why they founded what is today the cooperative Rabobank. Today we work with 49,132 employees (FTE) in 37 countries. Our international focus is on the Food & Agri sector. In the Netherlands, we also offer private and commercial customers a wide variety of financial products and services. Rabobank Group also includes BPD, Obvion, and DLL, which provide, respectively, real estate, mortgage, and leasing solutions.

> *Rabobank plays an active role in society*

Given the cooperative's strong local presence, Rabobank plays an active role in society. Local Rabobanks continue to help build strong, livable communities in municipalities and regions. And internationally, Rabobank helps rural and wholesale customers continue to innovate and become more sustainable. This is how we turn our mission into reality: Growing a better world together.

Our Cooperative Governance

We are a cooperative with members. Customers can demonstrate their involvement in the bank by becoming members. More than two million customers are currently members of Rabobank.

Since the founding of the first credit cooperative in 1895, Rabobank’s governance has been regularly adapted to reflect social developments, changes in the banking sector, and strategic considerations. On January 1, 2016, all Dutch local cooperative Rabobanks and the cooperative central organization were merged into one cooperative with one financial statement and one banking license: Coöperatieve Rabobank U.A. (Rabobank)[1].

This fundamental governance change was intended to strengthen both the cooperative and the bank, as well as the unity between the two. The opinion of members influence the governance locally, regionally, and centrally. This important, disciplining role is anchored in the governance at all levels. The tasks and responsibilities of the governance bodies are formalized in the Articles of Association and the regulations and are discussed in general terms in the chapter Corporate Governance.

1 The abbreviation “U.A” stands for the “uitgesloten aansprakelijkheid” (“excluded liability”) of the members.

Our Employees

49,132 FTE

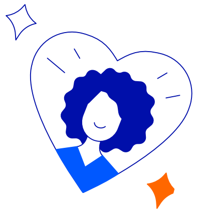
Number of Employees

Worldwide, as of December 31, 2023

2022: 46,959 FTE

88

Engagement Score



2022: 86

86 %

of our employees is proud to work at Rabobank

2022: 83%

92 %

of our employees enjoy their work at Rabobank

2022: 91%

Diversity and Inclusion

44 %

% of women in the Managing Board

2022: 50%

40 %

% of women in the first level below the Managing Board

2022: 36%

50 %

% of women employed

2022: 50%

1,538

Up- and Reskilling

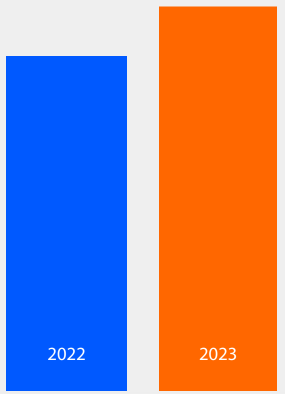
colleagues started an education at the Rabobank KYC Academy in 2023

2022: 1,977

€ 1,639

Training cost per FTE

2022: € 1,430



Group Strategy

Mission

Growing a better world together

Vision

As a meaningful cooperative, we empower our employees to deliver excellent customer focus and a rock-solid bank to realize balanced and sustainable growth

Ambition

Strengthen our leading position in the Netherlands

Be the Food & Agri bank of choice globally

Be the market leader in Vendor Finance globally

Drivers

Excellent Customer Focus

Meaningful Cooperative

Rock-Solid Bank

Empowered Employees

Strategic drivers

Excellent Customer Focus
We deepen client relationships and offer seamless digital client experiences while maintaining our distinctive human touch.

Meaningful Cooperative
We embed sustainability in all we do and bank the key transitions to act as a positive force for our clients, members and society.

Rock-Solid Bank
We grow in a profitable and sustainable way, build operational excellence/regulatory adherence and strive for efficiency and a healthy risk/return.

Empowered Employees
We develop a future ready workforce by attracting, growing and retaining people, who work in inclusive teams, and strive to have meaningful impact.

Sustainable Growth Aspirations

Act on Climate
On or below 1.5 °C pathways.

Value Nature
Back to planetary boundaries.

Enable People
A more inclusive society for customers, communities and workforce.

Our mission, vision, values, and behaviors, strategy and our distinctive and cooperative way of stakeholder engagement are the fundamentals of the way we operate and create value.

Our Mission

Each generation faces its own unique challenges. And in every era, people have joined forces in search of solutions. That is how we started 125 years ago, and how we have worked ever since. As a cooperative bank. We will continue to do so, because the future, too, is cooperative. We aim to contribute to the transitions needed in society and help our clients to grow and manage their challenges and transitions.

> *Growing a Better World Together*

We embrace innovation, growth and sustainability. We invest in our global and local networks to benefit both our customers and members. Together, we ensure that we stay financially healthy, and our living environment is future proof. We will hold on to our mission, “Growing a better world together” and aim to further integrate sustainability in the way we operate. We focus on global transitions related to energy and food systems.

Our Ambitions

Strengthen our leading position in the Netherlands

As interaction is our lifeline, we strive for relevant and digital day to day client interaction. With additional attention during and after life events. In line with our ambition to be a banking partner for life and meaningful cooperative. To build new and deepen existing client relationships.

Balanced growth is key. As we compete in a competitive, consolidating and mature market. We need to build scale and shift from tailor made to standardized IT solutions. Adaptivity and digital ease are prerequisites to meet continuously changing client expectations. We will digitize our core products as much as possible, without losing our cooperative ‘touch’. But digitization alone will not suffice. We need to be cost efficient and competitive with our segment propositions, for long term success.

We aim to be a transition leader and accelerator. And as a banking partner for life, we care about the financial well-being and inclusion of our customers.

Be the Food & Agri bank of choice globally

We want to expand our position as the preferred bank in the Food and Agri sector globally whilst growing in line with our sustainability agenda. The Food & Agri sector will continue to grow. We facilitate and finance the development of the food system transition and help the Food & Agri sector reduce their carbon footprint. We reach out to our customers and ensure long term relationships by leveraging our Food & Agri knowledge, presence in the global food supply chain, extensive network and high quality products.

Due to required platform investments, more stringent capital requirements and sustainability driven market changes, we need to optimize resources and capital allocation across sectors.

Be the market leader in vendor finance globally

Our purpose is partnering for a better world. We want to expand our number one position as global vendor finance partner by enabling sustainable business growth through our point of sale solutions. Our unique positioning provides relevance and the ability to add value for both vendors and end customers.

DLL is strongly positioned to continue to grow its business by expanding our existing partnerships and attracting new vendor partners. As the economy is moving from ownership to more sustainable solutions, we aim to further enhance our leading product portfolio with life cycle asset management and pay per use services and play an active role in the energy and food system transition to seize market opportunities in new asset classes.

We are an integral part of our partners’ strategies to enable business across the globe to gain access to equipment, technology and software to grow sustainably and make a meaningful contribution to the world we live in.

> *As a meaningful cooperative, we empower our employees to deliver excellent customer focus and a rock-solid bank to realize balanced and sustainable growth*

4 Strategic Drivers

Excellent Customers Focus - 'Our client's needs come first'

A high customer satisfaction is key to our success. We want to stay relevant by optimizing our core product offering and expanding our value-added services. We provide high-valued customer advice and seamless digital services. Without losing our local connection and our distinctive human touch. To generate additional non-interest related business, we need to deepen our client relationships, gain market share through competitive propositions, and promote our enhanced digital services.

Meaningful Cooperative - 'Embed sustainability in all we do'

As a cooperative bank, we want to make a difference for society and contribute to a more sustainable world. We embed sustainability in all we do. Thanks to our local connection, at the heart of society, we are ideally placed to facilitate and bank the key transitions. And to help our customers live a more financially healthy and sustainable life. We act as a positive force for our customers, partners and their communities. We strive for sustainability in our services and are committed to help our customers reach their Road to Paris.

Rock-Solid Bank - 'Balanced growth is key'

Higher fixed costs trigger the need to realize synergies and economies of scale, solid returns and grow in a profitable and sustainable way. This requires active cost control. We need to build operational excellence by being efficient, risk aware regulatory compliant and in-control. A challenge which requires continuous improvement to stay successful and be able to invest in our customers, people and society in the future. Ultimately, we are responsible for realizing a balance between risk, return and impact. We are committed to deliver on our KYC plans. Our role as gatekeeper to safeguard the integrity of the financial system remains of the utmost importance.

Empowered Employees - 'Rabobank is a great place to be'

We demonstrate what it means to work for a cooperative bank through our daily interactions and strive to have a meaningful impact for our customers, Rabobank and society. We inspire our people to continuously grow, to learn from our mistakes, and to take responsibility to help build a future ready, learning and result-driven organization. We create a culture where our people feel safe, valued and rewarded. Our people work in inclusive and diverse teams; this serves as a basis for innovation, impact and result.

Sustainability embedded in our strategy

We want to, need to and have committed to "Grow a Better World Together." That’s why we support our customers to be resilient and future-proof. Now and tomorrow. This enables them to act on climate and nature in their business and at home, in a financially sound way. That’s why we will also drive transitions that can contribute to make the more sustainable option affordable, available and accessible.

From a sustainability perspective, the reduction of our climate impact and bringing the nature impact back to planetary boundaries, are our main priorities. In our own organization, with our customers and in our communities. We will drive developments that can contribute to make a more sustainable life and business affordable, available and accessible. We will act in line with our convictions, commitments and regulations and do this in a science-based way. In addition to having our foundation in order, from human rights to good governance, our relentless focus from an environmental perspective will be on the following topics.

Our Sustainability Aspirations

Act on Climate

On or below 1.5 degrees Celsius pathways

Climate change and nature loss undermine the resilience of our planet and its ability to recover. It affects everyone, everywhere. Rabobank clearly recognizes the gravity of the situation and we are fully committed to support the goals of the Paris Climate Agreement and signed the Net-Zero Banking Alliance and the Dutch Financial Sector Climate Commitment.

Value Nature

Back to planetary boundaries

As Rabobank, we recognize human impact and dependency on nature and the urge to act on it. We were one of the first financial institutions that co-launched and signed up to the Finance for Biodiversity Pledge and Taskforce on Nature-related Financial Disclosures. We are developing concrete target to be set in 2024.

Enable People

A more inclusive society for customers, communities and workforce

Everyone deserves a fair and equal chance to pursue their ambitions. Rabobank is committed to UNGPs on Business and Human Rights and OECD guidelines on Responsible Business Conduct.

Facilitating Key Transitions

We focus on two transitions across our three ambitions. These transitions are the Energy Transition and the Food System Transition. Everyone needs food and energy. And since both the food as well as the energy system currently is not future-proof, we want to contribute to accelerate the needed transitions. We hope that, in this way, sustainably produced food and energy become the norm and affordable, available and accessible.

Food system transition

"Facilitate Food System Transition toward a future-proof system based on responsible production and consumption of food".

We are committed to contribute to a future-proof food system. That's a system that revolves around making the food supply chain more secure and resilient: in nature, in farming and in business models. A system that can lead to make sustainable produced nutritious food affordable, available and accessible. With our banking activities we work on:

- Accelerating application of sustainable (agricultural) practices and promoting circularity.
- Diversifying protein supply and consumption.
- Reducing food loss & waste to avoid unnecessary production and climate impact.
- Strengthening rural livelihoods.
- Sustainable produced nutritious food that is affordable, available and accessible.

We work with the entire value chain: from farm to fork and fork to farm.

Energy transition

"Facilitate the Energy Transition toward a future-proof system based on responsible energy production, distribution and consumption".

We are committed to contribute to a future-proof energy system. That's a system that will strongly revolve around energy saving and using low or no carbon instead of fossil sources: from energy company to small enterprise, from multinational to farm or family home. Green energy should become affordable, available and accessible. With our banking activities we work on:

- Increasing sustainable energy generation (wind, solar, hydropower, green hydrogen, biogas, etc).
- Reusing energy (from waste recycling to excess heat).
- Improving and developing sustainable energy infrastructure (grid, networks & storage).
- Reducing energy consumption (from individuals to businesses, from better insulation from more sustainable materials to reducing waste through circularity) – energy saving and efficiency.
- Accelerating fossil-free living (housing), working (commercial real estate), transportation & equipment (lease & financing) and production (industry) - greener energy use.
- Sustainably produced energy that is affordable, available and accessible.

We work with the entire energy system: from producer to consumer.

Policies and Risk Management Framework

Our strategy entails taking and tolerating specific risks and much of the change in exposure to those risks is driven by external developments. Our policies are fundamental for the design and effectiveness of our risk management framework and sound decision making by the Managing Board. Policies further detail our commitments and the expectations we have for ourselves, our clients and other stakeholders. In this way we guard our value creation and license to operate.

Sound risk management and the monitoring of trends and uncertainties enable us to serve our clients and satisfy our stakeholders. Without taking risks, profitable banking activities leading to value creation are impossible, which is why we must accept a certain degree of risk as defined in our Risk Appetite Statement. Our risk management activities are designed to help sound decision making by our Managing Board with regard to our ambitions, our clients and other stakeholders. More information on key trends, uncertainties, and risk management can be found in the Trend, Developments and Outlook and Risk Management chapters.

Trends, Developments and Outlook

The world around us is changing rapidly. This creates both challenges and opportunities for the banking sector. To adequately respond to this changing environment and society's increased expectations, we continuously monitor and analyze trends and developments and evaluate their potential impact on reaching our strategic goals and business model. This chapter summarizes the most relevant developments and establishes the link to our mission of "Growing a Better World Together".

(Macro) Economic and Geopolitical

The global economy continues to be riddled with geopolitical tensions ranging from the Russia – Ukraine war, to the Israel Gaza conflict, and from the continued tensions in Asia to an increase in nationalist discourse in countries around the globe. These all contribute to an increasing threat of fragmentation in our globalized and interconnected economy. We and our corporate clients are facing risks of new disruptions to supply chains, commodity and financial markets as a consequence.

After a period of high worldwide inflation and continued interest rate hikes by the Central Banks, the economy is now showing signs of slowly cooling down thanks to inflation falling. This happened faster than envisaged in the United States and Europe. We have seen thawing of supply chain issues alongside significant drops in energy prices, average commodity prices, and an interest rate environment that has as of now, entered a period of (relative) stability in money markets and a pullback in capital market rates. Nevertheless, the past interest rate hikes are still expected to impact business performance and investments in many sectors while the question when we can expect monetary policy easing remains uncertain. The collapse of a number of banks made 2023 a historic year for bank failures. Next to rising reserves such as rising loan loss provisions, the economy is also set to face other potential costs. Technological developments are likely to drive up costs for IT and cloud services, while labor expenses will rise as a result of the shortages on the labor market and recovery in inflation-adjusted wages. Overall, the labor market has been more resilient than expected, which has limited the depth of the recession. In the US, recession did not even materialize. Purchasing power is expected to further restore in 2024, leading to modest growth in the economy. Balancing cost and productivity is necessary. Looking at the Dutch housing market, the initial decline in home prices in 2023 turned out to be temporary. Rental homes were sold as a result of the decline in private investors' returns on their properties, but the housing market still remains very tight which will increase prices further in 2024. In the Dutch banking landscape, with intermediaries and the specialized offerings of pension funds, insurance companies, and fin-tech in the mortgages market, we will face more competition and see new entrants on the market.

Societal and Regulatory Context

The banking sector is under pressure. A robust financial system requires more from banks and society has high expectations. The regulatory requirements, including KYC, Basel IV, Sustainability and digitalization, have significantly increased with no signs of slowing down. Also, the regulation around cybersecurity and privacy is expected to increase to adapt to the evolving technological landscape. Furthermore, Basel IV will change the corporate lending landscape, as borrowing costs will rise on the back of the additional capital needs, impacting access to financing. Lastly 2024 will be a politically interesting year. There are elections in 40 countries that together count for 41% of the global population and 42% of global GDP. This could have impact on market stability, growth and polarization. Also in the Netherlands, we see a shift in the political landscape, which may result in changes such as (possibly) higher bank taxes.

In addition, societal expectations require significant resources and management attention. The banking sector is increasingly competitive and it is imperative for a bank to act upon challenges in time. Aided by technological developments, both traditional and new (global) players are accelerating the digitalization and personalization of product offerings. At the same time, the Dutch labor market is tight and a new generation is entering the labor market. By 2025, more than a quarter of the global workforce is Gen-Z, putting more emphasis on company's commitment to environmental and social values. In addition, there is a battle for talent with much needed skills in IT, data, AI, and Sustainability. Lastly, rising health care costs and an aging population are requiring people to take on more informal care-giving tasks, which could increase the workload of the current workforce. Despite the shortage in the labor market, we see a greater emphasis on diversity, inclusion, and (mental) well-being both in society and organizations. We, as Rabobank, want to play an exemplary role around this important theme and we have committed to UNGPs on Business and Human Rights and OECD guidelines on Responsible Business conduct.

Technology

The financial sector is undergoing a remarkable shift with innovation altering client expectations of financial products. More and more, digital and hyper-personalized contact, products and services are becoming the standard. The financing and lending landscape is also changing rapidly with new entrants offering both funding and venture capital to third parties. This trend can be seen, for example, in Big Tech companies' addition of financial products such as credits and business lending to their existing payments services. These offerings directly challenge the volumes and margins for traditional banks like Rabobank. Additionally, banks will see their balance sheets be impacted by different countries' continued interests and efforts into Central Bank Digital Currencies (CBDCs). Development in AI, accelerated in 2023 with Generative AI applications like ChatGPT, being extended to a broader audience and promising to disrupt the banking industry. Looking ahead, artificial intelligence will play a significant role in society, business, sustainability, and the labor market. On the one hand, it provides opportunities for further digitalization and an increase in productivity. On the other hand, the acceleration of AI underscores the vital need to be alert to topics like risks, privacy, compliance, biases, and to address the ethical dilemmas associated with AI use. Not to mention the need to attract increasingly scarce tech-talent in the labor market and up-skill the current workforce.

Increased requests from customers to finance block-chain related activities represents another trend. In the coming years, banks will continue to invest heavily in digitalization where leveraging technologies such as block-chain and AI can be used to enhance efficiency and customer experiences. Digitalization and new technological developments make cybersecurity a top priorities for financial organizations.

Sustainability

Climate change and nature loss as massive global challenges ask for change and reinventing the way we produce and consume as society. It asks for heading toward a resilient future that is ‘net zero and values nature’, while acting within planetary boundaries. The disruptive effects of climate change and nature loss also are sources of conflict, economic disturbance, migration flows, and more. Due to the so much needed bare necessities like food and a stable future. Looking at the current impact of the food and energy system on climate and the growing world population, a significant change is required to make it future-proof, with strongly reduced greenhouse gas emissions and increased protection and restoration of nature. This impacts our customers and the societies in which we operate.

Enhanced (international) efforts and increased expectations from regulations, supervisors and society to combat climate change push both banks and their customers to move toward more sustainable business models. Increased sustainability disclosure and due diligence requirements, like CSRD which will come into effect in 2024, will require companies to become more transparent about their sustainability impact and efforts. Additionally, COP28 set ambitions for renewable energy investments and energy efficiency improvements. Proactively responding to these kind of developments is key as we could play a considerable role and can make relevant impact. In the end, we all need to strive for (net-)positive impact.

Climate change and nature loss directly affects the banking sector via physical and transition risks to our portfolio. In addition, the impact of nature-related topics are gaining attention. Finally, there is more focus on whether the needed transitions as a result of climate and nature impacts are fair and inclusive for people and communities, ensuring impact and efforts are distributed equally. The regulator requires the banking sector to assess, quantify and disclose sustainability risks in their portfolio. Assets around the globe are being impacted by extreme weather conditions; for example, in the Netherlands, real estate in certain areas is adversely impacted as a result of flooding risks and foundation problems as a result of droughts.

The F&A sector needs to transition in a direction with less ecological impact as it faces challenges relating to carbon emissions, nitrogen, deforestation and other sustainability challenges, while the place of animal protein in the food system is increasingly being scrutinized. In addition, nature loss is becoming almost irreversible and could result in water and food crises resulting in some regions of the world becoming uninhabitable. This has led to more attention to the interconnectedness of emissions, biodiversity and social aspects. Furthermore, 2023 was the world’s warmest year ever recorded, and also sea level and sea surface temperatures reached record values. Every year, the (economic) impact of climate related events becomes more evident. Also for farmers, traders and food processors, the past few years have been extremely volatile and challenging. Successive waves of drought, disease and war pushed agricultural commodity prices to record levels, the effect of which on the banking business is apparent. We acknowledge the physical risks of climate change in our portfolio and the transition of our customers towards a more sustainable business model within increased transparency requirements on disclosure. As with all transitions, these challenges do not only pose risks but can also lead to opportunities and new initiatives. We see the financial market creating various offerings to address the funding gap for the sustainable transition by offering more sustainability related financial products and investing in sustainable initiatives (e.g. green investments, discount on mortgages and green bonds). Rabobank aims to play an active role in addressing this variety of sustainability challenges, as underscored by our commitments to for instance the Paris Climate Agreement, the Net-Zero Banking Alliance, the Dutch Financial Sector Climate Commitment, the Finance for Biodiversity Pledge and the Taskforce of Nature-related Financial Disclosures.

A Solid Bank

Rabobank is a unique cooperative. It is a trusted partner that has a deep connection with the millions of people and businesses it services across banking, food & agriculture, and vendor financing in the Netherlands and around the world. We differentiate ourselves as a bank with our knowledge, networks, and financial contributions to society, as well as our cooperative nature. What matters to our members, to our customers, and to our communities, matters to us. We believe in the power of cooperation to improve communities. That’s why our mission is “Growing a better world together”. Because we exist to help people and businesses flourish and provide solutions for challenges they cannot solve alone. Achieving our mission isn’t just about delivering the right products and services today. It is about continuing to evolve so that we can make good on our commitments tomorrow.

The future holds unforeseen opportunities and challenges, and whether they are technological, regulatory, environmental or societal, we have to be ready. “Growing a better world together” requires us to be a better bank. One that is stronger, more resilient, and ever more sustainable. We aim to achieve this by making the right strategic decisions. About how we can best harness our employees' extraordinary talents and expertise. About how we can best leverage our unique position as a cooperative. About how we can embed sustainability in all that we do. About how we focus on making decisions relating to how we can deliver on operational excellence and efficiency. And above all, about how we realize achieve excellent customer focus. We are ambitious about our shared future and confident that our solid roots will strengthen our progress.

Our Strategic Focus

In 2023 we updated our strategy. Our mission remains "Growing a Better World Together" and we defined our ambition to strengthen our leading position in the Netherlands, be the Food & Agri bank of choice globally, and be the leader in vendor financing globally. To achieve this ambition we need to become faster, more proactive, and more decisive. We will do this by improving our end-to-end processes, by simplifying how our organization works and by facilitating our leadership to drive this positive change.

In 2024, we will reinforce our full commitment to achieving our three ambitions. We are well positioned to realize our ambition. First, as a leader in the retail bank sector in the Netherlands, we will preserve our position by deepening our relationship with our customers, offering new digital products and services, and creating more space for local advisers to provide high quality advice. As a market leader in the Netherlands, we service over 8 million private clients and up to 800 thousand business customers. Over 2 million people are a member of our cooperative. To strengthen the relationship with our customers and members, we strive for relevant and digital day-to-day customer interaction. By simplifying how our organization works, we will increase our effectiveness in meeting customers' continuously changing (digital) needs.

Secondly, as the world's Food and Agri bank of choice, we will continue to explore opportunities for growth by facilitating and financing the food system transitions. We have a presence in the major agricultural regions where we serve over 20,000 farmers. We have a unique position in the food industry. We also leverage our knowledge and network in the Netherlands to service more than 1,250 wholesale customers. Finally, as a leading partner in vendor finance globally, we will support more vendors and provide optimized digital solutions to a growing number of customers. DLL is uniquely positioned in a growing vendor financing market and serves around a million customers globally. Our rock-solid foundation will enable us to navigate economic and geopolitical uncertainty, respond adequately to the increased need for digitalization, and further strengthen our position in the years to come.

Our focus on sustainability is an integral part of our mission "Growing a Better World Together." For that reason, we formulated three aspirations : "act on climate", "value nature" and "enable people". In line with these aspirations and our ambition, we will continue to focus on two transitions: the Food System Transition and the Energy Transition. First of all, we will facilitate the Food System Transition in becoming a future-proof system that revolves around making the food supply chain more secure and resilient: in nature, in farming and in business models. A system such as this can make sustainably produced nutritious food affordable, available, and accessible. Secondly, we will facilitate the Energy Transition in becoming a future-proof system that revolves around energy saving and using low or no carbon instead of fossil sources. This system must reach from energy company to small enterprise, and from multinational to farm or family home. Green energy should become affordable, available, and accessible. Our deep knowledge in combination with our network and customer relationships is the basis of our success and this will create opportunities for growth. The trust of our customers is essential for Rabobank.

By remaining dedicated to a solid balance between risk, return, and impact we will strengthen our role as a steward of the financial eco-system.

Materiality Analysis

Materiality Analysis

We aim to report on how we create, preserve, or erode value for ourselves and for stakeholders that are affected by our activities over the short, medium and long term. To keep our activities aligned with social, economic, and ecological challenges, as well as with the expectations of our stakeholders, we have considered how these challenges affect our performance, our position, and our development ('outside-in') and how we impact climate, nature and people ('inside-out').

First, relevant sustainability matters are listed based on a range of analyses of internal and external sources. Second, each sustainability matter is assessed on criteria relating to ‘inside-out’ impact and ‘outside-in’ risks and opportunities. Third, thresholds are set on this assessment to determine which sustainability matters are material for Rabobank. This resulted in 10 material themes. For more information regarding methodology, definitions and related quantitative and qualitative indicators, please refer to Appendix 1: About this Report.

Sustainability pillars	Material Themes
Act on Climate	Climate change mitigation and adaptation
Value Nature	Pollution of air, water, soil and living organisms Water Impact and dependencies on ecosystem services Land degradation / Land use change
Enable People	Diversity & inclusion of employees Community rights Labor rights of workers in the value chain Customer needs and satisfaction Social inclusion of consumers

Value Creation

At Rabobank, we define our purpose by the value we create and by the people and causes for whom we create it. We consider the interaction and transactions with stakeholders a way to generate and regenerate value. This means that stakeholders can become partners in the transitions we face. In practice, we interact both directly and indirectly with stakeholders. The direct interaction with our stakeholders is both input and output for our business model.

The banking system serves society, by ensuring that payment transactions between people are possible, by lending money to enable housing and entrepreneurship, by managing deposits and by optimizing capital allocation. Through these activities, a bank enables money to circulate through the system and helps to sustain the economy.

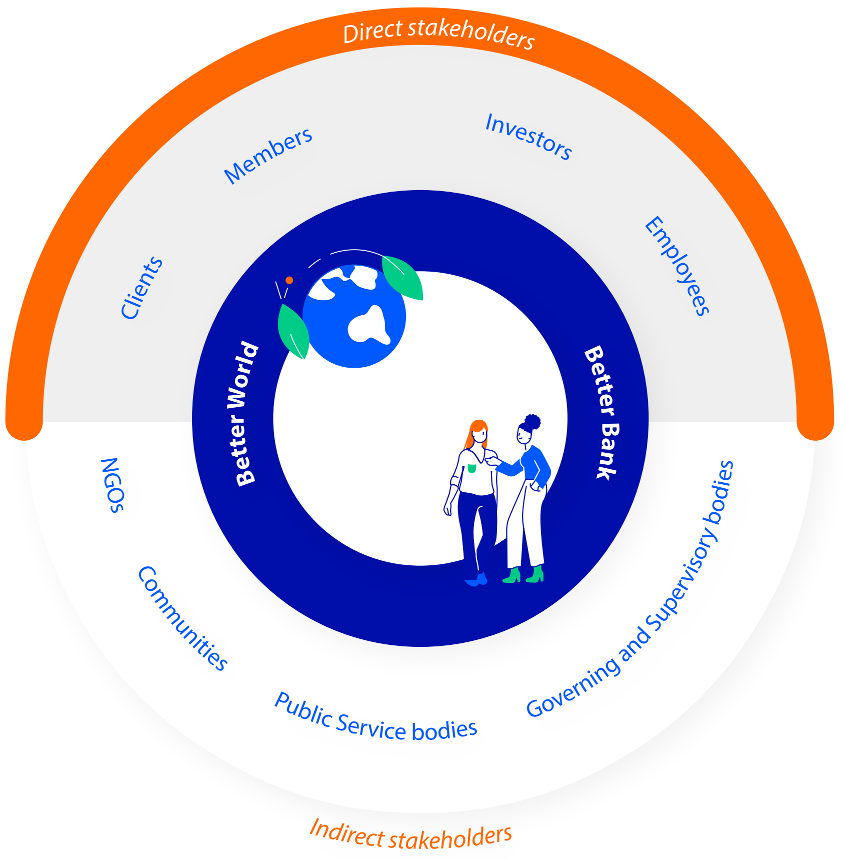
> *Society and its respective stakeholders are required to "meet the needs and aspirations of the present without compromising the ability of future generations to meet their own needs and aspirations."[1]*

Meeting the needs and aspirations of the present without compromising those of the future generation requires not only purpose and courage, but also the allocation of capital in an effective and efficient way. Rabobank can play a role in this allocation and distribution of capital through the instruments of banking, knowledge, and networks.

1 Brundtland, G.H., 1987. Our common future—Call for action. Environmental Conservation, 14(4), p.291-294.

Stakeholder Dialogues

We consider our customers, members, investors, and employees our direct stakeholders; society (NGOs, public service bodies, communities, and governing and supervisory bodies) we consider as indirect stakeholders.



We are committed to maintaining strategic, constructive, and proactive dialogues with all our stakeholders. As a bank of systemic importance, we engage with many stakeholders, which are important to us.

The process of engaging in dialogues is aligned with the method of appreciative inquiry and is an instrument to highlight and investigate economic, ecological, and societal issues from different angles. We use these dialogues for multiple purposes: to achieve a common local, regional, or national approach; to collect themes that are important to our members and customers; and to translate them into our strategy, further exploring insights per theme, promoting connections in the regions and engaging in conversation with employees.

Most of our interaction takes place with clients, members, employees, investors, credit and sustainability rating agencies, supervisory bodies, regulators, other banks, fintech companies, and start-ups. In addition, we engage with non-governmental organizations (NGOs), government agencies, the media, and with politicians. We engage with stakeholders through member councils, customer feedback platforms, customer and employee surveys, and through participation in initiatives that are being launched in the sectors in which we are involved. Our Managing Board Members meet with clients, members, employees, politicians and other stakeholders to discuss our strategic progress, receive their feedback on our contribution to society and debate developments in the financial sector, both generally and in specific relation to Rabobank.

Stakeholder dialogue plays an important role in our selection of material themes for reporting, and stakeholder input is used to design our Sustainability Policy Framework. We also engage with environmental and/or social welfare organizations on a number of topics.

Creating value for stakeholders

Inherent to the use of resources for our activities as a bank we have direct and indirect impact with possible favorable and/or unfavorable outcomes for one or more of our stakeholders. This impact is described below.

Clients

We want to create positive value and satisfaction through services such as financing and everyday banking, by virtue of which we facilitate the aspirations of our clients and by sharing our knowledge through our research publications, our networks, our innovations and (digital) products. In turn, our clients provide employment opportunities, which may lead to impact decent work and income, health, and well-being.

Our clients and other parties in the F&A value chain have a positive impact on the availability of food. However, F&A activities can also have an unfavorable outcome on the climate (by way of nitrogen and carbon emissions), on soil quality, water availability and quality, and on biodiversity and ecosystems. We encourage our clients to reduce this negative impact as much as possible and create a regenerative ecosystem. To make this possible we help them become more sustainable through several initiatives such as access to funding, setting up a carbon credit system, providing sustainability-linked and green loans.

Members

Member involvement is crucial for us in order to remain a meaningful cooperative. By providing feedback, our members motivate us to execute our strategy and support us in the challenges we encounter along the way. Their contribution is highly valuable. By offering an attractive and valuable membership we enhance our distinctiveness and the success of our cooperative bank. We offer our members dialogues through which they can advise us on multiple themes, as well as vote on the destination of our cooperative dividend. Moreover, we continuously look for ways of offering knowledge and special discounts for our members. Our members can also influence our strategy through the General Members' Council. We monitor value creation for our members through the member engagement score to indicate positive/negative outcomes.

Employees

We want to provide our employees with a good working environment and give them the chance to excel. With this in mind, our employees receive myriad training and development opportunities. This can create higher job satisfaction and employee engagement in the long term. The reason we attach so much importance to employee engagement is that we are convinced that happy people make happy customers, and that purpose makes perfect. Increasing diversity and inclusion in our workforce helps improve our decision-making and ethical perspective. Furthermore, we believe it improves our services to customers.

Ensuring that Rabobank remains a future-fit and agile organization also means that we need to keep attracting and retaining talent. This is a key priority for our organization and specifically for HR. At the same time, we will not be able to position all our current employees in the future. This is an inevitable side of business, one we try to minimize as much as possible, for example, reposition employees through internal secondments, re-skilling, and upskilling. It is important to us that employees who leave Rabobank quickly succeed in finding employment elsewhere or are able to start a business. This is something we specifically facilitate through our Collective Labor Agreements

Society

Our institutional role as a bank means that, on the one hand, we we have an impact on economic and financial stability, and, on the other, we are subject to geopolitical developments and systemic risks. This, in turn, affects society. We drive economic growth in the long term through our banking activities in the transitions and themes that are important to us. These investments can have a positive effect on well-being in the long term. Moreover, local banks also focus their activities in the regions where they operate based a business agenda that looks at all dimensions of "sustainable well-being."

Through our role in society and our activities in local communities, e.g. through our cooperative dividend, we have an impact on (social) safety, engagement, social contacts, financial resilience, and inclusion of citizens.

Possible negative effects of our business are cases of fraud, low pay, and labor rights issues within our value chain. We have created monitoring instruments (e.g. Client photo) in the interaction with our clients and business partners. If these instruments show us negative results we engage (e.g. through dialogues and engagement strategies) and monitor changes in behavior. If negative behavior, which is not in accordance with our mission, persists we can decide to end the relationship.

How We Create Value

Our Mission

Growing a better world together

Resources

Employees
- Diversity & Inclusion
- Learning & development

Partnerships & Networks
Multilateral, (inter)national and local partnerships and networks related to: Food, Agriculture, Energy, Climate and Inclusion.

Capital & Funding
- Wholesale funding
- Capital instruments

Knowledge
- Research publications & sector visions
- Dialogue sessions

(IT) Infrastructure
- System availability
- Online services
- Local banks: 78
- Regions: 14
- Foreign Countries: 36

Domestic Retail Banking

Cooperative Banking Strategy

Vendor Finance

Wholesale & Rural

Excellent Customer Focus

Meaningful Cooperative

Rock-Solid Bank

Empowered Employees

Products and services

Netherlands
(amounts in EUR billions)

- *Dutch Private Mortgages: 193.8*
- *Lending to F&A: 42.2*
- *Lending to Trade, Industry and Services: 75.3*
- *Number of point-of-Sale terminal transactions: 2.2 (billions)*
- *Savings: 163.0*
- *Assets under Management: 57.6*
- *Leasing: 1.3*
- *Number of BPD transactions: 4,239*

International
(amounts in EUR billions)

- *Lending to F&A: 72.6*
- *Lending to Trade, Industry and Services: 40.2*
- *Leasing: 40.5*

for a Better World... with future proof business

Increasing positive impact on nature and people, reducing negative impact on climate.

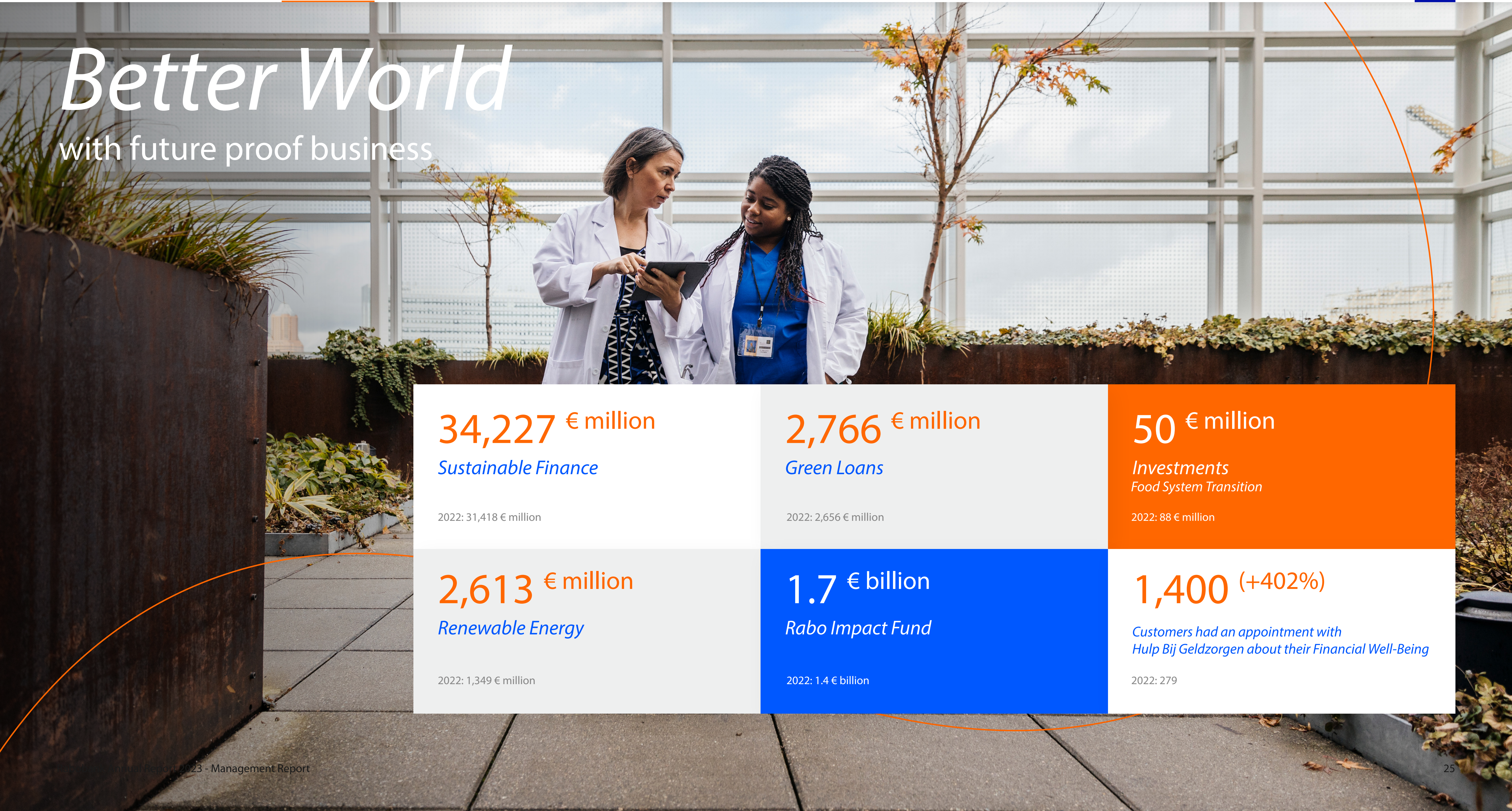
See page 25

...with a Better Bank with empowered employees

Stimulating balanced and sustainable growth with a cooperative mindset.

See page 41

For an overview of the material themes that are impacting value creation and the related quantitative indicators, please refer to 'Appendix 1: About this Report'.



Better World

with future proof business

34,227 € million *Sustainable Finance* 2022: 31,418 € million	**2,766 € million** *Green Loans* 2022: 2,656 € million	**50 € million** *Investments* *Food System Transition* 2022: 88 € million
2,613 € million *Renewable Energy* 2022: 1,349 € million	**1.7 € billion** *Rabo Impact Fund* 2022: 1.4 € billion	**1,400 (+402%)** *Customers had an appointment with Hulp Bij Geldzorgen about their Financial Well-Being* 2022: 279

Act on Climate

Limiting the warming of the earth's surface temperature to 1.5 degrees Celsius is critical if we are to have a reasonable chance of managing the impacts of climate change.

Objectives

Act on Climate
On or below 1.5 °C pathways.

- *Maximum reduction of greenhouse gas emissions*
- *Strong increase of carbon sequestration*
- *Decarbonization of the economy*

Efforts to reduce CO2e emissions, and thus to limit global warming to 1.5 degrees Celsius, are generally referred to as mitigation actions. But even at 1.5 degrees Celsius of global warming, we will still face more extreme weather and climate change events (such as hurricanes, droughts, flooding, forest fires), reduced crop yields, and increased scarcity of drinking water. Efforts to deal with these events are referred to as adaptation actions.

Reducing CO2e emissions is a challenge for all of us: governments, businesses of all sizes, farmers, consumers, and financial institutions, all have a role to play. In line with our "Growing a better world together" mission, we are determined to play ours. In the Dutch domestic market, we have a duty to help keep the real economy healthy. As a global Food & Agri bank we see climate- and nature-smart agricultural practices as a critical component of building a resilient food system. We therefore try to help our customers transition to climate-smart practices in an economically viable manner.

Our ultimate goal is to support the transition towards a net-zero economy by 2050 and to set emission reduction targets that help limit global warming (with a likely limited/no overshoot) to 1.5 degrees Celsius by end of the century. We have underlined that goal by signing the Dutch Financial Sector Climate Commitment (DFSCC) (2019) and joining the Net-Zero Banking Alliance (NZBA) (2021). Through these commitments we have pledged to have "all our operational and attributable GHG emissions from our lending and investment portfolios align with pathways to net-zero by mid-century, or sooner…"

Where are we today

Knowing where we are today is equally as important as knowing where to go. So all of this starts with measuring how much we emit ourselves and how much our clients emit.

0.073 *Megaton C02e*
Scope 1 & 2
Our own operational emissions in 2023
2022: 0.064 (restated)*

48.8 *Megaton C02e*
Scope 3
Our customers' emissions in 2022
2021: 51.5

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

Our starting point is to take mitigating actions to reduce CO2e emissions from our own operations (like emissions resulting from energy purchased to heat or cool our offices, or from our lease fleet and business travel). We are addressing the climate impact of our own operations by travelling less, reducing our energy usage and improving the energy efficiency of our office buildings. In the Netherlands 79% of our buildings already qualify for energy label A or higher and 98% already qualify for energy label of C or higher, meaning we are on track to meet government targets. In addition, 33% of our buildings in the Netherlands (55% of total m^2 of VVO (Lettable Floor Area)) no longer use natural gas. In 2023, the CO2e emissions from our own opertions increased by 13%, mainly the result of an increase in the number of travel movements (mainly by air), partly compensated by a reduction in the number of offices and energy-saving measures

In 2023, we defined decarbonization targets for our real estate/air travel/lease cars for our operations outside the Netherlands. Furthermore we updated our reduction targets from Rabobank real estate in the Netherlands following the CRREM (Carbon Risk Real Estate Monitor) v2.0 benchmark update. We also started with the targeted reduction of the carbon footprint of our IT landscape (i.e., our own data centres and cloud usage), based on the Green House Gas Protocol and using an ICT decarbonization benchmark pathway.

Emissions of Our Customers in 2022

As part of our climate commitments, and in addition to disclosing the greenhouse gas (GHG) emissions of our own operational activities, each year (in our Impact Report and this year in our Annual Report as well) we report on the CO2e emissions of our customers linked to our financing, our so-called Scope 3 Financed Emissions. We also report on customer activities that we have financed and that have helped avoid GHG emissions, such as increasing the supply of renewable energy.

There are different ways to estimate and disclose financed emissions. In Rabobank we use the PCAF (Partnership for Carbon Accounting Financials) standard for accounting and disclosing Financed Emissions. The availability, specificity and accuracy of the data we use to make these calculations varies widely per sector. Therefore, the financed emissions overview presented in this report should be interpreted as our "estimates on a best effort basis", in accordance with PCAF methodology, using the current information and data we have at hand. Where possible, we have used self-reported emissions of our customers.

PCAF's Data Quality Scores (score 1-5) are used to qualify the level of precision of the estimates we disclose per PCAF asset class. Data quality scores are specific to each asset class. Data with PCAF scores 1/2 , (verified and unverified respectively) company-level reported emissions data, represent the highest data quality and results in the most accurate emissions estimates. This is followed by physical activity-based emissions (PCAF score 3), and PCAF scores 4/5, given for an economic activity-based emissions approach. We strive to include the best data quality score based on data availability and feasibility. Details on the average data quality score per portfolio can be found in Appendix 3 of this report.

Assets from loans & investments in scope

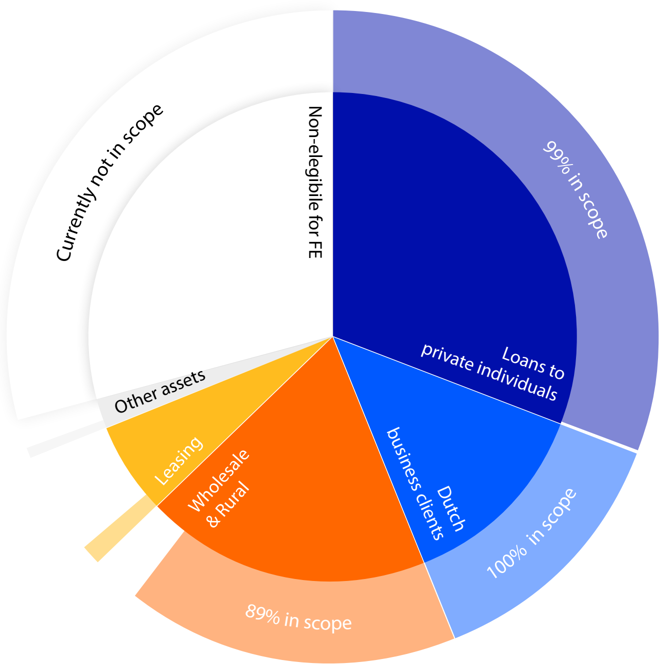
€ 629 billion

Total assets

89 %

Covered by financed emissions estimations

71% Assets in scope for financed emissions



- 31% Loans to private individuals
- 13% Dutch business clients
- 19% Wholesale & Rural
- 6% Leasing int.
- 2% Other assets
- 29% Non-elegibile for FE

More Customers Reporting Emissions

Thanks to increased availability of data and improved methodologies, this year we are able to report financed emissions for 89% of the relevant (71% of our total assets) on-balance sheet assets in our portfolio, covering all of the most carbon-intensive sector x region combinations of our financing activities. We see that customer-reported data is growing significantly with almost 60% of our wholesale lending (EUR 80.7 billion) now calculated using reported emissions. We also see important improvements in self-reported GHG emissions in our Rural portfolio (see next sections for more details).

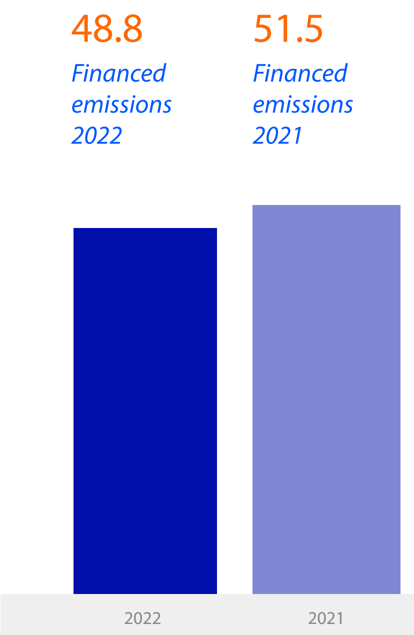
A Decrease in Financed Emissions

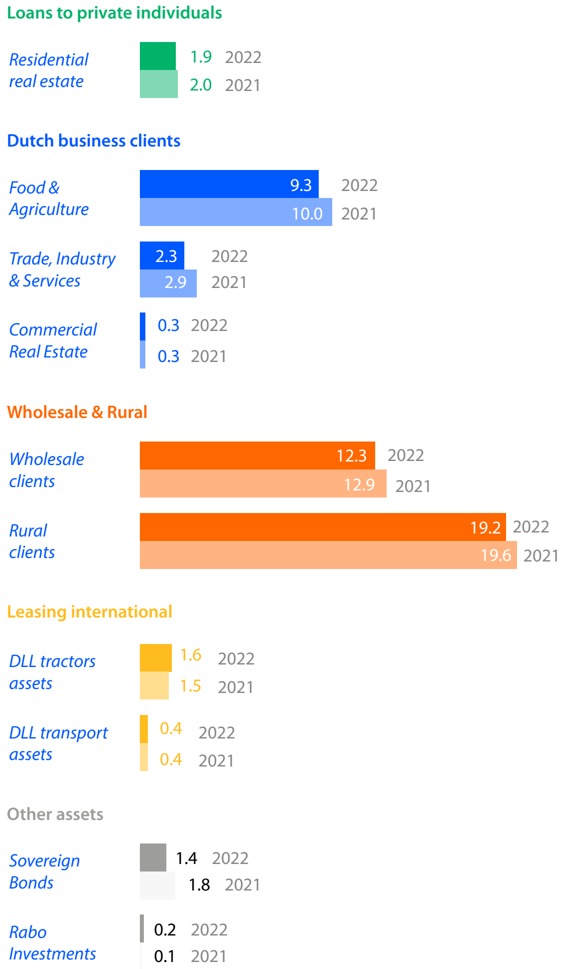
Our financed emissions in 2022 have decreased by 5% compared to 2021[1], dropping from 51.5 MtCO2e to 48.8 MtCO2e. This reduction in absolute emissions comes despite a 2% increase in the size of our loan portfolio. Our financed emissions decreased in both our Dutch and international financing activities. The decreases in our residential real estate and the Dutch business customers portfolios appear consistent with the general trends we see in these sectors of the Dutch economy. And we are confident that our 'Road to Paris' approach is helping more and more customers transition to a climate smart future. However, as we are still largely reliant on modelled emissions calculations, we cannot draw specific conclusions on the role our own climate mitigation activities have played in achieving these results. A range of other factors, including high energy prices, government policies and incentives and changes to customer financials also impact the results.

Avoided Emissions Increase

Our avoided emissions have increased by 10% - from 4.8 Mt CO2 to 5.3 Mt CO2. This increase is linked to a 25% increase in our loans to the renewable power generation sector. Rabobank plans to more than triple its investments in this sector by 2030 (compared to our base year 2020)

Financed emissions in Mt CO2e

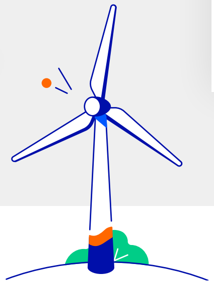




5.3 Mt CO2e

Avoided emissions via renewable energy portfolio

2021: 4.8 Mt CO2e



1 Financed emissions data reported this year refer to 2022 results unless otherwise indicated. This is due to delays in the publication of national emissions data required for top-down calculations, which we still use for the majority of our financed emissions calculations.

Financed Emission Interpretation Pointers

On the commitments we made

- Rabobank supports the Paris Climate Agreement's goals and formalized that support by signing the Dutch Financial Sector Climate Commitment and joining the Net Zero Banking Alliance.
- Both Commitments share the core belief that the role of banks is not to scrub emissions from their own balance sheets, but to enable customers to make transitions that will have impact in the real economy.
- Rabobank shares this belief; we can contribute best to a future- proof food system by actively participating in it, with customers and other stakeholders, rather than turning away from regions, sectors, that are not yet future-proof. This applies especially to the food and agricultural sector which we believe has both emissions reduction- and CO2 removal-potential.

On the targets we have set

- Following the most recent IPCC report (also referred to by NZBA), we commit to a net-zero CO2 emissions portfolio and "substantially" reduced non-C02 GHG emissions by 2050 (as from 2024, in our climate disclosures, we plan to split our GHG emissions into CO2 emissions and non-CO2 emissions to make it easier to track overall progress towards our commitments).
- We currently follow the most common approach outlined in the NZBA guidelines on target setting, which means we have set (a) an overarching bank-level target of having our portfolio 1.5-aligned by 2050, expressed in absolute emissions metrics (MTCO2e) and (b) preliminary targets for 12 sector x region combinations, expressed in emissions intensity metrics (kg CO2e/kg product).
- We have pledged to have "all our operational and attributable GHG emissions from our lending and investment portfolios align with pathways to net-zero by mid-century, or sooner, including CO2 emissions reaching net-zero at the latest by 2050, and a "rapid" reduction of non-CO2 emissions, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100".

On the challenges we face

- Almost 75% of our customers emissions are related to food and agriculture sectors, where emissions data and science-based decarbonization pathways are scarce/absent. More than half of these emissions are non-CO2 emissions, which are impossible to fully abate; there will always be residual emissions from for example livestock activities. The implication is that non-CO2 emissions will not be net zero in 2050.
- Our absolute emissions target is sensitive to balance sheet fluctuations and therefore does not provide a completely accurate picture of our customers' GHG reduction performance. The emissions intensity targets we have set for sector x region combinations on the other hand, do not say anything about the total amount of GHG gasses being emitted. The implication is that despite progress on the intensity-based targets our absolute emissions could still increase.
- Among the main challenges Rabobank and other banks face is the lack of customer-reported GHG emissions data. Therefore, we have to use proxy indicators to estimate the majority of client emissions. Over time methodologies will improve, more data will become available and bottom-up (company specific) numbers will replace top-down (sector) estimates. This means that data may need to be restated in future and comparisons over time will be difficult until methodologies and regulations are more settled.
- According to the NZBA guidelines, banks' GHG reduction targets should include customers' Scope 1, 2 & 3 emissions "where relevant and data is available". There is considerable discussion surrounding the viability of banks disclosing and setting targets for customer Scope 3 emissions, due to the enormous variety and complexity of supply chains involved. For Rabobank, customer Scope 3 emissions are predominantly an issue in the F&A sector, where we have considerable overlap between Scope 3 emissions of Wholesale customers and Scope 1 & 2 emissions of our farming customers. We will disclose Wholesale customer Scope 3 emissions as they become available, but we will focus our reduction efforts on our farming customers' Scope 1 & 2 emissions, as this is where we have more influence.
- Although we are fully committed to the pledge we made, we are dependent on other stakeholders in achieving their goals. This is also acknowledged by the Commitments that state: "We will only succeed… if our clients and other stakeholders also play their part." And, "We make this Commitment with the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met." Therefore, our path to 2050 leans more towards an "efforts-based" commitment. As the NZBA puts it: "these guidelines are to be applied on a comply-or-explain basis."
- We are working on disclosing and tracking effort-based targets on "green/transition financing" and "client engagement activities" in order to provide quantitative measures of our efforts to achieve our climate target.

Next steps

In 2023 we started preparations for setting a 2030 absolute target on the CO_2e emissions of our customer portfolio. This target will distinguish between CO_2 and non-CO_2 related emissions. This is a challenging task, especially in the Food & Agri part of our portfolio. We expect to publish those targets in 2024.

As mitigation is just one side of the climate change coin, in 2023 we increased our focus on adaptation. Together with 26 banks, we contributed to the target-setting guidance for climate adaptation finance launched by UNEP FI in November 2023. In 2024, Rabobank will continue its work, focusing especially on sectoral deep-dives. In addition, in December 2023 a cooperation between the Dutch financial sector, the Dutch government, the Delta commissioner, and a network organization named Climate Proof Together, launched the report 'Accelerating climate adaptation - an alliance between the financial sector and government' . The report contains recommendations among others on how the financial sector, where applicable together with the government, can contribute to climate adaptation. In 2024 we will build on this foundational work, to develop an approach towards adaption.

Emissions Reduction Targets in the Food & Agri Sector

GHG emissions from the Food & Agri sector account for almost 75% of Rabobank's customer emissions. However, target setting methodologies and emissions reporting for the sector are still in the early stages of development. This is mainly due to the fact that the vast majority of farmers do not record or report on-farm GHG emissions. At the same time, there are no recognized tools or methodologies for financial institutions wishing to set emissions reduction targets for their F&A portfolios. Given the importance reducing agriculture emissions play in our climate ambitions, and our role as a leading global F&A bank, Rabobank has taken a proactive approach to addressing these issues.

To start with, in 2021, Rabobank, together with the World Business Council for Sustainable Development, UNEP FI, PCAF, the Environmental Defense Fund and eight other global banks launched the Banking for Climate in Agriculture (B4iCA) initiative to develop guidelines for target setting and data collection for financial institutions with large F&A portfolios. The first comprehensive set of guidelines are expected to be published in the first quarter of 2024. In 2022, in our Road to Paris report, we attempted to use SBTi FLAG decarbonization pathways to set initial emissions reduction targets for the beef sectors in Australia and the US, the dairy sector in New Zealand and the Soy sector in Brazil.

Encouraging Use of Carbon Calculators

In 2023, we launched an internal initiative to encourage farming customers in Australia, Brazil, the Netherlands, New Zealand and the United States to use carbon calculators and report on on-farm emissions. By the end of 2023, over 2,000 farming customers (on a total of approximately 15,500 farming customers) from Australia, New Zealand, Brazil, Argentina, Peru and Chile had started using carbon calculators. As different sectors in different countries use different carbon calculators, we have been working with external consultants to develop a way of standardizing the different results so that they are compatible with the scientific decarbonization pathways. In 2024 we will continue working with external consultants to chart the CO_2 footprint of our customers in the Dutch horticulture sector. We will leverage these insights to help our customers become more sustainable as well as to improve the calculations of our customers' emissions, using farm level data.

Business Delivery and Opportunities

As a bank we develop actions we can take to help meet our ultimate goal of supporting the transition towards a net-zero economy by 2050 and to set emission reduction targets that help limit global warming (with a likely limited/no overshoot) to 1.5 degrees Celsius by end of the century. First of all we aim to **help customers in their transition to a sustainable future**[1] with knowledge and insights into decarbonization through among others sectoral information meetings and RaboResearch, with financial products (sustainable/ transition finance) to support their transitions, and by financing innovations that will accelerate their efforts. Secondly, we engage with stakeholders at different levels in the economy and society to **help move the system in a sustainable direction**. Thirdly, we continuously **optimize our portfolio for sustainability** by making conscious choices in how we grow our portfolio and by developing policy that provides clarity on what we can and cannot finance.

Incentivizing More Sustainable Business Models

Supporting customers' transitions to low- or lower-emitting practices and models compels us to take a different perspective on developing and offering financial products and services. Or rather to add a perspective. Whereas financial institutions have generally looked primarily at the risk and reward perspective when developing and offering products and services, Rabobank has started taking steps to include sustainability or impact perspectives. This approach can result in more favorable financing conditions (a.o. discounts on interest margins) for customers with improved sustainability performance.

1 We have developed different initiatives to help our customers towards a more sustainable future, when the impact is material this is disclosed in this report.

In the past several years we have actively stimulated sustainable entrepreneurship through Sustainability Linked Loans. In short, we try to incentivize more sustainable business models. Customers who invest in technology or practices to reduce emissions, use of water, or any other sustainability goal benefit from a lower interest rate. In 2023, 64% of our Assets Under Management (EUR 58 billion) were categorized as sustainable, of which EUR 32.8 billion were invested in mandate funds with the specific objective of achieving at least 30% lower CO_2 intensity than the benchmark. Our Sustainable Funding[1] amounted to EUR 9,105 (2022: 7,465) million and we recently finalized our Sustainable Funding Framework.

Rabo Groen Bank

In the Netherlands, Rabo Groen Bank (Rabo Green Bank) brings together private savings customers and sustainable, innovative projects that meet the requirements of the so called Regeling Groenprojecten. This government scheme is intended to stimulate innovation and focuses on frontrunners on sustainability. At the end of 2023, a volume of EUR 2.8 billion (+4%) was outstanding in sustainable green financing and leases to companies and green mortgages for private customers. As the largest green bank in the Netherlands, Rabo Green Bank contributes to both the energy and food transition, as well as to a more sustainable Dutch society.

Private customers have invested a total of EUR 3.2 billion in green savings at the end of 2023, a result of a strong increase of EUR 564 million (+21%) in 2023. Over 10,500 new green savings accounts were opened. These savings and their proceeds were used for funding green loans at a lower interest rate to companies and private customers that go the extra mile on the road to sustainability. More than EUR 550 million in new loans were granted in 2023, mainly in solar and wind energy, but also in sustainable buildings and organic agriculture. Finally, the demand for providing green funding to sustainable mobility assets increased during 2023.

Renewable Energy

The energy sector plays a vital role in achieving a net-zero society. We have an ambitious agenda for our energy sector portfolio. Through our involvement in 55 projects and exposure of EUR 2.6 billion in 2023, we are one of the top 15 global lenders in renewable energy. Up to 2030, we want to make EUR 30 billion of financing available for the energy transition, of which EUR 10 billion should go to renewable power generation.

Sustainable Food & Agri Sector

It cannot be denied that the Food & Agri sectors are responsible for significant GHG emissions around the world. However, we believe that the Food & Agri sector can also be a significant part of the solution for the challenge of providing enough affordable, nutritious food for a growing world population within planetary boundaries. After all, by adopting new technologies and transitioning to sustainable practices, farmers can reduce their GHG emissions. Even more importantly, they can remove and capture CO_2 in the soils they work, the crops they grow, and the trees they plant and cultivate. There are opportunities we can help them to seize by offering the right financial products and the right knowledge as a bank.

Knowledge sharing

We have several initiatives to help customers and other stakeholders improve their knowledge of sustainability topics. In the United States the Sustainability Academy for Young Farmers focuses on the economic and environmental benefits of innovative, sustainable agriculture. Young producers can network with thought leaders, gain an understanding of current business opportunities, and develop an action plan for their own operations. Elsewhere, we operate Future Farmers Councils where we bring together a panel of next generation farmers from all over the world. They share knowledge and exchange thoughts and insights on a range of topics. Furthermore, F&A Advisory Boards in Europe and Africa address important topics like cooperation in the value chain to reduce Scope 3 emissions and how to improve soil health.

Housing

For years, the housing market in the Netherlands has been characterized by a lack of affordable homes and rising prices. We see this a challenge where our duty as a systemic bank in the Netherlands and our mission of “Growing a better world together” can create synergies. As one of the country's biggest mortgage lenders, and a housing developer, we work to increase the number of sustainable homes and improve access to the housing market.

Reducing the Housing Shortage

Rabo SmartBuilds was set up in 2021 with the goal of addressing the housing shortage in the Netherlands. The core-concept behind Rabo SmartBuilds is to build high-quality, modular and sustainable homes at temporary sites. By manufacturing these houses in a housing factory and placing them in temporary locations, we can significantly expedite the development process compared to traditional permanent housing projects. Our objective is to introduce 12,000 such homes to the Dutch market over the next decade.

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

In 2024, Rabo SmartBuilds will realize its very first project on Texel. Together with the municipality of Texel and housing corporation Woontij, 120 affordable rental homes will be built at the Kolibrievlinder in Den Burg. The production of the wooden, energy efficient and modular homes started in January in Barli's housing factory in Uden, Brabant. The new residents will move in gradually over the year and all homes will be occupied by the end of 2024. In addition, the municipality of Zaltbommel intends to realize 139 sustainable and affordable apartments together with Rabo SmartBuilds, housing corporation Bazalt and concept developer Circlewood. We aim to create an affordable place to live while transforming the current agricultural mono-landscape into a nature inclusive environment. In both projects, the public space is focused on nature, biodiversity and social cohesion.

Sustainable Housing

Our Green Mortgage comes with lower interest rates. The GreenDepot (also at discount rate) can be used to borrow additional funding for e.g. A heat pump, solar panels, insulation or HR++ glass. We also developed the homeQgo scan, which gives customers insight in sustainable and energy-saving measures for their own home. In 2023, more than 69,000 home scans were performed. In addition, by 2023, more than 33% of our new mortgage customers financed a future investment to make their homes more sustainable.

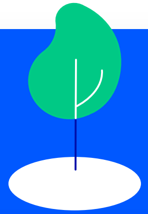
Collective Private Commissioning

There is a housing shortage in the Netherlands. One of the solutions is a collective private housing initiative. As Rabobank we would like to support this in an informative manner. "Self-Building Together" was developed from this idea. A site where you as a customer can find all kinds of information about self-construction and construction in "Collective Private Commissioning".

Value Nature

Over the last decades, scientists and nature experts have increasingly voiced their concern about the degradation of nature, warning that as a global society we are eating into our own capital.

Objectives



Value Nature
Back to planetary boundaries.

Progressively adapt our portfolios and policies towards:
- *Avoiding impacts in protected and key biodiversity areas*
- *Minimizing pollution to safeguard water and soil quality*
- *Minimizing impacts on threatened species*
- *Restoring degraded ecosystems*
- *Steering on good agricultural practices, reducing food loss & waste and protein diversification*
- *Halting deforestation and land conversion*

The continued degradation of nature can have significant consequences including, but not limited to a decline in pollinators (bees, flies, wasps, beetles, butterflies, etcetera) on which the pollination of over 75% of crops depend and productivity decreases caused by land degradation.

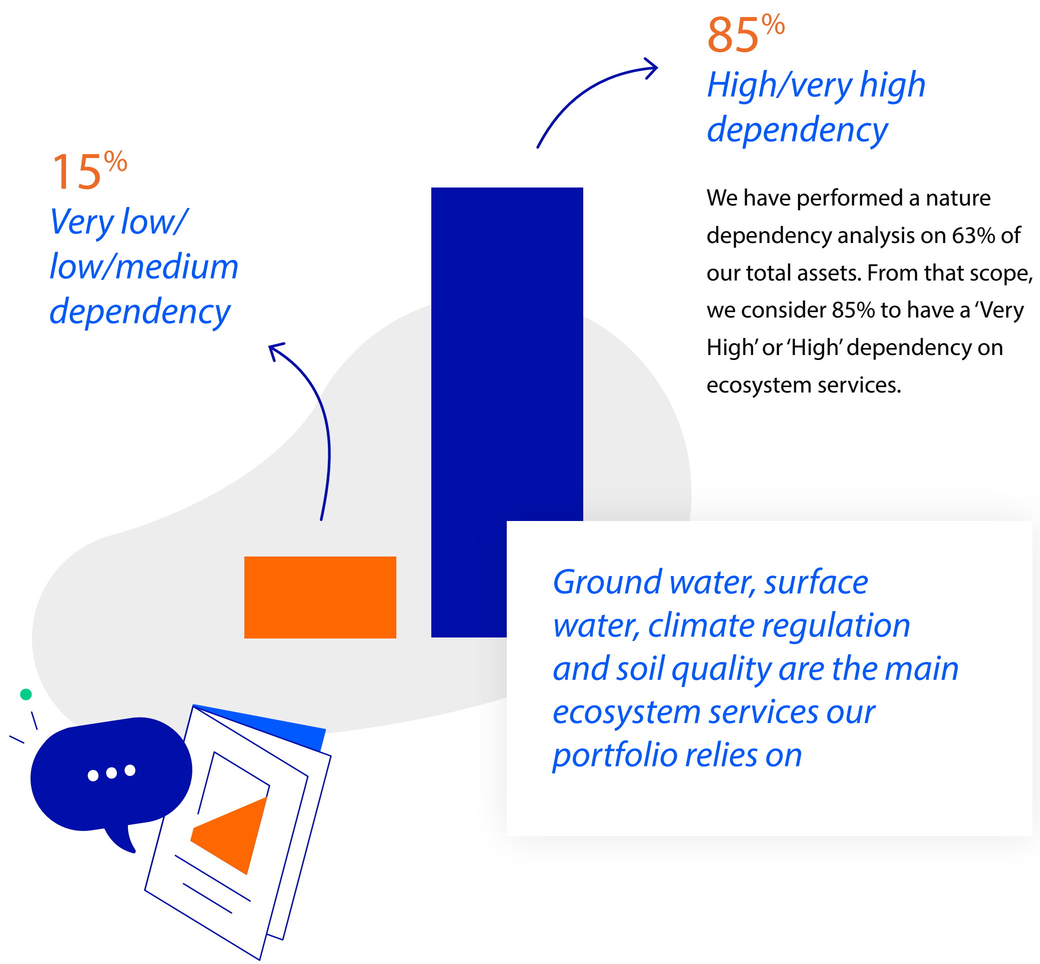
> *"Nature doesn't need people, people need nature. The food we eat, the water we drink, the air we breathe – it all stems from nature[1]".*

However, we believe it is possible to align the production and consumption of food and energy with what the earth can handle to keep our planet habitable for present and future generations. We want to facilitate and finance the the food system- and energy transitions that respect planetary boundaries.

It is our ultimate aspiration to: **intregate nature in our way or working by 2030 and living in harmony with nature by 2050** (in line with the Kunming-Montreal Global Biodiversity Framework (GBF)). Our commitment to achieving this goal is evidenced by our co-launching and signing of the Finance for Biodiversity Pledge in 2020. Since then, we have actively participated in leading initiatives, such as the Partnership for Biodiversity Accounting Financials (PBAF) and the Biodiversity Working Group at the Dutch Central Bank (DNB). In 2021 we joined the Taskforce on Nature-Related Financial Disclosures (TNFD) as a Taskforce member. This international partnership (of among others, the United Nations and WWF) focuses on understanding and managing nature-related risks and impacts. In 2023 the Taskforce presented its final framework.

1 About Nature Is Speaking (conservation.org)

Rabobank portfolio dependency on ecosystem services



Where Are We Today

Nature is a broad theme. Where climate mainly revolves around global warming caused by CO2e emissions, the theme of Nature consists of multiple subtopics like pollution, water & marine resources, biodiversity & ecosystems, resources & circular economy. This makes the process of footprinting, or assessing where we are today in terms of dependency and impact on nature, quite complex. In addition we need to acknowledge that our sphere of influence as a bank lies primarily on financing the transition, steering on the triangle risk, reward and sustainability and our efforts to embed nature in our organization and core banking processes (e.g. governance, training, risk management, policies). We cannot determine the outcomes of our customer engagements.

In 2023 we established a dedicated Nature team, within the Group Sustainability department that in close cooperation and alignment with the Climate and People teams developed a 2030 ambition and a 2050 vision on Nature. Based on that ambition and vision the team developed a bankwide and multi-year approach consisting of four basis steps: 1. footprinting, including data- and metric development, 2. target-setting, 3. integration in strategies, policies, risk management frameworks and business development, 4. awareness and disclosure.

Impact and dependency

Our own operations (Scope 1 and 2) have limited impact and dependency on nature. Therefore our main focus is on our financed activities (Scope 3). In 2023 we performed a nature impact analysis for 63% Rabobank's total assets that shows that most of the impact on nature is due to the effect of land use. The analysis also indicated that most of Rabobank's impact on nature occurs at farm level in the animal protein, grains & oilseeds and dairy sectors. In these sectors, Rabobank has large exposures in the Netherlands, Australia, United States, New Zealand and Brazil. We are seeking to improve the quality, specificity and granularity of data for future analysis.

On the other side of the coin, our portfolio is very much dependent on nature. In 2023 we updated our dependency analyses (based on 2022 figures), which also covers 63% of our total assets. From this update we have learned that approximately 85% of the covered assets is highly to very highly dependent on one or more ecosystem services. Surface and Ground water, Soil Quality and Climate Regulation are among the ecosystem services we are most dependent on. Not protecting and restoring our natural capital can put our and our customers' long term business model at risk.

Next Steps

We are taking steps in assessing and managing our nature-related risks, opportunities, impacts and dependencies and are aiming to accelerate. Therefore, we are in the proces of setting nature-related targets ourselves, following the relevant external guidance (such as the United Nations Principles for Responsible Banking Nature Target Setting Guidance and the guidance of the Finance for Biodiversity Foundation), starting with so called practice targets. The purpose is to help strengthen the consideration of nature in our steering and decision-making and to firmly embed over time in our business-as-usual processes, while continually gathering information and preparing to set impact targets eventually. Examples of the practice targets that we have already set, include:

- Governance: to have developed and implemented a clear governance and established senior management accountability by the end of 2024. In addition, we will have developed and rolled out a group-wide mandatory training curriculum that includes the theme of Nature.
- Materiality and impact assessment: to have included Nature in our materiality analysis by the end of 2024 and assessed a significant majority of our Nature-material portfolio on Nature impacts.
- Strategy & policy: to have developed a vision on Nature and integrated it in our overall sustainability strategy by the end of 2024.
- Risks & opportunities: to have continued incorporating nature sensitive portfolios in our risk management approach.

Towards 2030

Towards 2030 it is our aspiration to integrate nature in our way of working. To this end we will embed nature into all our core banking processes and governance and are steering on the triangle of risk, reward as well as sustainability and progressively adapt our portfolio and policies towards alignment with the Kunming-Montreal Global Biodiversity Framework (GBF) 2030 targets, in line with the best practices and based on the best available science. Leveraging our banking actvities, we mainly focus on:

- Avoiding impacts in Protected Areas and Key Biodiversity Areas.
- Minimizing pollution and impacts on threatened species.
- Restoring degraded ecosystems.
- Steering on good agricultural practices, reduction of food loss & waste and protein diversification.
- Halting deforestation and land conversion.[1]

1 In line with our updated Deforestation & Land Conversion policy

Towards 2050

We support the overarching Kunming-Montreal Global Biodiversity Framework (GBF) vision: 'A world of living in harmony with nature, where by 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people'. We translate this vision into: transitioning to activities efficiently using natural resources and balancing between the use of natural resources and the nature, climate and people levers. We do this by including nature in our steering and decision making. Throughout our approach, our efforts are firstly aimed at avoiding negative impacts, secondly at minimizing negative impacts, subsequently at restoring negative impacts which can’t be avoided or minimized and only then at offsetting what can't be restored.

Business Delivery & Opportunities

Meanwhile, we work towards **helping customers in their transition to a sustainable future** and towards valuing and using natural resources efficiently e.g. by engaging and stimulating good agricultural practices, by developing nature based solutions, by financing natural and protective infrastructure and by engaging with customers on their nature performance. Secondly, to **help move the system in a sustainable direction** we e.g. work with private and public partners to co-facilitate the protection and restoration of Key Biodiversity areas to leave more nature for next generations. Thirdly, we aim to **optimize our portfolio** towards activities that efficiently use natural resources by developing data, and risk frameworks that include nature impacts and dependencies and by focusing on the nature investment potential.

Acorn

Smallholder farmers in developing and emerging regions that switch to agroforestry can generate Carbon Removal Units (CRU's) through our “Acorn” program (Agroforestry Carbon Removal Units for the Organic Restoration of Nature). Agroforestry under the Acorn Program provides certified, nature-based carbon credits, with 80% of the carbon sales revenue going to the farmers. So far, the program has supported almost 275,000 farmers and issued nearly 315,000 CRU's.

COP28

At the 28th annual Conference of the Parties, Rabobank attended to discuss and negotiate measures to mitigate climate change and its consequences. Acorn signed a Memorandum of Understanding with the intention of investigating possibilities to start an Acorn project with smallholder farmers in the northern and southern regions of Kyrgydzstan (together with local partner AFoCO and the Republic of Kyrgyzstan). The intention is to regenerate up to 600,000 hectares of degraded forests through the Acorn program and create additional income possibilities for the participating smallholder farmers.

Dilemma around the Nitrogen debate

The agricultural system in the Netherlands has reached its ecological limits, as demonstrated by the nitrogen emissions debate. Government plans to reduce nitrogen emissions have caused great uncertainty in a number of sectors, not only in the agricultural sector. However the impact of the plans on the latter cannot be underestimated.

The central issue in the Dutch nitrogen policy concerns the balance between economy and nature. To a greater or lesser extent, economic activities involve nitrogen emissions. Conservation and restoration of nature require a reduction in nitrogen emissions. The balance depends on the objective that one wants to achieve with regard to the quality of nature, the speed with which one wants to achieve this goal and the choice of policy measures. A potential 'Agricultural Agreement' (landbouwakkoord) revolved around formulating a joint vision of government, agricultural entrepreneurs, chain parties and environmental and nature organisations on the future of agriculture and horticulture in the Netherlands. The agreement should answer the following questions:

- How much space is available for the sector now and in the future? Both in terms of surface area and environmental use space in the form of permitted emissions;
- What is the revenue model for entrepreneurs active in the sector?
- What part of the revenue model comes from the market and what part comes from public funds, and how are the latter safeguarded?

Extensive negotiations between sectors and government have not yet resulted in a formal Agricultural Agreement. The lack of perspective for farmers was one of the main reasons for the failure to reach this agreement. The current political situation will likely further prolongate uncertainties in the sector.

How do we try to contribute to support our customers in the meantime?

Rabobank strongly believes a collective agreement and approach is still needed. This continuing uncertainty does not contribute to taking the needed steps in the future-proof direction. It creates a 'stalemate' situation that asks for breakthrough and contributions from all parties involved. Contributions for solutions are needed from all organizations involved and the Agricultural Agreement was the preferred route. Despite the lack of an agreement, Rabobank continued to work on its future vision and guidance for 'Agrofood' in the Netherlands, including nitrogen. This 'Agrofood Vision 2040' was published in December 2023.

This updated 'sector vision' for the future, incorporate ambitions in the areas of nature (e.g. water and biodiversity), climate, and animal welfare towards 2040. This in order to continue supporting our customers as best we can, while making future-proof steps in the meantime. With currently around EUR 13 billion of exposure to farmers of dairy cattle, calves, pigs and poultry Rabobank is committed to support its agricultural customers through this transition towards a more sustainable sector. We have therefore established financing propositions for our clients with a budget of EUR 3 billion to support them in the strategic choices farmers have toward a future-proof business model (or a combination thereof) for extensive farming, innovation, relocation, conversion, or cessation. Prerequisites of any financing is a sustainable and financially viable business model and legal permits for the operation of the farmer. We will cooperate with our partners in the entire F&A value chain throughout the Netherlands, all with the aim of helping farmers in this transition and in protecting nature.

In order to follow up on our vision on our vision, in 2023 we have:

- held well over 14,000 transition conversations, representing almost 70% of all planned transition conversations
- provided almost EUR 35 million in loans as part of the transition approach.

Dilemma: Should we be financing customers in deforestation risk regions, yes or no?

Humankind has used and converted land as long as it has existed and continues to do so, mainly to feed itself. However, scientists claim that due to the way land is currently used (for agricultural, commercial, recreational, residential, and transportation purposes) and the scale at which it is converted, nature loss might be pushed beyond 'safe limits' and past Planetary Boundaries.

Our customers all face climate change and nature loss as massive global challenges that undermine the resilience of our planet and its ability to recover. It affects everyone, everywhere. Land Use Change (including Deforestation and Land Conversion (D&LC)) is one of the causes of this and touches our sustainability priorities. It can impact climate, through increased emissions or decreased carbon sequestration capacity, and nature through biodiversity loss: animal and vegetation. Both in turn can impact human rights and livelihoods.

The growing world population continues to ask for more food, which consequently, puts more pressure on food production and increases the land at risk for conversion or deforestation, both legal and illegal. At the same time, Rabobank is an internationally operating bank with a strong presence in the food value chain, from smallholder farmers to multinational food producers. We are committed to helping drive a food system transition toward a future-proof, more sustainable direction. At the same time we appreciate that the international food value chain, as a whole, is not there yet. This means our financing activities can also potentially be exposed to the risk of land use change. In addition, in some regions there is a higher risk; for instance, risk is lower in areas that were converted for agricultural use long ago, such as Europe, and higher in densely forested regions, such as Brazil.

What then if you are a bank that is against deforestation? Would you need to stay out of regions with higher risk? Would you need to stay out of certain sectors entirely?

Withdrawing services from certain economic sectors or geographies is likely to have the unintended consequence that actual deforestation increases, as parties with lower policy levels and fewer preventive and corrective measures in place will occupy the place of banks with higher policy levels. We strongly believe that the best way we can contribute to a future-proof food system is by actively participating in it, with customers and other stakeholders, rather than simply ignoring it or being passive bystanders. In the meantime, we know that the system won’t change overnight.

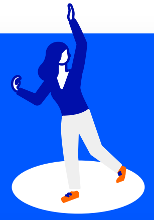
How do we work in areas with risk of deforestation?

Asking customers to sign a ‘no deforestation’ commitment is not enough, it also requires us to work at customer level and at system and portfolio level. At customer level, we work on knowledge and financial product development to help customers towards a more sustainable direction, stimulating for example, climate and nature-smart farming practices. At system level, we work on solutions and innovations in partnerships with other key players, from banks to governments to NGOs, to push the system towards a more sustainable direction. At portfolio level, we continuously optimize for sustainability by making conscious choices in how we grow our portfolio and by developing policies that provide clarity on what we can and cannot finance going forward.

Enable People

The rights of people are central to Rabobank's business. While governments are reponsible for protecting human rights, companies, including Rabobank, must respect them in the way they organize and do business. We can play a role in protecting labor conditions, enabling and enhancing livelihoods, and supporting communities to thrive.

Objectives



Enable People
A more inclusive society for customers, communities and workforce.

- *Support of fair and equal opportunities for financial well-being and participation in society*
- *Respecting human rights*
- *Support of customers and communities to act on climate and nature in their business and at home, in a financially sound way*
- *Driving transitions that can contribute to make the sustainable option affordable, available and accessible*

As an employer and bank, Rabobank impacts people every day, inside our own operations, through our business activities and through our business relations. We are also a systemic bank in the Netherlands where 9.1 million customers entrust us with EUR 163.0 billion in savings and are quite aware that financial well-being is under pressure from inflation, energy poverty, and income inequality. As a cooperative bank, whose mission is 'Growing a better world together', we will work together with public and private organizations to help face these challenges. Our ultimate goal is to contribute to a more inclusive society for customers, communities and workforce.

Rabobank is committed to the United Nations' Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The UN now recognizes access to a healthy and sustainable environment as a universal right. Climate and nature related transitions need to be 'fair' and 'just', with considerations of affordability, equal distribution of effects and ensuring the minimum social safeguards.

Where are we today

The theme of People and their human rights covers a wide range of topics. For us it is about:

- Respecting and enhancing human rights within our own operations, our business activities and business relationships.
- Driving transitions that can contribute to making the sustainable options affordable, available and accessible.
- Supporting customers and communities to act on climate and nature in their business and at home, in a socially inclusive and financially sound way.
- Supporting fair and equal opportunities for financial well-being and participation in society.

In 2023 we have focused in our own operations on strengthening diversity, equity and inclusion. We have e.g. developed Global Policy on Diversity, Equity and Inclusion. We view winning the 2023 NVP HR Professional Award 2023 for having proven to be successful with an innovative HR policy as an acknowledgement of our focus and efforts. More information about this is available in the Better Bank section of this report.

Outside our own operations, In the Netherlands, 'financially healthy living' is a key theme. We believe that financial health is preconditional for a 'Better World'. By helping our customers to be financially resilient, we help them participate in for example the energy transition that is required for a sustainable future. This is why in the Netherlands, Rabobank is part of the National Coalition Financial Health, a public private organization aimed halving the number of families living in poverty and providing one million childern and young adults with financial education by 2030 (a national target that we will try and translate into Rabobank specific targets in 2024). The scope of financially healthy living as a theme is broader than financial products and services; we for example support local projects that contribute to greater equality of opportunities and provide teaching packages around 'financially healthy living' for MBO (secundary vocational education) students.

Cooperative Circles

In a cooperative circle participants donate a minimum of EUR 1,000 per year. Customers and members of Rabobank and engaged residents of a region raise funds to increase equal opportunities for children. The collective contribution is used to support local projects that contribute to greater equality of opportunities. Participants actively involved in the initiative they support. Rabobank has helped kickstart 11 of such circles in the Netherlands, with more to be established in 2024. By setting up cooperative circles, we are working towards a national movement that is committed to equality of opportunity. The circles operate independent from the bank.

Teaching Package

We developed a Rabo teaching package for MBO (secondary vocational education) students in the Netherlands. Lessons cover e.g. online gambling, fraud, and crypto currency. The goal of the lessons is to have a ‘financially healthy living’ conversation with 21,000 young people. This training serves as an effective tool to reach this goal. In 2023, the lessons have been rolled out throughout the Netherlands.

Internationally, we continued to work on improving the livelihoods of smallholder farmers and financial inclusion via Rabo Partnerships and Rabo Foundation as evidenced by the cases in this chapter. Beyond the work that we are currently doing, it is our aspiration to integrate People in our way of working within the bank. We need to prioritise and identify where we have the greatest people related risks and impacts. We have started to discuss this topic with stakeholders and have initiated a process to identify where we impact people most through our business relationships.

Business Delivery & Opportunities

We increasingly aim to include a social dimension into our financial products and propositions. This can have different shapes and forms, potentially ranging from more favorable financing terms to tactical assistance (e.g. for smallholder farmers). Below we outline some examples of how we aim to do this.

Financially healthy living

As a cooperative bank, we support the shift toward a more inclusive society, in which people are more financially responsible and there are equal opportunities for all. Rabobank encourages everybody to live a more financially healthy life, and is convinced that everybody is capable of it. We do this by providing inspiration and motivation, by encouraging people to talk more about money and by providing clear information, practical tips and tools. We also provide information on opportunities for further capital accumulation through saving and investing.

Geldfit.nl

In 2023, approximately 13,500 people were referred to Geldfit.nl though our own channels and staff. Private customers and entrepeneurs can take the anonymous financial test. The independent website offers free tips and information on a wide range of financial topics. People are able to anonymously get personal advice on their financial situation.

Online Financial Health Check

In 2023 we added a financial health check in our mobile banking app. The check presents a number of questions and after answering those, provides a financial health score as well as tips to improve. The financial health check provides *insight* which is the first step in a four step approach: insight, spend less, save more, build wealth. In 2023 (the functionality was launched in June) over 100,000 people used the financial health check.

Rabo Foundation

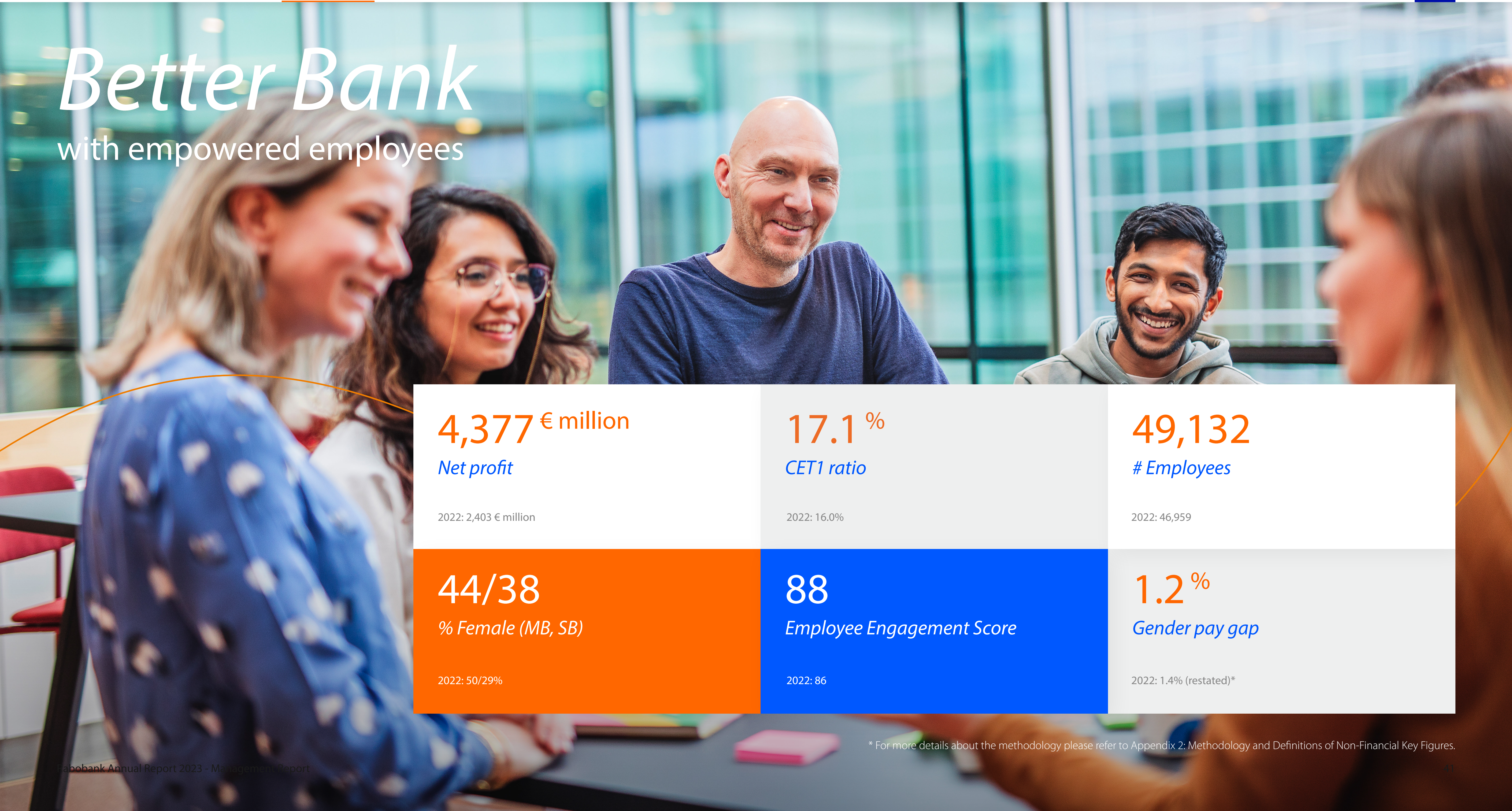
Rabo Foundation is Rabobank's social fund and is indepent of Rabobank Group,, which was founded in 1974 to advance cooperative ideas worldwide. Rabo Foundation gives farmer cooperatives in Africa, Asia and Latin America access to financing, knowledge and networks to improve the lives of small farmers and enable them to produce more sustainably. Over 500 farmers projects have been supported through Rabo Foundation in 2023. In the Netherlands, the Foundation supports social enterprises that create employment for people at a distance from the labor market. Like Rabobank, Rabo Foundation provides financing. The difference? We look at the impact an organization makes and step in if the bank is not yet able to do so.

Rabo Partnerships

A 'just transition' of the food system in emerging markets starts at the root, with the farmers – mostly smallholders – their supply chains and financial institutions. Rabo Partnerships is our booster for F&A innovations when it comes to financial inclusion and sustainable food security globally. Through Rabo Partnerships, we invest in financial institutions, provide technical assistance, support blended finance, and create smallholder ecosystems. Rabo Partnerships connects farmers in Africa, Asia and Latin America in order to improve their productivity and income in a sustainable way. In doing this, we help farmers gain access to markets and financial solutions, enabling them to contribute to sustainable food systems and drive rural development of communities via their partners

Next steps

Overarchingly, we will continue to build on our aspiration to integrate People in our way of working in the bank. In 2024 we will expand our efforts in this process and determine where our focus will be. Our approach will be integrated and holistically linked to our ambitions in Climate and Nature. We will invest time in this process, to gain and share knowledge and find out together who has what impact where. These findings will be the foundation of an implementation plan which we aim to finalize by the end of 2024. Key to the implementation plan will be to approach Climate, Nature and People holistically. Only then will we build a truly sustainable future. Everyone must also be able to join in the process that it brings around. In other words, this future and everything required to achieve it must be accessible and affordable.



Better Bank

with empowered employees

4,377 € million *Net profit* 2022: 2,403 € million	17.1 % *CET1 ratio* 2022: 16.0%	49,132 *# Employees* 2022: 46,959
44/38 *% Female (MB, SB)* 2022: 50/29%	88 *Employee Engagement Score* 2022: 86	1.2 % *Gender pay gap* 2022: 1.4% (restated)*

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

Empowered Employees

A Great Place to Be

We want our employees to realize results, add value for our customers, and contribute to our goals. That is only possible if we offer them the best environment for them to work, develop, and grow in: in short, if Rabobank is a great place to be. For us this means a safe and supporting place, where people feel valued and can reach their full potential. Creating such a place requires not only an effortless employee journey and clear roles and responsibilities, but also diverse and inclusive teams that work together. We want Rabobank to be a great place to be and somewhere people want to stay.

> *We dare to make a difference for the world. Where we do the right thing exceptionally well. Where we go the extra mile for our customers. We strive to make one another better.*

Create One Rabo Culture

Our One Rabo Culture is rooted in the collective values, beliefs and assumptions that are held in our organization. It determines how we interact with each other, our customers, and society every day. Ultimately, we experience and observe it in our collective behaviors, including our leadership, decision making and communication. By acting based on shared values, we can make a greater impact on the world around us.

In 2023, we executed bank-wide and domain specific plans to further strengthen our culture and its enabling effects to realize our strategy. We see positive signs of effect of this effort and are ready to integrate our specific behavior ambitions into our core foundation; our values and behaviors as presented in our Rabo Compass.

Employee Engagement

Our employees are closely involved with our mission and committed to the strategic priorities of our bank. In order to constantly improve, we actively engage with our employees and seek their valuable input on a range of topics. We also measure employee engagement and organizational health each quarter through Effectory's Engagement Score.

- 33,000 employees give feedback in the Engagement Score, 4 times per year
- Employee Engagement rose to 88 in 2023 (Q4 2022: 86)
- 92% of employees enjoy working at Rabobank (2022: 91%)

Sick Leave

We saw our sick leave rates in the Netherlands decrease to 4.3% in a rolling 12-month period Safety Standard from 4.4% in 2022.

Experience Rabo@Anywhere

> *The current moment presents an opportunity to create a new and better future of work, by providing our people autonomy in organizing how they work.*

We strive for our employees to work in a place where they can get the best out of themselves, supported by user centric and simple products, in which they experience 100% digital convenience. To create a great place to be, we will meet on moments that matter. With this in mind, in 2021, we started Rabo@Anywhere in the Netherlands. It gives employees the space to decide where to work as long as they take into account their team and others. At Rabobank we work hybrid, choosing our RaboHouses to work together, to learn, be inspired and to meet, and working digital first when it is more efficient. One example of how we developed Rabo@Anywhere last year is that the so-called RaboHouses are now fully operational. With locations throughout the Netherlands, there is always a RaboHouse with the right facilities nearby. In 2023, the focus was mainly on adjustments to the office locations (audiovisual and interior) to facilitate the concept more robustly.

Win the Battle for Talent

> *Retaining, Developing, Connecting and Attracting Talent in a scarce labour market requires a comprehensive approach*

Identifying the capabilities needed to bank the transitions, and then developing, attracting and retaining people with these are paramount for the success of the organization. Fast recruiting is a differentiator in retaining and attracting talent, while effective on-boarding, and an environment that prioritizes well-being, development and career opportunities will create a more meaningful, long-term connection between our people and our bank.

LinkedIn Awards: Netherlands and Australia

The results of the LinkedIn awards show that Rabobank have finished in 3rd place in the Netherlands in 2023 in terms of places where respondents would like to work. In Australia we finished in the top 25 for the first time at number 18.

NVP HR Proffie 2023

Rabobank won the NVP HR-Proffie Award 2023. This award is presented to the organization that has proven to be successful with an innovative HR policy. This year, the focus was on how organizations are constantly adapting to the challenges of today and tomorrow in the areas of Diversity, Equity & Inclusion (DE&I).

Computable Number 1 IT Employer

Rabobank is the new number one in the employer survey among non-ICT organizations that Computable magazine published on June 23, 2023. The bank has been on the list for years and reached its highest final ranking ever. In 2023, we introduced a campaign to attract new IT talent. With the campaign, we position Rabobank as an innovative IT employer where employees have the space to work on their own projects and at the same time develop themselves professionally. It is precisely on these competencies that Rabobank scores very high in the 'Computable Employer Survey 2023'.

New Collective Labor Agreement in the Netherlands

Rabobank's collective labor agreement negotiations with the trade unions (De Unie, FNV Finance and CNV Vakmensen) have led to a negotiation result for a new collective labor agreement. The new Rabobank collective labor agreement has a term of 12 months, from July 1, 2024 to June 30, 2025. As of April 1, 2024, the fixed salaries and the minimum and maximum salary scales will be increased by 5.5% and as of April 1, 2025 the fixed salaries and the minimums and maximums of the salary scales will be increased by 4.25%. This collective labor agreement is applicable to employees of Rabobank in the Netherlands, including employees of Obvion.

Speak Up and Employee Voice

Rabobank aims to offer a safe working environment in which people are able to speak up freely about concerns, work-related problems, undesired behavior, misconduct, and other irregularities. "Speak Up" and "Just Ask" offer worldwide assistance in handling these matters and provide guidance on invoking any of the following procedures. Speak Up, Just Ask, the Global Policy on Whistleblowing and the Global Policy against Harassment apply to Rabobank globally. Following the Dutch Collective Labor Agreement, employees in the Netherlands have access and recourse to the Employee Relations Disputes Committee (GCA), following the Employee Relations Disputes Procedure (GRA) and the Social Plan Central Appeals Committee (CBSP). Internal and external trusted persons are available to employees worldwide.

In 2023, Speak Up handled 110 new cases (2022: 118). Just Ask handled 423 new cases (2022: 265) and 210 new cases were handled by the internal trusted persons (2022: 127).

The Whistleblowing Committee handled a total of 32 new cases in 2023 (2022: 40), of which 27 were closed (2022: 37) and 5 are ongoing (2022: 3). The Labor Disputes Committee (Geschillencommissie Arbeidsverhoudingen) dealt with 6 formal appeals. The Social Plan Central Appeals Committee handled 4 formal appeals, and the Executive Appeals Committee handled 0 formal appeals. The Local Harassment Committees handled 6 reports.

Future Ready Workforce

Rabobank needs a future-ready workforce in order to be able to adapt and compete in an ever-changing business environment to deliver on client expectations. Our future-ready workforce is one that is equipped with the skills, knowledge, and adaptability to bank the key transitions: Food System and Energy. We facilitate these needed capability shifts by supporting the organization in the qualitative, quantitative and structural shifts needed to build a future ready cooperative bank. We enable our people to grow, and through them, the Rabobank to thrive.

Strategic Workforce Planning

We want to secure a future ready workforce that contributes to the realization of our strategic business goals. Strategic workforce planning is our annual bank-wide strategy cycle to safeguard a future ready workforce, focussing on three key areas:

- **Capability**: we continue develop the skills required to deliver on our strategy. Employees can make use of Rabo Academies to develop their skills or even reskill themselves.
- **Capacity**: we continue to attract and retain people with critical skillsets . Therefore, we personalize the content and vacancies on Rabobank.jobs, based on pre-filled and self-assessment data from the candidate.
- **Composition**: we continue to invest in our workforce mix, developing diverse and agile teams.

Our Employer Value Propostion continues to be strong and distinctive within the tightening labor market. In 2023, we scored very well in the Dutch Intermediair Favorite Employer Survey, where the recognition of Rabobank as employer was higher (58%) than the average of all companies (37%). Rabobank’s recognition has been stable the last couple of years. We attribute our success to filling strategically important vacancies for the bank, to our labor market communications strategy, our online recruitment campaigns, and our ratings as an employer.

Diversity, Equity and Inclusion

At Rabobank, we firmly believe that with diversity, equity and inclusion comes great strength. Diversity is not only good for our employees, but also for our bank and, ultimately, for society as a whole. As a cooperative bank, we are at the heart of society. From this position, we provide all talents with equal opportunities; we don't want to exclude anyone on the basis of gender, cultural background, disability, age, sexual preferences, or other personal characteristics. Everyone can blossom at Rabobank and use their talents to create a stronger bank in a better society. An important prerequisite for achieving more diversity is having an inclusive culture: a culture in which everyone is given the room they need to be themselves, and where employees feel respected and appreciated for who they are. In our Engagement Score, 94% of employees indicated that they felt that in their immediate work environment, everyone is treated equally and with respect regardless of their background or personal characteristics.

We have a single Global Policy on Diversity, Equity and Inclusion (DEI) and a single Global Standard on Diversity, Equity and Inclusion. The policy reflects our position in society and as a result, we can better align our services to our customers' needs. The Diversity Board ensures the commitment and involvement of the senior management. The board is chaired and vicechaired by members of the Managing Board. The Diversity Board meets every quarter to discuss issues related to DEI. The board may take additional actions or measures as a result of these consultations. As a consequence of the implementation of the Global Policy and Standard on DEI, all regions and/or countries must create an Annual DEI Plan. This annual plan contains a regional/national vision on DEI, as well as local challenges, actions, and targets.

Although diversity is broader than sex/gender, we are proud that 44% of our Managing Board members are women and that women make up 40% of the level below the Managing Board. This is in line with the diversity law that came into effect in 2022 in the Netherlands.

As an employer, we are committed to equal opportunities. The difference in pay levels between men and women is estimated via two different metrics:

1. the unadjusted pay gap: the difference in mean (hourly) pay levels between men and women.
2. the adjusted pay gap: the difference in mean (hourly) pay levels between men and women taking into account a number of factors to allow for a like-for-like comparison between employees with, for instance, the same job level.

In previous years the gender pay gap was estimated for the employees that fall under the Dutch Collective Labor Agreement Rabobank. This year the analysis is extended and is based on fixed pay for all Rabobank employees worldwide. The estimation shows that for 2023 the unadjusted pay gap for all Rabobank employees globally was -/- 21.2% (2022: -/- 22.3%; NL 2022: -/-22.0%) and the adjusted pay gap -/- 1.2% (2022: -/- 1.4%; NL 2022: -/-1.3%). Compared to last year this means a decrease in both the unadjusted (-/- 1.1 pp) and adjusted (-/- 0.2 pp) pay gap.

On top of ongoing attention to encouraging more diversity of gender, culture, and employees with a labor market disadvantage, we continue to foster the integration and self-reliance of residence permit holders by helping them with internships, apprenticeships, and jobs.

Personal Development Budget

As investing in our employees is important to us and because we are competing with other employers for talent, we continue to focus on our employees' development of the Rabobank Skills. Reskilling and upskilling allow our employees to future-proof their skill sets, which enables them to design their own careers and contribute to Rabobank's transition and the realization of our strategic business goals.

We offer our employees growth options with a personal annual development budget of EUR 1,400 per year per employee. Employees can use this budget to further strengthen their position on the internal and external labor market. The budget is a supplement to the existing training budget that is required for the existing position. By the end of 2023, EUR 23.6 million of the total Personal Development Budget available in 2023 had been spent. The total budget for 2023 was EUR 90.4 million and consisted of a full-year budget plus the unused part of the 2021 and 2022 budget. The (remaining) budget of one year may be added to the budget of the 2 following years. The spending period is therefore 3 calendar years. The remaining budget at December 31, 2023, amounted to EUR 66.6 million. In addition to the development budget, we also use Percipio, an unlimited (free of charge for employees) learning platform where employees can find learning opportunities for all the necessary skills.

Innovative Platforms

At Rabobank, we work to continuously improve our systems and processes and we develop innovative solutions to support optimal service provision to our customers. Our customers are able to bank securely, without problems. Anytime, anywhere. We wish to respond rapidly to changing customer and market needs, and we want our products to have a short time to market. Our employees are key to achieving these goals. We, therefore, ensure that employees are engaged, that they can work anywhere, and that they are supported with tools and processes that empower them to focus as much as possible on their core tasks.

Digitalization

In our digital world, it's crucial that we are always accessible to our customers, that they can rely on our services 24/7, and trust that their data is secure. Rapid technological developments impact how we can achieve our goals for the future. To remain competitive we must simplify our operating models and accelerate digitalization. We need to become a “digital first” organization. It is what our customers expect from us: fully online and easy to use. 69.8% of private customers and 83.8% of corporate customers now use our online services. But we continuously improve and renew our IT landscape. For example by standardizing platforms, automating processes and migrating applications to the cloud. Our goal is to make banking as smooth, easy and safe as possible for our customers.

Computable Number 1 IT Employer

Rabobank is the new number one in the employer survey among non-ICT organizations, published by Computable magazine. Positioning ourselves as an innovative IT employer where employees can work on their own projects and develop themselves professionally, is what scored us top marks.

Sustainable IT

IT demand has been growing and will keep growing towards the future. Not only in the cloud, but also in our own data centers, caused by increasing volumes, (big) data & analytics, security measures like encryption and upcoming technology like AI.

Despite this growing demand, the overall carbon footprint has already reduced significantly over the last years. It’s our ambition to reduce Rabobank’s IT CO2 footprint with 50% between 2020 end the of 2025, outperforming the SBTI Data Center Benchmark.

We implemented several sustainability improvements to increase power efficiency: lowering air pressure under the data center floors, increasing the temperature and improving the airflow. To decrease the IT load, we upgraded to more efficient IT equipment, implemented hardware virtualization and optimized the use of cloud environments. Our procurement process secures that all our vendors (of over EUR 250,000) comply to Ecovadis requirements.

We contributed to society by repurposing depreciated data center hardware and workplace devices and donated the profit to charity. We introduced refurbished phones for employees and give colleagues the opportunity to extend the lifetime of their laptops, saving 24% of the embodied carbon footprint.

Innovation

Innovation is crucial for our bank as it ensures we stay competitive in a fast-changing world and helps us achieve our mission of "Growing a better world together." We, therefore, innovate to improve our customers' every daily life, build new business models for the future, and invest in key transitions for our bank on Energy and the Food System.

Datakeeper

Consumers and institutions share important personal and financial information on a daily basis. Too often this is through unsafe channels. A clear standard for the exchange of digital data is needed. That’s why Rabobank developed the ID-wallet in 2017, called Datakeeper. To let other companies and institutions also use this solution, and further shape and develop it together, we have made Datakeeper independent of Rabobank.

FoodBytes!Digital

Foodbytes is Rabobank’s global platform to help corporates in finding innovative F&A solutions matching their sustainability goals. Since last year Foodbytes has transitioned from an event into a digital connection hub. In this hub our 1,000+ users can find insights on key innovation topics like Carbon Tech, Traceability and Precision Fermentation. Besides that, we allow our users to directly connect with the 1,700+ sustainable innovators in F&A that we are actively tracking and should result in commercial partnerships or investments. In 2023 we have connected 250 startups, corporates and investors on a monthly basis.

Farmland

The mission of Farmland is to enable our bank to harvest the enormous potential of geo-data. To achieve this mission, Farmland focuses on two main aspects: creating the golden source of our customers' asset locations and leveraging a platform for geo-insights and analytics. With this golden source and geo-analytics platform, we create geo-services that are re-usable across the bank. As a result, our geo-services enable anyone within Rabobank who deals with location-based challenges to better serve our customers and make future-proof decisions

> *Geo-data is the solid foundation of many of our innovations, it's a crucial ingredient for the future of Rabobank*

Cooperative Mindset

125 Years a Cooperative

In 2023, Rabobank celebrated its 125th anniversary as a cooperative bank. “Together” is the word that runs like a thread through our bank's history. It is the word that fits seamlessly with our cooperative. That cooperative foundation makes us different from other banks, we don't have shareholders but members and we give part of our profits back to society every year. This is how we try to help our customers move forward every day. And with all the challenges that come with that, it often makes us proud to work for this cooperative bank.

We believe in the power of collaboration and sharing knowledge. Anno 2023, we are of course a different bank than those first credit cooperatives established by Dutch farmers and horticulturists in the 19th century. But the common thread has remained the same all these years: we always look for the solution that is best for our customers & the world around them. Today, the focus is mainly on the future of our food and energy. This is where Rabobank, as one of the largest F&A banks in the world, can really make a difference.

Jubilee Magazine

Throughout Rabobank’s 125-year history, cooperation has always been our motto. Together we have managed to create great things. That is why we are sharing the stories of then and now. Celebrating the 125th anniversary, we offer our members and our customers this digital anniversary magazine. This magazine describes how it all started, where Rabobank is now and how we manage banking in transitions. The anniversary magazine can be found online.

Cooperative Initiatives

We made EUR 400 million available for our clients, members, partners and employees to give an extra impulse to helping them become more sustainable. This is based on our belief that change can only be achieved together. As a cooperative bank we are able to offer these advantages to our clients, members, partners and the communities we work in, as we have been doing for the last 125 years.

Our Cooperative Sustainability initiatives consist of five different initiatives that each address specific challenges and target groups:

Rabo Cooperative Sustainability Contribution

In addition to the cooperative dividend, Rabobank has made an additional EUR 125,000 available for local projects, investments and contributions to social themes in 2023 for the living area of each local bank. Together with members, choices can be made locally as to which initiatives or projects will receive a coupon amount of of EUR 12,500. The one-off extra cooperative Sustainability contribution to the habitats can be invested in local solutions and projects that benefit everyone. This is possible on the social themes to which Rabobank wants to contribute, such as 'Sustainable Living', 'Banking4Food or Food System Transition', 'Sustainable Entrepreneurship', 'Financially Healthy Living' or the 'Energy Transition', but deviating from these themes for great local initiatives is also allowed.

Rabo Cooperative Insulation Budget

Rabobank will help existing mortgage customers with homes with energy labels G and F become more sustainable by offering them a Cooperative Insulation Budget. This consists of energy advice paid for by the bank for the relevant home in question and a possible financial compensation of EUR 1,000 for taking insulation measures. A budget of EUR 128 million is available for this initiative. With this, Rabobank wants to accelerate the sustainability of the housing market.

In order to achieve the objectives of the Paris Agreement, the Netherlands has set itself the ambition to better insulate 2.5 million homes by 2030, especially homes with energy labels G and F. Having a well-insulated home is also becoming increasingly important for owners. This is partly due to high energy prices and the increasing effect of the energy label on the sales price of a house. In addition, from January 1, 2024, the maximum mortgage amount that home buyers may borrow according to the NIBUD lending standards will be lower in the event of an unfavorable energy label. This increases the added value of a well-insulated home.

Rabo Transition Fund

The revolving fund will be managed by our good partner National Green Fund. With our donation of EUR 75 million, the fund will provide (subordinated) 'transition loans' with interest discounts and on favorable terms to exclusive Rabobank customers to accelerate their investments in the energy transition, the agricultural transition and the raw materials transition. We know there is a need for this in the market. This allows us to help many of our customers. This includes energy cooperatives that develop sustainable energy projects, farmer cooperatives that want to produce green gas together and large corporate customers that are going to electrify their business processes. The fund will provide transition loans between EUR 250 thousand and EUR 2.5 million. As a financier, in practice we will often work together with the fund. We as a senior financier, the fund as a junior financier.

Rabo Sustainability Contribution SME

As a cooperative bank, we would like to help customers realize their sustainable plans. Customers who have been customers for at least 3 years and consider making their company more sustainable are eligible for a one-off financial contribution for a sustainable investment in the company. We are setting aside a total of EUR 50 million to help SMEs in the Netherlands become more sustainable. Companies that qualify for a one-off financial contribution receive 12.5% of the paid invoice that you share with us, up to a maximum of €10,000.

Sustainability Contribution for Employees

In addition to our customers, we also want to support our employees in taking steps towards a more sustainable world home. That is why the sustainability contribution, both locally and globally, was introduced on the Day of the Cooperative (October 10, 2023). The sustainability contribution is a way to draw attention to conscious and sustainable living and to invite our employees to make green choices for their own living situation in and around their home. When employees meet the conditions, they are given the opportunity to declare up to EUR 1,250 on selected products and services for sustainability.

Cooperative Dividend

Local banks are a driving force in the development of society, primarily by providing access to financial services. In addition, their members can allocate a portion of the net profit to local public interest initiatives. The cooperative dividend can have a greater social impact if it is used to support the social agenda. Last year, EUR 40.1 million (2022: EUR 30.4 million) was allocated as cooperative dividend on top of the cooperative sustainability projects.

Rabo Club Support

By supporting local clubs with our knowledge and networks we enhance the vitality of local communities. A part of the cooperative dividend is allocated to Rabo ClubSupport. We support associations through partnerships, a support program and a voting campaign.

Partnerships

The cooperative Rabobank has traditionally been an organization that plays an important role in the field of partnerships. Together with our members and partners, we primarily focus and continuously aim to make sports, cultural or social organizations more vital, inclusive, sustainable and future-proof. We do this not only with money, but also with our knowledge and our network. The starting point is and remains that each party becomes more self-reliant and future-proof. This is paid from local or national sponsorship budgets. On national level we have a partnership with NOC*NSF, KNHB, Kunstbende, KNLTB, NEVOBO, Uniek Sporten and Jeugdfonds Sport & Cultuur.

Support Program

With knowledge and network we support associations to become more self-reliant and futureproof. Through our national partner NOC*NSF we execute the program in which we qualitatively support clubs and associations through workshops, masterclasses and 1-on-1 guidance. And together with LKCA, Kunstbende, our social partners and the sport associations we develop the program according to the needs of the organisations involved. In 2023, a new module was set-up to fully focus on sustainability. A programme in which we support clubs with our knowledge, network and also financially to become fully sustainable in the future. 11 Frontrunners in Sustainability had been set up by the end of 2023. Through our support program we have supported in 2023 over 2,500 sports- and cultural clubs.

- 2,567 clubs participated in one of our workshops or attended one of our inspirational evenings
- 669 clubs were supported through masterclasses or intensive 1-on-1 programs

Voting Campaign

Part of the bank's cooperative dividend is reserved for the Rabo ClubSupport voting campaign. Associations that are customers of Rabobank can participate by indicating what the social spending goal of the association is. Rabobank members then vote for an association of their choice from the area where they bank. Results of 2023:

- 32,199 clubs and associations participated in the voting campaign
- Almost 500,000 of our members voted for their favorite local club or association
- In total we distributed EUR 15.5 million Cooperative Dividend to these clubs and associations who participated

Member Engagement

In 2023, 44% of our members said that they feel involved with Rabobank (2022: 42%). The plans for a broad member dialogue focusing on sustainable growth have been further specified. This dialogue is held with both Supervisory Boards and Member Councils, and is aimed at gaining insights for implementing our strategy.

Financial Performance

Rabobank

The solid results reported in 2022 continued into 2023. The economy was dominated by high inflation and continuing geopolitical tensions leading to economic uncertainty and turbulent market conditions. Amidst this turbulent business environment and rising interest rates, Rabobank reported strong results and posted a net profit of EUR 4,377 million in 2023, compared to EUR 2,403 million[1] in 2022. Higher interest rates continued to have a positive effect on our financial performance, which resulted in a historically high net profit. Driven by the strong net interest income development, total income increased by 31%. Higher margins on deposits more than compensated margin pressure on lending portfolios, which was mainly visible in new mortgages. The positive result on fair value items and higher income from investments in associates and joint ventures contributed to a significant increase in Other results. Net fee and commission income was more or less stable.

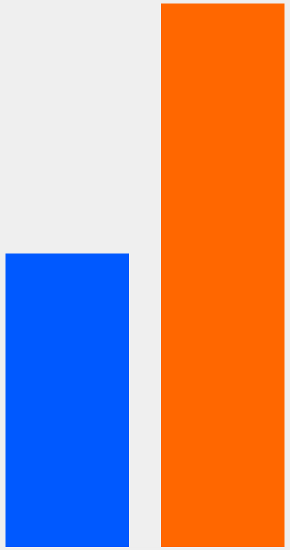
17.1 %
CET1 ratio
2022: 16.0%

9.1 %
RoE
2022: 5.4%

55.9 %
Cost/income ratio
including regulatory levels
2022: 65.4%

Strategic financial efficiency: we thrive on a robust cost/income ratio, ensuring sustainable profitability and value for our stakeholders.

4,377 € million
Net profit
2022: 2,403 € million



1 Due to the retrospective application of IFRS 9/17, Rabobank has restated the comparative figures for 2022, in relation to our accounting for the associate Achmea.

Expenses increased by 14% in 2023, primarily because of an increase in staff levels and regular and collective labor agreement related salary increases, but also expenses for FEC and IT were higher. In 2023 Rabobank made EUR 400 million available to help customers, members and employees in the Netherlands make the transition to a more sustainable future. EUR 40 million thereof consists of the annual cooperative dividend. Excluding these cooperative initiatives expenses would have increased by 9%. Inflationary effects and the need for continuously developing our IT infrastructure will continue to have an upward pressure on our cost base in the near future.

Impairment charges on financial assets increased by EUR 383 million to EUR 727 million (17 basis points of the average loan portfolio) in 2023, which is below the long-term average of 22 basis points and reflects a return to more normal circumstances.

While the global demand for loans remained moderate, the size of Rabobank's private sector lending slightly increased to EUR 434.0 billion. Our private sector loan portfolio grew by approximately EUR 4.3 billion, excluding FX impacts. Meanwhile Rabobank's worldwide Food & Agri portfolio grew slightly by 1% to EUR 114.8 billion. Rabobank was able to further expand its position in the Dutch mortgage market with a market share of 19.3% (2022: 17.3%). Overall, the mortgage loan portfolio slightly increased by EUR 0.8 billion to EUR 193.8 billion. The slowdown in the residential construction market impacted the performance of our property development subsidiary, BPD, especially in Germany. At the same time our leasing subsidiary DLL saw a substantial increase of its net profit driven by higher income and lower impairment charges. DLL's portfolio increased by 9% compared to 2022. Our strong brand supports that Rabobank's deposit and funding mix is stable and well diversified. Deposits from Domestic Retail Banking (DRB) customers increased to EUR 324.7 (2022: 320.1) billion. Total deposits from customers amounted to EUR 391.4 (2022: 396.5) billion.

Notwithstanding the strong financial results of 2023, we need to stay vigilant as the banking sector continues to face major challenges: extensive and expanding expectations of regulations for banks, uncertain levels of inflation, geopolitical tensions, adapting to new technology and competition, climate risk, cyber risks and competition from new (digital) non-banks.

Financial Results of Rabobank

Results

Amounts in millions of euros	*12-31-2023*	*12-31-2022*	*Change*
Net interest income	11,712	9,149	28%
Net fee and commission income	2,091	2,106	-1%
Other results	1,602	545	194%
Total income	**15,405**	**11,800**	**31%**
Staff costs	5,858	5,023	17%
Other administrative expenses	1,851	1,689	10%
Depreciation and amortization	348	337	3%
Total operating expenses	**8,057**	**7,049**	**14%**
Gross result	**7,348**	**4,751**	**55%**
Impairment losses on goodwill and associates	105	204	-49%
Impairment charges on financial assets	727	344	111%
Regulatory levies	554	667	-17%
Operating profit before tax	**5,962**	**3,536**	**69%**
Income tax	1,585	1,133	40%
Net profit	**4,377**	**2,403**	**82%**
Impairment charges on financial assets (in basis points)	17	8	
Ratios			
Cost/income ratio including regulatory levies	55.9%	65.4%	
Underlying cost/income ratio including regulatory levies	57.4%	61.4%	
RoE	9.1%	5.4%	
Balance Sheet			
Amounts in billions of euros			
Total assets	613.8	628.5	-2%
Private sector loan portfolio	434.0	432.1	0%
Deposits from customers	391.4	396.5	-1%
Number of internal employees (in FTEs)	40,467	37,834	7%
Number of external employees (in FTEs)	8,665	9,125	-5%
Total number of employees (in FTEs)	49,132	46,959	5%

Notes to the Financial Results of Rabobank

Development of Underlying Operating Profit Before Tax

Amounts in millions of euros		*12-31-2023*	*12-31-2022*
Income		**15,405**	**11,800**
Adjustments to income	*Fair value items*	*(107)*	*439*
	Change in accounting policy Achmea	*-*	*284*
Underlying income		***15,298***	***12,523***
Operating expenses		**8,057**	**7,049**
Adjustments to expenses	*Restructuring expenses*	*(21)*	*(26)*
	Provision variable interest	*(154)*	*9*
	Extraordinary FEC costs	*-*	*39*
Underlying expenses		***8,232***	***7,027***
Underlying gross result		**7,066**	**5,496**
Impairment losses on goodwill and associates		105	204
Adjustments to impairment losses on GW&A	*Change in accounting policy Achmea*	*-*	*99*
Underlying impairment losses on GW&A		*105*	*105*
Impairment charges on financial assets		727	344
Regulatory levies		554	667
Operating profit before tax		**5,962**	**3,536**
Total adjustments		***(282)***	***844***
Underlying operating profit before tax		**5,680**	**4,380**

We retained EUR 3,575 (2022: 1,628) million of our net profit. Taxes amounted to EUR 1,585 (2022: 1,133) million at an effective tax rate of 26.6% (2022: 32.1%).

Income Increased

Net Interest Income Significantly Higher

Net interest income totaled EUR 11,712 (2022: 9,149) million, which is an increase of 28%, benefiting from global interest rate increases and consequently higher margins. Within DRB, this resulted in higher average margins on deposits, which volumes showed an increase. Net interest income is higher within Wholesale & Rural (W&R) mainly from non-business interest income as increasing interest rates resulted in higher capital income across all W&R regions. Higher outstanding lending volumes throughout the year at DLL also had an upward effect on net interest income. The 1-year rolling net interest margin, calculated by dividing the net interest income by the average balance sheet total, increased from 1.33% in 2022 to 1.80% in 2023.

Net Fee and Commission Income Relatively Stable

Our net fee and commission income decreased by 1% to EUR 2,091 (2022: 2,106) million. At DRB, net fee and commission income increased mainly as a result of higher income on payment packages. At W&R, net fee and commission income was lower than in 2022, driven by a decline in fee income within our Mergers & Acquisitions (M&A), Capital Markets and Equity Capital Markets (ECM) divisions in a weaker overall market.

Other Results Higher

Other results increased to EUR 1,602 (2022: 545) million. The valuation of our stake in Mechanics Bank had a small positive effect on our results, while contributing negatively in 2022. The positive result on fair value items also had an upward effect on other results. Due to the retrospective application of IFRS 9/17 accounting for the associate Achmea, Rabobank has restated the comparative figures. This restatement resulted in EUR 284 million less income in 2022. Our income from investments in associates and joint ventures increased compared to 2022. The overall increase in other results was tempered by impairments which were taken at BPD on several projects and land positions in Germany (in total EUR 204 million), as a result of severe market conditions.

Operating Expenses Increased

Staff Costs Higher

In 2023, total staff numbers (including external hires) increased by 5% to 49,132 (2022: 46,959) FTEs. The largest increase was within DRB, where total FTEs went up by 1,690 FTEs as a result of additional staffing for FEC and IT. To support business growth and compliance-related activities, staff numbers grew at W&R (by 363 FTEs) and Leasing (by 231 FTEs). Total staff costs increased by 17% to EUR 5,858 (2022: 5,023) million, also impacted by effects from the collective labor agreement. In addition the sustainability contribution for employees had an upward effect on staff costs.

Other Administrative Expenses Higher

Total other administrative expenses increased by 10% to EUR 1,851 (2022: 1,689) million in 2023. At DRB this increase was driven by the cooperative initiatives, despite a release of several provisions. At W&R, expenses were higher, partly driven by a lower VAT refund and higher legal fees. Higher expenses were also visible at our leasing subsidiary DLL, due to an increase in consultant fees and IT investments.

Depreciation and Amortization Increased

Depreciation and amortization amounted to EUR 348 (2022: 337) million, as there was a higher level of deprecation on software, but less on own real estate, due to fewer offices and rental contracts.

Impairment Charges on Financial Assets Increased

In 2023, impairment charges on financial assets amounted to EUR 727 million. This represents an increase of EUR 383 million compared to 2022. Impairment charges started trending upwards after two years of low impairment charges. Macro-economic uncertainties remain at an elevated level. At both DRB and W&R impairments increased while at DLL these were lower, mostly as DLL had to take a substantial loss in 2022 from selling its Russian operations. At W&R impairment levels went up in the Wholesale lending business in Europe and in North America in both Wholesale and Rural lending. On an annual basis, impairment charges on financial assets amounted to 17 (2022: 8) basis points, which is below the long-term average (period 2013-2022) of 22 basis points and are trending towards the through-the-cycle range.

The amount of non-performing loans (NPL) increased in 2023 to EUR 9.0 (2022: 8.6) billion. Due to new inflow, the NPL ratio increased slightly during 2023 towards 1.6% (2022: 1.5%). The inflow is mitigated by write-offs.

Regulatory Levies Decreased

Compared to 2022, regulatory levies were lower and decreased to EUR 554 (2022: 667) million, mainly due to lower contributions to both the Single Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS). For both levies the required contribution of banks decreased as result of a decrease in the growth rate of the covered deposits and a higher yield on investments in the funds. In addition for DGS, the calculation methodology was changed following the Amsterdam Trade Bank bankruptcy, which also resulted in a lower contribution.

Balance Sheet Developments

Balance Sheet

Amounts in billions of euros	*12-31-2023*	*12-31-2022*
Cash and cash equivalents	90.5	129.6
Loans and advances to customers	439.3	428.9
Financial assets	20.4	16.5
Loans and advances to banks	26.5	11.1
Derivatives	22.0	26.9
Other assets	15.1	15.5
Total assets	**613.8**	**628.5**
Deposits from customers	391.4	396.5
Debt securities in issue	122.5	112.3
Deposits from banks	15.8	31.5
Derivatives	15.4	20.2
Financial liabilities	3.3	4.1
Other liabilities	15.7	17.5
Total liabilities	**564.2**	**582.2**
Equity	49.6	46.4
Total liabilities and equity	**613.8**	**628.5**

Private Sector Loan Portfolio Stable

Our private sector lending remained approximately at the same level with a relatively small increase of EUR 1.9 billion to 434.0 EUR billion on December 31, 2023. Excluding FX impacts the portfolio increased by approximately EUR 4.3 billion. DRB's total private sector loan portfolio amounted to EUR 270.6 (2022: 274.0) billion at year-end. Within this segment business lending decreased due to uncertain market circumstances and in line with the global trend of less demand. W&R's loan portfolio was EUR 1.7 billion higher and at DLL private sector lending increased by EUR 4.0 billion.

Loan Portfolio

Amounts in billions of euros	*12-31-2023*	*12-31-2022*
Total loans and advances to customers	**439.3**	**428.9**
Of which to government clients	1.4	1.4
Reverse repurchase transactions and securities borrowing	15.3	8.4
Interest rate hedges (hedge accounting)	(11.4)	(13.1)
Private sector loan portfolio	**434.0**	**432.1**
Domestic Retail Banking	270.6	274.0
Wholesale & Rural	121.5	119.8
Leasing	41.8	37.7
Property Development	0.1	0.1
Other	0.0	0.5

On December 31, 2023, the geographical split of the private sector loan portfolio (based on debtor's country) was as follows: 67% in the Netherlands, 11% in North America, 9% in Europe (outside the Netherlands), 7% in Australia and New Zealand, 4% in South America, and 2% in Asia.

Loan Portfolio by Sector[1]

Amounts in billions of euros	*12-31-2023*		*12-31-2022*	
Loans to private individuals	203.6	47%	204.5	47%
Loans to trade, industry and services	115.5	27%	114.4	26%
of which in the Netherlands	*75.3*		*75.4*	
of which in other countries	*40.2*		*39.0*	
Loans to Food & Agri	114.8	26%	113.3	26%
of which in the Netherlands	*42.2*		*40.4*	
of which in other countries	*72.6*		*73.0*	
Private sector loan portfolio	**434.0**	**100%**	**432.1**	**100%**

1 In the country where the entity is established.

Deposits from Customers Slightly Decreased

Total deposits from customers amounted to EUR 391.4 (2022: 396.5) billion. Our loan-to-deposit ratio (LtD ratio, 12-month average[1]) remained stable at 1.10 (2022: 1.10). Deposits from DRB customers increased to EUR 324.7 (2022: 320.1) billion. Retail savings at DRB increased by EUR 10.1 billion to EUR 163.0 billion. Other deposits from customers at DRB went down by EUR 5.6 billion to EUR 161.6 billion, partly due to the switch from current accounts to retail savings. Businesses in the Netherlands were confronted with higher expenses, and many of them still needed to repay some or almost all of their Covid-19 tax debt, which resulted in less available deposits. Deposits from customers in other segments decreased to EUR 66.8 (2022: 76.4) billion mainly because of lower volumes at Treasury. Deposits entrusted by clients at our online savings bank which operates in Australia and New Zealand increased to EUR 9.8 (2022: 8.7) billion on December 31, 2023.

1 Longer-term trends in LtD ratio are better reflected by considering 12-month moving averages rather than point in time numbers.

Deposits from Customers

Amounts in billions of euros	*12-31-2023*	*12-31-2022*
Retail savings	**169.8**	**158.6**
Domestic Retail Banking	163.0	152.9
Other segments	6.8	5.7
Other deposits from customers	**221.6**	**237.9**
Domestic Retail Banking	161.6	167.2
Other segments	60.0	70.7
Total deposits from customers	**391.4**	**396.5**

Equity Up by 7%

Our equity increased to EUR 49.6 (2022: 46.4) billion, mainly due to the addition of net profit to retained earnings. Our equity on December 31, 2023, consisted of 73% (2022: 71%) reserves and retained earnings, 16% (2022: 17%) Rabobank Certificates, 10% (2022: 11%) Capital Securities, and 1% (2022: 1%) other non-controlling interests.

Development of Equity

Amounts in millions of euros	
Equity at the end of December 2022	**46,358**
Net profit for the period	4,377
Other comprehensive income	(366)
Payments on Rabobank Certificates	(509)
Payments on Capital Securities issued by Rabobank	(203)
Other	(16)
Equity at the end of December 2023	**49,641**

Issued Debt

Our funding mix has become more diversified in recent years, which has largely mitigated our dependence on issued debt. In 2023, our outstanding issued debt increased to EUR 133.4 (2022: 124.4) billion, remaining diverse because we tap into different markets, maturities, currencies, and products. Given the uncertainty on the macroeconomic outlook there is an increased focus on optimizing our liquidity position. Attention to funding diversification remains a priority and is subject to economic considerations.

Capital Developments

On December 31, 2023, our Common Equity Tier 1 (CET1) ratio amounted to17.1% (2022: 16.0%). This is well above our >14% ambition. The main driver of our CET1 ratio development was an increase in CET1 capital due to the addition of net profit to retained earnings. This was partly compensated by an increase in RWA of EUR 2.4 billion (from EUR 240.4 billion to EUR 242.8 billion). The CET1 capital requirement at year-end was 10.7%, on the basis that the Pillar 2 Requirement is partly met by available additional tier 1 and tier 2 capital in accordance with article 104a of CRD V. As Rabobank expects to operate on a structurally higher CET1 ratio than its ambition level in the mid-term, it has the flexibility to fulfill more of its Pillar 2 Requirement by CET1 capital going forward while still fully recognizing the ongoing importance of additional tier 1 and tier 2 instruments in its capital strategy. 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, 2023, was 7.1% (2022: 6.6%), which is well above the minimum leverage ratio of 3% required by the Basel guidelines and CRR. The increase in leverage ratio resulted from the increase in Tier 1 capital, due to the addition of net profit to retained earnings. In line with our capital strategy, we issued non-preferred senior bonds but also our first MREL eligible PS under art. 72b CRR to meet our MREL requirements. Our total capital ratio increased to 21.7% (2022: 21.1%) following the addition of net profit to retained earnings. Rabobank deems a 20% total capital ratio appropriate.

Capital Ratios

Amounts in millions of euros	*12-31-2023*	*12-31-2022*
Reserves and retained earnings	36,242	33,029
Expected distributions	(2)	(2)
Rabobank Certificates	7,825	7,825
Part of non-controlling interest treated as qualifying capital	0	0
Regulatory adjustments	(2,449)	(2,496)
Transition guidance	6	16
Common equity tier 1 capital	**41,622**	**38,372**
Capital securities	4,975	4,971
Grandfathered instruments	0	0
Non-controlling interests	0	0
Regulatory adjustments	(100)	(96)
Transition guidance	0	0
Additional tier 1 capital	*4,875*	*4,875*
Tier 1 capital	**46,497**	**43,247**
Part of subordinated debt treated as qualifying capital	6,309	7,671
Non-controlling interests	0	0
Regulatory adjustments	(100)	(88)
Transition guidance	0	0
Tier 2 capital	**6,209**	**7,583**
Qualifying capital	**52,706**	**50,830**
Risk-weighted assets	**242,763**	**240,376**
Common equity tier 1 ratio	17.1%	16.0%
Tier 1 ratio	19.2%	18.0%
MREL ratio	30.1%	29.2%
Total capital ratio	21.7%	21.1%
Equity capital ratio	18.6%	17.3%
Common equity tier 1 ratio of Coöperatieve Rabobank U.A. solo (issuer level)	16.7%	15.2%

Risk-weighted Assets

In 2023, total RWA increased to EUR 242.8 (2022: 240.4) billion. RWA slightly increased due to business development (EUR 6 billion) including small portfolio growth at DLL and W&R. FX changes had a negative impact of around EUR 2 billion.

Regulatory Capital

The regulatory capital requirement according to the CRR and CRD IV is 8% of our risk-weighted assets. Our regulatory (required) capital amounted to EUR 19.4 (2022: 19.2) billion on December 31, 2023, of which 87% is related to credit and transfer risk, 12% to operational risk, and 2% to market risk.

Regulatory Capital by Business Segment

Amounts in billions of euros	*12-31-2023*	*12-31-2022*
Domestic Retail Banking	6.1	6.2
Wholesale & Rural	7.6	7.5
Leasing	2.5	2.2
Property Development	0.4	0.4
Other	2.8	2.9
Rabobank	**19.4**	**19.2**

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. On top of that, a management buffer consisting of MREL eligible preferred senior debt is available.

We have received formal notification from DNB of the Single Resolution Board's (SRB) determination of the binding minimum requirement for own funds and eligible liabilities (MREL). The MREL requirement was established to ensure that banks in the EU have sufficient own funds and eligible liabilities to absorb losses in the event of a potential bank failure. This MREL requirement is set at a consolidated level for Rabobank. In 2023, Rabobank received its updated MREL requirements, which are binding as of January 1, 2024 and acted as an interim target for 2023. The total MREL requirement including the stacked Combined Buffer Requirement (CBR) was 28.3%, and the subordinated requirement 22.9% of RWA, on December 31, 2023. As from 2024, the total MREL requirement will be 29.2% of RWA, which includes the current stacked Combined Buffer Requirement (CBR) of 5.2%. The subordinated MREL requirement will be 24.2% of RWA, including the current stacked CBR and 7.6% of Leverage Ratio Exposure MREL requirement.

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 70.2 billion to EUR 73.1 billion in 2023, which corresponds with 30.1% (2022: 29.2%) of RWA. A buffer of 5.6% of MREL eligible preferred senior bonds was available on top of that.

MREL Eligible Capital Buffer

Amounts in billions of euros	*12-31-2023*	*12-31-2022*
Qualifying capital	52.7	50.8
Non-qualifying grandfathered additional tier 1 capital	0	0
Amortized tier 2 >1 year remaining maturity	1.7	1.3
Non-preferred senior bonds > 1 year remaining maturity	18.7	18.0
MREL eligible capital and non-preferred senior bonds buffer	**73.1**	**70.2**
MREL eligible preferred senior bonds> 1 year remaining maturity	13.5	8.6
Overall MREL eligible buffer	**86.6**	**78.8**
Risk-weighted assets	242.8	240.4
MREL eligible capital and non-preferred senior bonds buffer / risk-weighted assets	30.1%	29.2%
Overall MREL eligible buffer / risk-weighted assets	35.7%	32.8%

Risk Management

Our risk strategy is an integral part of our overall strategy. We use the risk strategy to set the risk appetite - the aggregate level of risk we are willing to accept, or to avoid - in order to meet the business objectives.

Every day, we take informed risk decisions while engaging with new and existing customers, granting credit, entering into interest rate contracts, leasing contracts, equity investments and partnerships and providing other customer services. Sound risk management enables us to monitor key metrics to serve our customers and satisfy our stakeholders in a controlled manner that supports our continuity as a bank.

€ 727 million
Impairment charges on financial assets
2022: € 344 million

1.6 %
Non-Performing Loans Ratio
2022: 1.5%

69.2
Reptrak Pulse Score
2022: 69.2

132 %
Net Stable Funding Ratio
2022: 131%

175 %
Liquidity Coverage Ratio
2022: 156%

€ -526 million
Earnings at Risk
2022: € -874 million

"Although the 2023 results show a rock-solid balance sheet, we have to stay vigilant given the economical and geopolitical environment."

Vincent Maagdenberg, Chief Risk Officer

Risk Management framework

We employ risk activities and define controls to manage the material risks based on a solid risk management framework, aligned with our conscious risk taking. We continuously evaluate the effectiveness of the risk management framework and adapt to the latest developments and requirements. In the end, our risk management activities are designed to help realize the ambitions of the bank, our customers and stakeholders within the boundaries of our risk appetite.

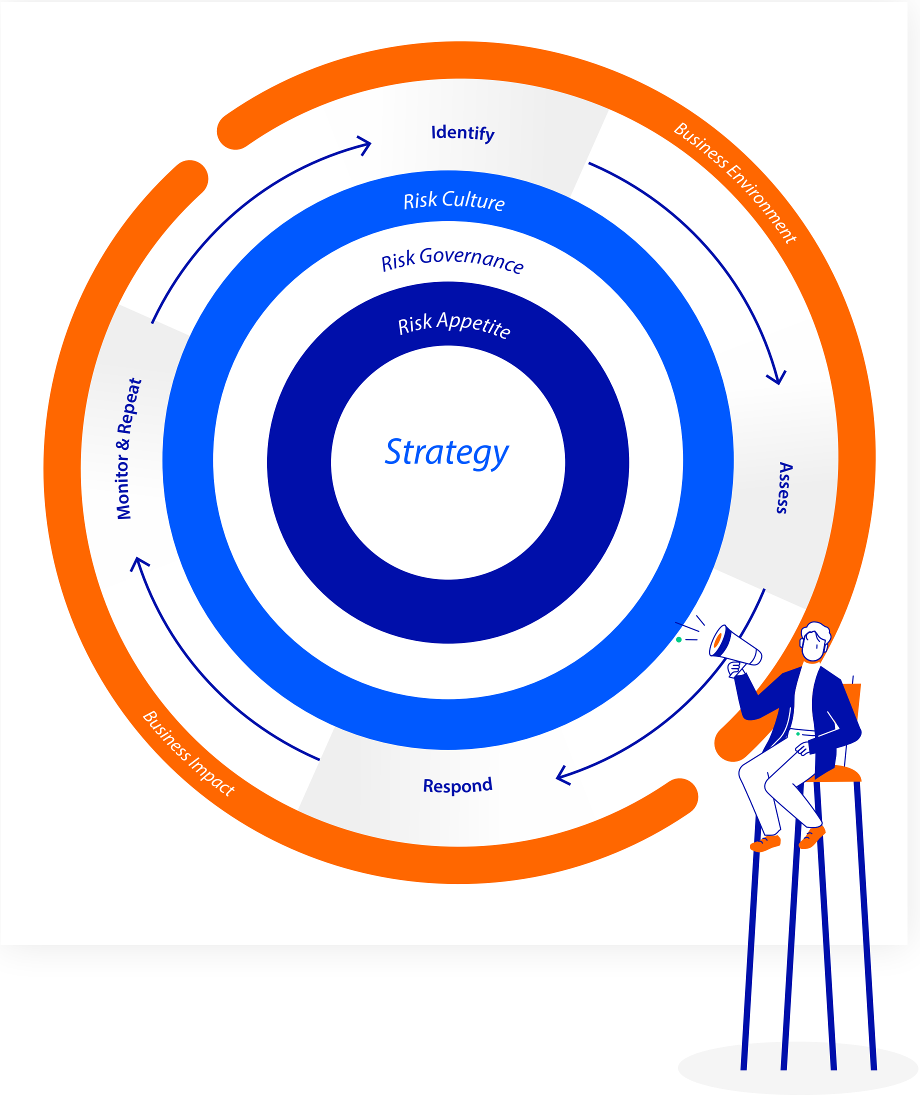
Managing Risks

Our risk management activities are integrated in our strategy design and execution. While new strategic initiatives may open opportunities, the expected rewards must be balanced against the related risks and potential impact. We keep track of external developments and emerging risks. We perform regular, structural top-down and bottom-up risk assessments to identify various types of risks and conduct specific stress tests to calculate the impact of adverse scenarios. An integrated overview of these risks and the measures taken to address them are discussed periodically in the Managing Board and Supervisory Board. Then main strategic drivers are provided in the section Trends, Developments and Outlook.

Risk Governance

Our internal governance ensures transparent and consistent three lines of responsibility across Rabobank. Our risk governance supports the realization of our strategic priorities and is based on regulatory guidelines and market practices. The business, including its support functions, owns, takes, and manages risks, reward, and sustainable impact (first line). Global policies support the execution of the business strategy, adherence to the risk appetite, and oversight of risks. The CRO function, with risk and compliance (second line), challenges risk taking and monitors the risk profile. Audit (third line) provides independent assurance, and insights on the quality and effectiveness of internal controls, risk management, compliance, and governance of the bank.

Risk Management Framework



The risk management framework covers both existing and emerging risks including ESG risks via the main risk types:

- Financial risks: business risk, credit risk, liquidity risk, market risk in the banking book and market risk in the trading book.
- Non-financial risks: operational risk, compliance risk, and model risk.

Risk identification, materiality assessment and classification allow for a clear understanding of risks and promotes a common understanding of risk management. The risk appetite is determined for all material risks, which are managed in alignment with the risk profile and our strategic priorities.

Risk Culture

Employees should know, understand, and act according to the values and behaviors described in Rabobank's Code of Conduct. Having a sound risk culture is essential for performing our role in society responsibly and keeping the bank safe, secure, and compliant. In 2023, Rabobank revisited its group strategy and placed more emphasis on leadership and simplifying the way the organization works and enabling employees to do the right thing in serving clients and society and to build a better bank. Risk culture, risk leadership, and a good balance between risk, reward, and sustainability impact are promoted as part of our groupwide strategy. As a continuous effort to enhance basic risk awareness, risk attitude and Rabobank's overall risk culture, our RiskWise program offers mandatory training, tools and skills development regarding Rabobank's values and responsibilities relating to expected risk behavior and professional standards for all our employees worldwide. In 2023, topics such as risk appetite and risk attitude, greenwashing, and other ESG topics were covered. In addition, tools, and content to discuss dilemmas and lessons learned were provided, as well as updated RiskWise Fundamentals, the curriculum for all new joiners of Rabobank.

Risk Strategy

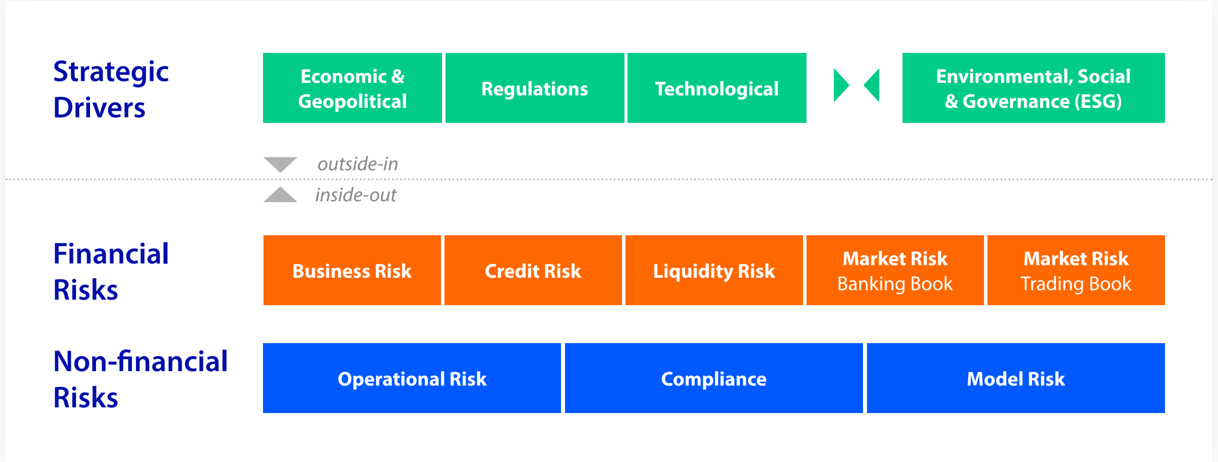
Our mission "Growing a better world together", underlines our cooperative roots and emphasizes our dedication to enabling our customers to achieve their ambitions. Our strategy defines priorities, objectives, and targets, including a capital strategy. Our Risk Strategy supports management in executing the business strategy by protecting profit, our identity and reputation and maintaining a solid balance sheet. Assessing the impact of ESG risks and realizing our related objectives falls within the scope of our Risk Strategy.

Risk Assessment

To deliver on our (risk) strategy, it is imperative that we know the risks that Rabobank is facing. Our structured approach to risk identification and assessment ensures that current and potential future risks to Rabobank's mission, vision, and strategic priorities are identified. The business assesses these risks for impact and determines the material risks. Involving the business is an important prerequisite ensuring the completeness of our bank-wide risk register and to create awareness throughout the bank when deciding on resourcing and priorities. Risks that are assessed as material are directly or indirectly represented in the Risk Appetite Statement with a risk indicator. We divide risks into three dimensions:

- Strategic drivers: major developments that threaten to disrupt the assumptions and outcomes at the core of Rabobank's strategy.
- Financial risks: risks that we consciously accept in order to benefit from the premium that the market offers for taking on risks (risks for which we have a risk appetite).
- Non-financial risks: risks for which we have no appetite, but which are tolerated within limits because they are inherent to the operation of the bank.

Risk Taxonomy



Rabobank also faces ESG risks. These risks materialize through the main risk types described above. We assessed that the largest impact of ESG risks is on the credit risk profile. The impact of ESG on business risk, liquidity risk and non-financial risk are also deemed material. For market risk the impact of ESG risks is below the materiality threshold.

In addition to the traditional outside-in perspective on risks Rabobank faces, the inside-out perspective is assessed in a materiality assessment of impacts which the bank and its clients or suppliers might have on a wide array of ESG topics.

Risk Appetite

Our Risk Strategy results in a set of Risk Appetite Statements directly connected to the Medium-Term Planning 2024-2028 (MTP) alongside our strategic pillars Excellent Customer Focus, Meaningful Cooperative, Rock-Solid Bank and Empowered Employees. These pillars define the high-level boundaries of the risk appetite within which we must operate. Our risk appetite is specified per risk type and defines the level of risk we are willing to accept to achieve our business objectives. Our overall maximum level of risk exposure is used in business activities to assess the desired risk profile against the risk-reward profile of a given activity. Entity-specific Risk Appetite Statements further specify the group risk appetite.

The risk appetite is embedded across Rabobank within principles, policies, standards, risk indicators, limits, and controls. The combination of a breach management process and risk governance ensures an adequate and timely response to a risk that is pressuring or has even exceeded our risk appetite. The risk appetite is reviewed and updated at least once a year, to incorporate internal or external events with material impact.

In 2023 our Group Risk Appetite Statement was categorized per identified main risk type and further specified with qualitative Risk Appetite Statements and quantitative risk appetite indicators.

Group Risk Appetite Statement

Topic	Definition	*Group Risk Appetite*	*Risk Appetite Indicators*
ESG: Environmental, Social and Governance	The risk of any negative impact on the institution stemming from current or prospective impacts of environmental, social and governance factors on its counterparties or invested assets.	Rabobank is leading efforts to embed assessments of ESG risks into our risk management framework. Our ambitions, commitments, regulatory and supervisory requirements are the drivers to embed ESG risk into our business model and strategy, governance and risk appetite, risk management and disclosures.	• Financed emissions • Amount of Sustainable Finance • Energy labels for residential real estate
Business Risk	The risk of losses due to changes in the competitive environment or events which damage the franchise or operating economics of a business.	We are a strongly capitalized bank, with prudent buffers above regulatory requirements, to protect senior bondholders against the (unlikely) event of a bail-in. We do this at efficient costs and with sufficient flexibility for (re)allocation of capital between different portfolios, products and geographies. We achieve a solid performance, with limited volatility in earnings, based on a well-diversified asset portfolio in terms of products, sectors and geography. We price our risk well, allocate sufficient capital to growth themes, and we migrate to more effective (digital) services with competitive operational efficiency.	• Common Equity Tier 1 Ratio • Return on Equity
Credit Risk	The risk that a bank, borrower or counterparty will fail to meet its obligations in accordance with agreed terms.	Rabobank maintains a profitable credit portfolio, with a controlled risk profile in order to limit the impact of impairment charges on the profitability and reputation of the bank. Rabobank manages concentrations in the credit portfolio with clear limits per country, sector and one-obligor, in order to ensure a low risk profile on concentration risk. Rabobank is leading efforts to embed assessments of ESG risks into our risk management framework.	• Non-Performing Loans ratio • Increase stage 1+2 provisions IFRS • Concentration limits on residential and commercial real estate
Liquidity Risk	The risk that Rabobank cannot fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.	In order to optimize funding availability and funding costs for our customer requirements, Rabobank has high quality and robust liquidity buffers and a diversified global funding base in terms of retail versus wholesale funds as well as in terms of investors, instruments, maturities, countries and currencies. Rabobank has enough funding sources or buffer capacity available to be able to survive stressed liquidity conditions over a short-term period without changing its business model. Rabobank has an optimally diversified funding portfolio and a balanced liquidity mismatch.	• Liquidity Coverage Ratio • Net Stable Funding Ratio • Loan to Deposit Ratio
Market Risk in the Banking Book	The risk of changes in value or earnings of non-trading banking books resulting from interest rate risk, credit spread risk or FX/commodity price risk.	Following the strategy and the transformation role as a bank, Rabobank accepts a significant level of interest rate risk, as this may be an important driver for the bank's profit. However, losses due to changes in interest rates should not threaten the financial stability of the bank. Following its strategy with a rock-solid balance sheet including sustainable funding sources and adequate liquidity buffer assets, Rabobank accepts limited credit spread risk in the banking book. Rabobank aims for a limited FX Translation Risk impact of exchange rate movements on the Rabobank Group CET1-ratio.	• Earnings at Risk • Modified Duration of Equity • FX Basis Point Impact CET1-ratio
Market Risk in the Trading Book	The risk of changes in the value of the trading portfolio where market risks occur, resulting from price changes in the market.	Rabobank aims for being modestly exposed to market movements in its trading environment and to market appetite in its underwriting business.	• Event Risk Trading Book • Stress Test Loan Underwriting
Operational Risk	The risk of financial, regulatory and reputational impact due to inadequate or failing processes, people, systems and /or external events.	We accept and thus tolerate a certain level of operational risk, as this is part and parcel of executing business activities. These risks are minimized within the boundaries determined by the complexity and size of the organization.	• Total Net ORM Loss Amount ytd • Number of individual risks with an actual residual (medium-)high risk rating • Score RepTrak indicator
Compliance Risk	The risk of impairment of Rabobank's integrity, which can damage the rights and interests of our clients as well as the reputation and trustworthiness of Rabobank, leading to legal claims or regulatory sanctions and/or financial loss.	Rabobank does not accept being willfully or negligently involved in Financial Economic Crime. Although it is accepted that it is not possible to eliminate these risks completely Rabobank will have mitigating controls in place in line with the laws and regulations as reflected within the Bank's Policies. Rabobank has no risk appetite for establishing or maintaining a Client Relationship where it knows or reasonably suspects to be involved in money laundering, terrorist financing or other criminal activity. Given the nature of Rabobank's business it is impossible to eliminate money laundering risk. Therefore, in line with the risk-based approach, Rabobank has limited risk appetite for customers and business activities which have a higher risk of money laundering, terrorist financing or other criminal activity. Rabobank has no risk appetite for establishing or maintaining a Client Relationship, or executing transactions with counterparties which would contravene sanctions laws and regulations. Further, Rabobank has no appetite for proliferation finance and will not establish or maintain any type of relationship where it knows, or suspects, such activity is taking place. Given the nature of Rabobank's business it is impossible to eliminate bribery and corruption risks. In line with a risk-based approach, Rabobank has controls in place to mitigate these risks; and where it knows or reasonably suspects to be involved in bribery or corruption, Rabobank has no risk appetite for establishing or maintaining a relationship. Rabobank is committed to minimize fraud risk and its losses for our clients, the bank and the financial sector. Therefore, a RAS limit has been set for 2024 based on the net fraud loss amount per quarter. Data privacy risk is measured via a RAS indicator on data breaches reported to supervisory authorities. Rabobank will continue to enhance awareness and implement applicable preventive, detective and corrective measures where necessary. Rabobank wants employees to behave in accordance with the Code of Conduct. A risk indicator has been defined to monitor adherence to the aspects which safeguard that employees adhere to the Code of Conduct such as registration of outside interests, gifts and hospitality, securities accounts (only applicable to 'Insiders'), alternative investments and investment in real estate, completion of awareness trainings and completion of Banker's oath.	• Money Laundering: Percentage of High-Risk Clients in relation to the total client portfolio • Sanctions: Client Relationships domiciled or registered in High • Risk Sanction Countries
Model Risk	The risk of incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model.	Rabobank has limited appetite on the medium-high and high risks models as this can imply uncertainty of reported figures, lead to reputation damage or considerable regulatory fines for the bank.	• Overall Model Risk

Risk Profile Performance

Rabobank's overall risk profile of the bank remains at a stable risk outlook. In 2023, the financial risk profile was as desired, but with an increasing risk outlook, which reflects the potential impact of geopolitical and economic developments. For some non-financial risks, Rabobank is currently not operating within the risk appetite. Rabobank is aware of these risks and the underlying drivers for the elevated risk profile and is actively following up to decrease the risk profile. Non-financial risk has a decreasing risk outlook.

Business Context

External developments and risks, as described in the chapter Trends, Developments and Outlook, drive macroeconomic developments relevant for the management of financial risks. The ongoing Russia-Ukraine war has increased geopolitical, economic, and financial risk, and high inflation puts pressure on consumer spending. Other new geopolitical conflicts like the Israel-Gaza war could also impact the global economy, especially energy prices. But the global economy turned out to be better balanced than expected, particularly in the first half of 2023. This was especially due to the United States economy and a number of European economies having held up somewhat better than had been foreseen. The second half of 2023 showed a mild recession in the Eurozone and United States. Global economic growth declined from 3.4 percent in 2022 to 2.9 percent in 2023 and is expected to weaken further to 2.6 percent in 2024. The faltering global economy in 2024 can largely be attributed to slow recovery in China and Europe, but expectations for the United States are not high either.

The outcome of the Dutch elections in November is surrounded with uncertainty regarding forming a new government. So far there are no indications of material affordability issues in the mortgage portfolio due in part to Dutch government support measures and low unemployment. At the same time, household consumption is suffering due to high inflation, exports from equally low spending in major trading partners, and the fact that companies are faced with higher input costs, higher interest rates, and labor shortages, which will impact their profitability and appetite for business investments. The growth potential of the Dutch economy in the medium to longer term is under pressure because employment in hours can hardly rise any further, mainly due to an aging population. Growth must therefore be supported by productivity increases, which partly depend on targeted government policies.

We expect the interest rate level to remain steady for several quarters ahead after it reached the peak of the hike cycle at the end of 2023. As it is likely that this will have restrictive effects on the economy, it is likely that the ECB will seek to cut interest rates, but this is likely to occur in the first half of 2024, due to the high core inflation and significant wage gains amid a labor market that is still very tight. Our current forecast predicts cuts of 50bps during the second half of 2024.

The following sections provide further detail on the risk profile for each main risk type.

Business Risk

Decreasing volumes, (commercial) margins, fees, commission, other income, or increasing (operating) costs caused by unexpected or temporary developments may cause losses. Business risk is largely managed and measured through analyses of the most relevant risks for Rabobank’s business model. These analyses support management in the assessment, impact evaluation and management of the risks articulated. The Medium-Term Planning (MTP) process is key for managing business risk. In the MTP process, management sets the course of business for the coming year(s) based on different scenarios. In 2023, Rabobank further enhanced its scenario approach to determine the amount of business risk capital. These scenarios provide both a basis for the calculation and quantification of the required capital, and qualitative insights into the impact on Rabobank’s volumes, margins, cost, fees, and commissions under a broad range of possible developments.

Risk Profile Performance

In 2023 we operated within our risk appetite, with a CET1 ratio above target. Deposit margins have improved due to increasing interest rates. The potential impact of economic and geopolitical developments on the business activities of our clients globally as well as on housing markets creates uncertainties. Volumes in the Dutch market are expected to stay under pressure due to our large position in some markets, the competition, uncertainties, and less activity on the Dutch housing market.

Credit Risk

Overall, the asset quality of Rabobank's loan portfolio is solid, mainly as a result of its prudent underwriting policies, and of its strategic focus on the Dutch market, vendor finance and the international Food & Agri sector. This is reflected in strong and stable collateral positions and a track record of low credit losses. The asset quality of our credit portfolio remained solid in 2023, despite challenging geopolitical- and macroeconomic developments. The average risk rating of Rabobank's loan portfolio stayed at a sound level in 2023 and impairment charges were around long time average.

Credit Portfolio

During 2023 the Stage 2 exposure increased to 10.0% (2022: 8.6%), which is an exposure of EUR 47.9 billion (2022: 38.9 billion) in absolute numbers. The increase is mostly driven by a more pro-active and stringent Stage 2 framework, resulting in more timely identification of distress at a client level (+11.4 billion). During 2023 there was a net release of vulnerable sectors (-4.9 billion). Due to new inflow, the NPL ratio increased slightly during 2023 towards 1.6% (FYE 2022: 1.5%). The inflow is mitigated by write-offs.

Private Sector Loan Portfolio - Credit Risk

			2023			2022
Amounts in millions of euros	*Stage composition*	*Impairment charges*	*Impairment allowances*	*Stage composition*	*Impairment charges*	*Impairment allowances*
Total exposure	434,008					
Stage 1	88.1%	10	423	89.6%	34	428
Stage 2	10.0%	3	734	8.6%	55	741
Stage 3	1.9%	714	1,941	1.9%	255	1,834
Rabobank Group	**100%**	**727**	**3,098**	**100%**	**344**	**3,003**

The private sector loan portfolio is related to Dutch mortgages to private individuals (44%), business lending in the Netherlands (18%), Wholesale & Rural (28%) and vendor finance through DLL (10%).

Private Sector Loan Portfolio - Composition

Amounts in millions of euros	*DRB mortgages*	*DRB business lending*	*Wholesale & Rural*	*DLL*	*Other*	*Total*
Total exposure	193,549	77,022	121,526	41,765	146	434,008
PD	0.7%	2.1%	0.8%	2.7%	0.0%	1.1%
LGD	9.1%	16.1%	25.3%	23.7%	26.1%	16.9%
Stage 1	93.7%	69.0%	92.7%	80.8%	99.9%	88.1%
Stage 2	5.8%	26.4%	5.2%	17.2%	0.0%	10.0%
Stage 3	0.5%	4.6%	2.1%	2.0%	0.1%	1.9%
Net additions	**65**	**48**	**518**	**210**	**0**	**841**
Recoveries						**-114**
Impairment charges						**727**

Rabobank monitors the developments of the ‘Total NPL coverage ratio’ (a combination of NPL coverage ratio, NPL collateral ratio, and prudential backstop) to ensure adequacy of the provision levels and sufficient capital buffers. The Total NPL coverage ratio remained stable at 94.4% (YE 2022: 94.5%), which is deemed high. While the total coverage ratio remained stable, the NPL Coverage Ratio remained almost stable at 20.1% (2022: 20.3%). Differences in ratios between different banks reflect differences in collateralization (including valuation rules and enforceability), accounting standards, loan impairment policies and types of exposures.

Some deterioration in asset quality (and the accompanying increase in NPLs) is expected in 2024 for both Rabobank's domestic portfolios and the international portfolios (Wholesale & Rural and Leasing). This deterioration will mostly be driven by inflow into NPL returning to historic long term average levels. The extent of this deterioration remains uncertain and will largely depend on geopolitical developments, energy costs developments, interest rates and inflation.

Impairment charges of EUR 727 million (17 basis points) trended towards the through-the-cycle range of 20-25 basis points. This reflects a return to normal circumstances whereas 2022 (8 bps) and 2021 (-11 bps) showed exceptionally low impairment charges. The impairment charges mainly originate from Stage 3 impairments within W&R with some inflow of individual files with no clear trends identifiable. Impairments also include management adjustments, which are mainly due to macro-economic uncertainties (high inflation and interest rates), the Interest Only Mortgage portfolio and climate and environmental risks.

Over all, the loan impairment allowances on the performing portfolio (Stage 1 / Stage 2) decreased due to net releases of the last Covid-19 management adjustments in 2023, whereas the loan impairment allowances on the non-performing portfolio increased due to an increase in the size of this portfolio.

Residential Real Estate

Risk in the Dutch mortgages portfolio is still limited, mainly due to prudent underwriting criteria, the current housing prices and. low unemployment rates. The average house price declined by approximately 2.8% compared to 2022, but are still at a historically high level. Rabo Research expects prices to increase by 4.5% in 2024 and 2025. The unemployment rate was at 3.6% and a minor increase is expected towards 4.1% in 2024.

The Dutch mortgage portfolio with a total exposure of EUR 194 billion continues to perform well. The deteriorated macroeconomic environment adds relevance to prudently increased monitoring of the portfolio. During 2023 there were increases in the Stage 2 ratio for the mortgage portfolio, which were mostly driven by the implementation of more stringent Stage 2 triggers. While the stricter triggers result in earlier identification of credit risk increases they do not indicate decreasing asset quality.

The strong asset quality of this portfolio is supported by solid collateral positions, which is reflected in the low NPL coverage ratio (9.9%), low net additions to impairment allowances (3 bps), a low average LTV ratio (53%) and the share of portfolio with NHG guarantee (16%). The share of interest only mortgages decreased to 50% (YE 2022: 51%). A management adjustment implemented to capture specific risks for the interest only mortgage portfolio increased to EUR 65.6 million (YE 2022: 46.5 million), due to more conservative assumptions having been made in the calculations.

Commercial Real Estate

Rabobank's Commercial Real Estate (CRE) financing strategy is focused on the Dutch market, in particular on lower risk sub-sectors, addressing societal challenges (e.g., the housing shortage) and the energy transition. The share of residential property lending in CRE, which is generally low risk, is 42% followed by offices and mixed use (21%), retail outlets (12%) and industry (8%). Rabobank's CRE portfolio is approximately EUR 21 billion (5% of our private sector loan portfolio) and has remained stable. This portfolio has been de-risked in recent years, which is reflected in tightened underwriting criteria for LTV and cashflow based criteria.

Rapidly rising interest rates and political uncertainty pressured the CRE market in 2023. Approximately 72% of the Rabobank portfolio has fixed interest rates for at least another year, which migrates the risk to the short term. High inflation also resulted in an increase in rental income. The interest rate outlook for this sector is positive, resulting in better than expected affordability and more CRE activity from mid-2024. Due to higher construction costs and interest charges the project development segment is expected to become more difficult and has a negative outlook. The subsector Project Development (EUR 1.5 billion) was classified as vulnerable end of 2023 and its exposure was moved to Stage 2.

Despite the challenging environment Rabobank is comfortable with the size, composition, and asset quality of its CRE portfolio. The LTV gradually declined towards 52% at year-end 2023, when less than 4% of the exposure had an LTV above 80%.

Food & Agri

Rabobank is recognized as the world's leading financial services provider for F&A, combining decades of experience in banking for F&A, a wealth of proprietary knowledge and an extensive network. Rabobank maintains a well-diversified client and loan portfolio across the F&A value chain.

Rabobank's credit losses in farm lending are relatively low. Farmers are used to operate in volatile markets and typically have relatively tight cash flows and a relatively strong equity position. Collateral values are high and solid and land values tend to be stable over time.

The impact on climate and nature play an important role within the Rabobank's Food & Agri portfolio and is part of underwriting criteria and clients' risk assessments in order to mitigate credit risks and optimize the portfolio from a sustainability perspective. Nitrogen reduction targets resulted in uncertainty among Dutch farmers in the last few years. The exposures from customers who were either not granted permits or are still waiting for their permit applications to be assessed (*PAS melders/Interimmers*) or are finding it difficult to make a transition because of lower financial strength and/or low future proofness were migrated to Stage 2 in 2023.

Environmental Risks

The consequences (physical risk) of climate and nature change (such as rising average temperatures, extreme weather events and biodiversity loss) and the risks related to a shift towards a climate-neutral economy (e.g. transition risk) are high on Rabobank's agenda. We are committed to the Paris Agreement goals; we are a signatory to the Net-Zero Banking Alliance, Finance for Biodiversity Pledge and Organisation for Economic Cooperation and Development's (OECD), and consider it a shared responsibility to act on climate, value nature and enable people in the transition.

We adopt a full end-to-end approach to ESG risks embedded across every aspect of the bank. We continued to mature our approach on integrating the risk of climate change by developing climate risk management tools, processes and capabilities and implement these in our policy framework and business processes.

An environmental risk roadmap and ESG risk model vision has been developed and updated in line with our aspiration and approach to enable an integrated approach on climate alignment, business strategy and risk management.

The focus is on (1) ESG risk assessment, through environmental risk heatmaps, maturity assessment, scenario analysis and client risk scoring; (2) sector strategy, including vulnerable sector assessment; (3) credit risk assessment, including provisioning modelling and stress testing; and (4) portfolio strategy, including pricing. The implementation of both the environmental risk roadmap and the roadmap on ESG risk model vision is a continuous journey with a risk-based approach. Please refer to the chapter Climate and Nature-related Financial Disclosure where we disclose our governance, strategy and risk management related to climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

ESG risks are translated into the IFRS provisions through multiple channels. (1) It is captured in the IFRS9 models through macroeconomic developments; (2) It is embedded in individual client assessments; (3) It is included in the sector vulnerability assessments, and (4) management adjustments are made for sectors or regions directly affected by climate.

As of December 2023, Rabobank also holds a provision for an increase in future ESG risks, in relation to chronic climate events (floods, droughts etc.) that have not yet materialized.

Risk Profile Performance

In 2023, our credit risk profile was solid but with increasing risk. We operated within our risk appetite for our key risk indicators. We continue to apply active steering and monitoring of the credit portfolio to maintain a healthy credit profile.

Liquidity Risk

Rabobank's liquidity management framework is equipped with adequate liquidity positions to meet expected and unexpected cash flows and collateral needs without affecting either daily operations or the financial stability of the bank. This is supported by a stably funded balance sheet, sufficient and high-quality liquidity buffers, a diversified funding profile, a limited structural currency mismatch, and liquidity measures managed to target and well within risk limits. The objective is to maintain Rabobank Group's ability to fund assets and meet any contractual financial obligations as and when they fall due without unacceptable losses under any circumstances.

The importance of a healthy balance sheet and prudent liquidity risk management is fully embedded in Rabobank's strategy, budgeting, procedures, and measurements. The liquidity and funding risks are managed centrally by Group Treasury, under the responsibility of the Asset-Liability Committee (ALCO) during business-as-usual and/or the Liquidity Crisis Team (LCT) during stress periods.

Rabobank has an extensive set of economic risk indicators, market indicators, and monitoring indicators, which prudently cover Rabobank's liquidity risks. The metrics, which are considered crucial for risk management and balance sheet utilization, are included into the bank's Risk Appetite Statement (RAS).

Funding Profile

The liquidity risk policy focuses on financing assets using stable funding consisting of funds entrusted by customers and long-term wholesale funding. Prudent funding policies, strong credit ratings, and high capital levels are cornerstones for liquidity management. Rabobank takes various measures to avoid becoming overly dependent on a single source of wholesale funding. These include the balanced diversification of financing sources regarding maturity, currencies, investors, geography and markets, a high degree of unsecured funding (and therefore limited asset encumbrance), and an active and consistent investor relations policy.

Our funding mix consists of three building blocks: client deposits, issued debt, and equity. Our sizable and sticky retail deposit base can be seen as the anchor of the funding mix. The deposit base is complemented by centrally sourced deposits from large corporates and financial institutions.

In addition to deposits, Rabobank attracts funding through the issuance of debt instruments. This includes the issuance of subordinated and non-preferred senior (NPS) instruments, driven by capital requirements (Tier2/MREL). Rabobank maintains a prudent maturity profile of its debt instruments to assure itself a reliable funding base while adding to the flexibility of the bank's balance sheet in terms of volume, tenor, and currency when compared to client-related deposits. The following table shows a breakdown of our issued debt.

Issued Debt

Amounts in billions of euros	*December 2023*	*December 2022*	*Change*
Issued debt	133.4	124.4	9.0
Of which short term debt securities	**40.7**	**38.7**	**2.0**
CD/CP	38.8	36.4	2.4
ABCP	2.0	2.3	(0.3)
Of which long term debt securities	**92.6**	**85.8**	**6.8**
Senior preferred	30.2	24.8	5.4
Senior non-preferred	21.6	19.8	1.8
RMBS and ABS	10.8	13.2	(2.4)
Covered Bonds	21.2	17.9	3.3
Subordinated debt securities	8.8	10.1	(1.3)

In 2023, the amount of issued debt increased by EUR 9 billion to EUR 133.4 billion. CD/CP issuance was slightly up and increased by EUR 2.4 billion to a year-end position of EUR 38.8 billion. Long-term debt securities increased by EUR 6.8 billion. The changes in issued debt reflect funding management in view of the uncertain macroeconomic outlook, market conditions, the final repayment of TLTRO funds in Q4 2023, the maintenance of an adequately diversified funding profile, and MREL requirements. Liquidity is managed centrally, which means that individual locations adhere to the strategic principles of maintaining a stable, diversified & optimized funding mix at the Group level while seeking their own funding and minimizing local liquidity gaps. The strategic principle of stable funding also applies to the currency-specific level. Rabobank's funding risk indicator levels (see Table below) are well within our risk appetite and comply with regulatory requirements. The Loan-to-Deposits (LtD) ratio measures the degree to which loan activity to customers is funded by deposits from non-financial corporates (NFCs) and households. During 2023, the LtD remained stable around 110%. Asset Encumbrance (AE) is the result of providing assets as collateral for certain liabilities. It poses risks to unsecured creditors who are unable to benefit from the liquidation of encumbered assets in the vent of insolvency. The full prepayment of EUR 55 billion TLTRO III participations in 2022 and 2023 reduced AE. The ratio dropped by 2.2% and is at a satisfactory level.

Balance Sheet Risk

Liquidity - structural liquidity mismatch (%)	*2023*	*2022*	*Change*
Net Stable Funding Ratio (NSFR)	132%	131%	1.4%
Loan-to-Deposit Ratio (LtD)	112%	111%	1.1%
Asset Encumbrance Ratio	10%	12%	(2.2%)

Short-term Liquidity Resilience

Another key component of liquidity management is to maintain a substantial high-quality buffer of liquid assets. Besides credit balances held at central banks, these assets can be used as collateral for central banks in repo transactions or can be sold directly in the market to generate liquidity immediately. In addition, Rabobank has securitized a portion of the mortgage and SME loan portfolio internally, which means it can be used as collateral for the central bank. Since this concerns retained securitizations, it is not reflected in the consolidated balance sheet.

Our liquidity buffer consists of cash at central bank and qualifying securities in the different Treasury books with High Quality Liquid Assets (HQLA).

Liquidity Buffer Composition

Amounts in millions of euros	*2023*	*2022*	*Change*
Cash and central bank receivables	86.3	125.0	(38.7)
Level 1 assets	17.2	12.2	5.0
Level 2 assets	3.4	0.5	2.9
Core Buffer (HQLA)	**106.9**	**137.7**	**(30.8)**

The liquidity buffer has sufficient capacity to cover the net outflows in a stress scenario, as reflected by the LCR and internal stress test results. Throughout 2023, Rabobank's liquidity buffer remained at a prudent level and the LCR was managed comfortably above the regulatory limits and internal targets.

Liquidity Coverage Ratio

	2023	*2022*	*Change*
Group LCR	175%	156%	19%

At year-end, the Rabobank Group LCR stood high at 175% (EUR 46 billion surplus amount), mainly driven by an optimization of its liquidity position given the increased uncertainty on the macroeconomic outlook.

Next to maintaining a buffer, we set strict limits on maximum outgoing cash flow within the wholesale banking business, according to currency and location. Detailed plans have been drawn up for contingency funding to ensure the bank is prepared for potential crisis situations. Periodic operational tests are performed on these contingency funding plans. A liquidity stress test is used to ensure that in times of severe liquidity stress, Rabobank would still have adequate counterbalancing capacity to meet the associated, heightened outflow of funding for a prolonged period. Counterbalancing capacity[1] equals EUR 227 billion, with EUR 175 billion in weighted highly liquid assets and unused ECB credit facility.

Risk Profile Performance

In 2023, Rabobank remained rock-solid from a funding and liquidity perspective. The liquidity buffer remained high and more than 80% of the buffer is held in cash at central banks. Rabobank fully prepaid the remaining EUR 15 billion of TLTRO III participations in 2023 without affecting its healthy liquidity position. Rabobank managed Rabobank Group LCR and NSFR comfortably above the internally defined risk limits and therefore well above the regulatory minimum requirements throughout 2023. The USD balance sheet is of strategic importance for Rabobank. Specific monitoring and reporting of the USD funding and liquidity position is in place, including a USD-specific LCR and NSFR. Rabobank has maintained a solid liquidity position with good continuous access to USD funding.

Market Risk in the Banking Book

Rabobank manages its balance sheet in order to protect the asset & liability positions against interest rate risk in the banking book (IRRBB), credit spread risk in the banking book (CSRBB) and FX & Commodity (Price) Risk in the banking book. Against the backdrop of geopolitical tensions and high inflation, interest rates continued to rise in 2023 until a decrease occurred in October which led to slightly lower rates at year-end. Rapid interest rate increases impact the bank's economic value and earnings. In response to changing interest rates, a pre-approved IRRBB strategy with potential changes of duration is in place. Increasing rates and a cooling housing market adversely affects the mortgage portfolio and funding costs. Prepayment risk assumptions and hedging are monitored continuously and reviewed to reflect, among other things, recent swap rate movements and lower housing market activity. Lower prepayment incentives due to higher rates have reduced both the prepayment rates and new mortgage production volumes.

1 EBA definition: the stock of unencumbered assets and other funding sources which are available to cover potential gaps.

To monitor balance sheet exposure, we have validated risk metrics in place that measure interest rate risk from the perspectives of earnings and economic value, including Earnings-at-Risk, Modified Duration, and Supervisory Outlier Tests on Economic Value of Equity (EVE SOT). Exposure was managed within defined internal risk appetite and regulatory requirements in 2023. The regulatory required Supervisory Outlier Test on NII (NII SOT) will also be reported from 2024.

Interest Rate Risk in the Banking Book

	2023	*2022*	*Change*
Modified Duration (%)	3.2%	4.4%	(1.2%)
Earnings at Risk (millions)	(526)	(874)	(348)
EVE SOT (%)	9.0%	6.6%	(2.4%)

Rabobank does not actively pursue positioning in CSRBB risks because it sees CSRBB risk as a consequence of prudent balance sheet management activities. CSRBB is managed under adequate risk appetite and portfolio limits. Rabobank has improved its CSRBB framework in line with the introduction of new EBA guidelines (EBA/GL/2022/14) applicable from December 31, 2023, which serve to ensure that CSRBB exposures are identified and assessed adequately, monitored, and controlled. Rabobank manages its FX translation risk with regard to the Rabobank consolidated CET1 ratio by deliberately taking and/or maintaining FX positions. These structural FX positions mitigate the impact of exchange rate fluctuations on Rabobank's consolidated CET1 ratio.

Risk Profile Performance

In 2023, IRRBB positioning remained fairly stable. Movements are related to regular strategic Treasury positioning within risk appetite. Rabobank’s CSRBB profile has been stable and is well within the risk appetite. The impact of exchange rate fluctuations on Rabobank's consolidated CET1 ratio is expected to stay within defined risk appetite limits.

Market Risk in the Trading Book

Within the trading environment, the main risks that Rabobank is exposed to are interest rate risk (including basis risk), credit spread risk, commodity risk, and currency risk. The risk of losses could arise from movements in these risk types.

We aim for a modest exposure to market movements in our trading environment, with client risk redistribution, dynamic management by hedging, and low secondary market activity as part of our strategy. Market risk in the trading environment is managed on a daily basis. The main risk indicators used to measure overall market risk in the trading book are:

- Event Risk: based on loss estimates generated from extreme but plausible moves in risk factors by using sensitivity, hypothetical, and historical stress scenarios.
- Value at Risk (VaR): based on a historical simulation that uses one year of historical data.

Market Risk in the Trading Book

Amounts in millions of euros

	2023	
	VAR (1 day, 97.5%)	Event Risk
Average	5.6	49
Highest	8.9	67
Lowest	3.0	25

For both risk indicators, interest rate and credit spread risk are the main contributors. Rabobank works with an extensive set of complementary parameters and controls to monitor market risk in the trading book. The loan underwriting business is managed with various specific limits including notional and event risk. The bank has a stringent loan underwriting and approval process for every deal, in order to account for potential market stress factors, current market conditions, and absolute exposure levels.

This year, the market witnessed a few notable credit events following the collapse of Silicon Valley Bank and Credit Suisse. Interest rates reached the highest level since the 2008 financial crisis following multiple rate hikes by the central banks. The upward trajectory of interest rate and commodity prices combined with market volatility in particular, had a positive impact for the trading desks. These events drove up uncertainty in the markets, with new issuance on loan syndication significantly reduced and overall activity dampened amid uncertain macroeconomic developments. A supply and demand imbalance persisted for much of 2023.

Looking ahead, there is a possibility of further widening in the credit spread in the government, supra-national, and corporate debt market, which introduces a degree of market uncertainty. The looming prospect of deflation and sluggish economic growth attributed to heightened interest rates could compel the central banks to switch their interest rate strategy from increasing rates to lowering the base rates.

In 2023, we enhanced our event risk framework by recalibrating the shocks used in scenarios, extending the risk factors, and incorporating recent historical stress periods as part of historical scenarios. The framework was further enhanced by the addition of specific market stress linked limits and controls that govern the risk of leveraged and highly leveraged underwriting activity.

Risk Profile Performance

Similar to previous years, Rabobank's main traded market risk and loan underwriting indicators remained well within the risk appetite. We expect the current low risk exposure will strategically position the bank to effectively address future uncertainties related to interest and credit risk factors, and that the risk profile will remain well within the risk appetite.

Operational Risk

Inadequate or failing processes, people, systems, and /or external events are an inevitable part of Rabobank's business activities. Rabobank manages these operational risks within the boundaries set by our risk appetite as appropriate to the complexity and size of our organization and pro-actively monitors the risks and takes action where needed. Managing operational risks is an integral part of the way we do business supported by risk and control activities.

Transformation Risk

Rabobank has an ambitious transformation agenda with projects and deliveries that impact all parts of the bank. This continues to pose challenges to people, processes, and IT. We can be exposed to transformation risk by not meeting change objectives or by putting too much strain on the change capacity of the organization. The Managing Board has defined key priorities to improve prioritization and focus. The progress of these priorities is centrally monitored.

Product Governance

Providing the right products and services to our clients is important. Our products must fit our clients' needs and adhere to regulatory and internal requirements. In 2023, we further strengthened our product governance across the bank. Product owners take a forward-looking view that encompasses the business-environment and ensures our products are aligned with Rabobank's sustainability vision.

Information Technology

Rabobank creates innovative financial solutions by using modern technology. We improve IT agility by constantly updating information systems and infrastructure components, which helps to bring innovations to the market faster. The use of cloud technology is essential to providing flexible and secure IT solutions. The main challenge is balancing long-term decommissioning programs and rapidly changing IT needs - both functional and non-functional (such as security). Decommissioning outdated systems and installing patches to fix software vulnerabilities help to reduce risk, but these actions may also pose (temporary) risks. Our agile way of working helps to manage these risks by breaking these changes down into smaller and better manageable components.

Cybercrime/Information Security

Cyber threats remained a high risk in 2023. Cybercriminals keep innovating their techniques to exploit information security vulnerabilities, steal data, and disrupt the continuity of services. This is also fueled by the deteriorating geopolitical situation. In addition, increased scrutiny through regulatory requirements on operational resilience is observed. Rabobank continuously makes improvements in information security controls so we can keep meeting our customers' expectations regarding reliable services and data protection. Because cybercriminals are more frequently leveraging supply chain attacks, we have further integrated risk mitigation by our service providers in our approach. Rabobank evaluates and/or applies new technologies, such as blockchain, Open AI and so on. While adopting new technologies, we have developed risk assessments on cyber security to mitigate risks. In 2023, we have also invested in enhancing our cloud security, as using cloud services is an integral part of our technology strategy. We are taking measures to mitigate new risks introduced by quantum computing and protecting our customer data by resilient cryptography.

Third Party Risk/Outsourcing

Following the sourcing strategy of the bank, collaboration with and reliance on third-party vendors is increasing and so are the associated risks. This results in a more complex business chain and intensified regulatory scrutiny. We further enhanced the control framework on third-party risk by changing the governance, processes (incl. tooling), and reporting.

Resilience

Business Continuity Management plays a critical role in maintaining the integrity and stability of our products and services. In 2023, geopolitical conflicts continued to pose resilience challenges, including protecting our employees. Comprehensive impact and risk assessments based on various scenarios like external (IT) threats, spiked absenteeism, and climate disasters helped to identify risks. We carefully monitor, plan, and maintain robust continuity plans, perform hands-on exercises, and continue collaborating with stakeholders.

Data Management

In 2023, we further strengthened data management, with implementations for regulatory reporting, risk reporting, (risk) modeling and financial economic crime. Work on a revised approach to data quality progressed but has not yet been fully implemented within Rabobank. To meet deadlines for the implementation of the Basel Committee on Banking Supervision standard on risk data aggregation and risk reporting (BCBS#239), Data Management continues to be a key priority, monitored at MB level, for delivery in 2024.

Risk Profile Performance

Progress was made in managing operational risks during 2023. The overall profile decreased but is still elevated. The risk outlook shows a further decreasing risk trajectory as remediation programs keep lowering the operational risk profile. The majority of Rabobank's operational risk losses in 2023 were related to external fraud.

Compliance Risk

Rabobank's aims at all times to be compliant with applicable laws and regulatory requirements and to act in the spirit of the law. This is at the core of how we operate. A robust Compliance Framework supports our efforts in this regard. The Compliance Framework enables effective management of compliance risks and prioritizes the highest compliance risks.

Financial Economic Crime

Rabobank takes its role as gatekeeper seriously. We are entrusted with safeguarding financial transactions and detecting and preventing the use of Rabobank's products for money laundering, financing of terrorism, fraudulent activities, or breach of sanctions. Rabobank implements and maintains robust security measures to protect itself against unauthorized access and misuse of Rabobank products and services. We are committed to adhering to strict standards to combat money laundering, terrorism financing, and other illicit financial activities. In this way, Rabobank helps to protect the integrity of the financial system from harmful behavior that might impact our clients and society.

DNB Instruction and Remediation

In December 2021, De Nederlandsche Bank (DNB) ordered Rabobank to remedy deficiencies regarding its Dutch Retail division's compliance with the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch: Wet ter voorkoming van witwassen en financieren van terrorisme), hereafter Wwft. The deficiencies mainly concern the execution, recording, and outsourcing of client due diligence, transaction monitoring, and reporting of unusual transactions.

Delivering on our remediation plan continues to be our highest priority. Rabobank continues to invest where necessary to achieve this goal, which is an integral part of our mission of "Growing a Better World Together". This is all taking place within a dynamic external context. Anti-financial crime legislation is continuously evolving to enhance the integrity of the financial system. Furthermore, political tensions and sanctions have a significant impact, among others by shaping regulatory environments and a need to navigate this complex landscape, which leads to Rabobank adapting internal processes and strategies in response to geopolitical developments for robust risk management. As Rabobank, we must continually stay updated, adapt and amend procedures, and invest in advanced technologies to comply with this anti-financial crime landscape.

Rabobank (including DLL and Obvion) expanded its worldwide FEC workforce from approximately 7,800 FTEs in the first half of 2023 to approximately 8,100 FTEs at the end of 2023. The total expenses recognized in the income statement for 2023 were EUR 844 million.

Dutch Public Prosecution Service

In December 2022, the Dutch Public Prosecutor's Office announced that it has started a criminal investigation in connection with the alleged violation of the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch: Wet ter voorkoming van witwassen en financieren van terrorisme or Wwft) by Rabobank. Rabobank is fully cooperating with this investigation. It is currently still too early to determine the timeframe or potential outcome of the ongoing investigation. Consequently, the nature and materiality of subsequent fines, penalties, or other related actions cannot be reliably estimated beyond stating that they have the potential to be significant.

Collaboration

Rabobank continues to work unabatedly on further collaboration between public and private parties in the fight against financial crime. In 2023, the Dutch Central Bank (DNB) initiated 'risk-based roundtables', a turning point that led to the creation of Industry Baselines created by the private sector in consultation with DNB and the Ministry of Finance. These Industry Baselines enhance proportionality and risk relevant measures as part of the gatekeeper role within the financial sector.

Unfortunately, there are still blocking issues in financial crime compliance collaboration between public authorities and banks that hinder effectiveness. Information-sharing barriers exist due to legal and regulatory constraints, impeding the flow of critical data. Furthermore, resource disparities between public authorities and banks result in uneven efforts, impacting the overall effectiveness of compliance measures. Further alignment between public parties and financial institutions in priority setting would contribute to avoiding conflicting strategies in combating financial crimes.

Sanctions

Rabobank adheres to applicable sanction regimes imposed by governments or international bodies in the provision of its services and in all activities undertaken. We have stringent monitoring, risk assessments, and robust internal controls for ensuring compliance with sanction regulations and to ensure proper reporting to DNB and/or the Financial Intelligence Unit (FIU) and other local competent authorities.

Rabobank monitors developments in areas of conflict and implements new, applicable sanction packages, including additions to existing restrictive measures, as and when they are released. Furthermore, Rabobank is in close contact with DNB and the Dutch Ministry of Finance regarding sanctions developments. It remains to be expected that the sanction landscape continues to be highly volatile and complex. This leads to increasing fragmentation and divergence in sanctions issued and makes adherence increasingly challenging.

Fraud

In 2023, fraud losses have increased, mainly due to several cases of corporate lending fraud in the wholesale and rural domain. In the retail domain of the Netherlands, Rabobank's fraud losses decreased. We remain committed to raising client awareness of fraud risk. Fraud risk is having a greater impact on clients as they are increasingly targeted by fraudsters and scams that are beyond the immediate control of Rabobank. Minimizing fraud and the accompanying losses remains one of Rabobank's key priorities.

Anti-Corruption and Anti-Bribery

Rabobank is committed to consistently applying high standards of honesty and integrity across our global operations and in all our business dealings. Rabobank has controls in place to mitigate bribery and corruption risks. And where it knows or reasonably suspects involvement in bribery or corruption, Rabobank will neither establish nor maintain a relationship with that client, business partner and/or employee.

We encourage our staff to report any suspicions of bribery or other forms of corruption. Our policies prescribe that when bribery or other forms of corruption come to our attention, we will engage with the customer, business partner, or employee and take adequate measures.

Transaction Reporting

Supervisors in various jurisdictions are continuously stepping up transaction reporting requirements for transactions in financial instruments. Banks have the regulatory obligation to report on all over the counter (OTC) trades across a wide range of financial instruments within a given time frame. Rabobank aims to ensure the adequacy, accuracy, and timeliness of transaction reporting. Although we have improved the overall quality of transaction reporting processes as well as implemented changes to regulatory regimes, we have not yet fully reached the expected adequacy level. We will continue to make further enhancements in 2024.

Data Privacy

Data privacy is a key aspect of Rabobank's strategy and operations. We continuously strive to process data in a lawful, fair, and transparent manner, respecting the rights and interests of our customers, employees, and other stakeholders. We recognize that data privacy is an ongoing and evolving process, and that we need to constantly monitor and improve our data privacy practices. In 2023 we updated our data privacy policies and standards to reflect the changes in the legal and regulatory environment, as well as the best practices in the industry. In addition, we revised our privacy notices and cookie statements. We also enhanced data privacy awareness through training to ensure that management and staff are familiar with their obligations and responsibilities. Like other organizations, Rabobank was confronted with the rapid roll-out of Generative AI in 2023. We investigate how to leverage the benefits of Generative AI to enhance our way of working, while also ensuring compatibility with our data privacy principles and obligations. Some of the data protection challenges and opportunities we will face in 2024 include adapting to the changing technological, societal, legal, and regulatory landscape. We will closely follow these developments and their implications for our data processing activities and will take the necessary actions to ensure compliance.

Treating Clients Fairly

Treating Clients Fairly is an important topic for Rabobank. Sustainable products for our clients and ESG requirements form an integral part of our products and services to clients. Our main risks on this topic relate to adequate advice, responsible lending, and providing adequate product information (including information on ESG risks). In 2023, we further improved the product & service accessibility for our clients with reviews and adjustments of our digital processes, products, services, and acceptance criteria.

With regard to Private Clients, Rabobank is proactively compensating certain clients since it did not consistently adjust the interest rate of certain consumer credit products in accordance with the reference rate indicated by the Dutch Financial Services Complaints Tribunal (Kifid). These compensation measures will continue in 2024. Rabobank took a provision of EUR 56 million (December 31, 2022 EUR 301 million Regarding responsible lending in mortgages, Rabobank received an administrative fine (EUR 12 million) from the Dutch Authority for the Financial Markets (AFM) which fine was objected to by Rabobank.

ESG

A key priority for Rabobank is the enhancement of our anti-greenwashing framework. This is driven by our recognition that greenwashing undermines the development of truly green and sustainable finance and investment products, as well as the fair treatment of our customers and business partners in line with our Treating Clients Fairly principles. We also need to comply with a range of existing and upcoming anti-greenwashing legal and regulatory requirements, including additional ESG-specific disclosures, which bring with them increasing litigation, regulatory, and reputational risks. While we already have a number of anti-greenwashing processes in place that cover client communications, product governance, and transaction reviews, amongst others, we recently assigned ownership of greenwashing risk to our Compliance function, which will further develop Rabobank's anti-greenwashing framework in 2024. This framework will cover policy, procedures, training, oversight, and reporting.

Risk Profile Performance

Significant progress was made in managing compliance related risks during 2023. The overall compliance risk profile improved but is still elevated. The main drivers of improvement are developments in the areas of FEC and Conduct, notably Treating Clients Fairly/Housing. The risk outlook shows a stable trajectory attributable to (i) achieved and ongoing progress on remediation plans addressing the highest residual risk, (ii) continuing efforts in improving the control environment, and (iii) a decrease in overdue and extended findings. Looking ahead, further embedding of clear and robust ESG governance, including an anti-greenwashing framework, will be of key importance. Additionally, managing the impact of the pace of technological developments in the areas of digitalization, data analytics, and Generative AI will remain crucial, as will knowing how to leverage these developments responsibly and ethically. Therefore, it is paramount to have a clear set of norms, attitudes, and behaviors related to the awareness, management, and controls of risks for our customers, society, and our bank. That requires our continuous attention and effort on risk culture, as described in the risk culture section.

Model Risk

Wrong decisions based on the output of models due to errors in the development, implementation or use of such models can have adverse consequences. Rabobank applies a comprehensive Model Risk Management approach to model development, independent model validation, and the approval and use of models. Model risk remains a critical priority at Rabobank and further substantial efforts are being undertaken to improve and mitigate model risk and work towards regulatory compliance. In 2023, FEC related models and models for interest rate risk in the banking book were further enhanced and validated. The multi-year Return to Compliance project of credit models is on track. The Model Risk Management department was reorganized and now directly reports to the CRO.

Artificial Intelligence systems often make use of models and consequently have Model Risk. The rapid development of newly available AI technologies and regulations therefore will remain an important focus area in 2024.

Risk Profile Performance

The overall model risk remains high but the risk outlook is decreasing thanks to substantial efforts being put into remediation programs for credit and compliance models to address known deficiencies. The results of redeveloped models are expected to decrease model risk in the period 2024-2025. The effectiveness of the efforts will be challenged and assessed by independent model validation.

Climate and Nature-related Financial Disclosure

At Rabobank, sustainability is an integral part of our corporate mission: "Growing a better world together." We are committed to making a difference as a cooperative, client-driven, all-finance bank. We want to contribute to feeding the world sustainably, transforming the way we produce and consume energy. We aim to be a responsible bank, addressing issues that have a major impact on society, the environment, and on our clients. This is why we actively engage in facilitating transitions which matter to us and our stakeholders now and in the future

In line with the recommendations (2017) of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose information relating to the potential financial impact of climate change.[1] We also disclose our progress at aligning with the recommendations of the Task Force on Nature-related financial disclosures (TNFD) that were published in 2023.

While ESG (Environment, Social, and Governance) is a commonly adopted initialism , Rabobank focuses its aspirations on three key themes: Climate, Nature, and People.

Governance

Supervisory Board

The Supervisory Board is responsible for oversight, including oversight of sustainability matters. The Supervisory Board receives regular updates from the Managing Board on sustainability strategy, impact, risks, reporting, and on specific urgent cases (e.g., nitrogen).

Managing Board

The Managing Board (MB) sets Rabobank's sustainability ambition, including the group's sustainability strategy and roadmap. The Chief Sustainability Officer reports to the Chair of the MB. The MB sets the sustainability strategy and ensures that sufficient resources are available for sustainability initiatives. If needed, the MB takes corrective action.

Risk Management Committee Group

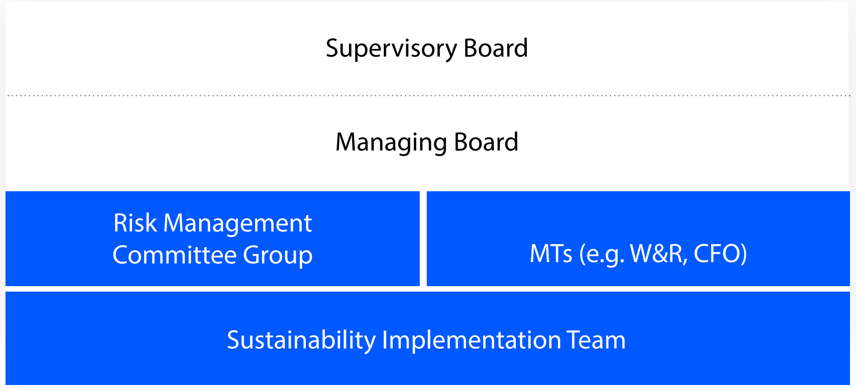
The Risk Management Committee (RMC) at Rabobank Group level is mandated by the MB to oversee the implementation of the risk management framework, performs risk monitoring and reporting, and oversees new risk regulation, including ESG risks. The RMC Group is chaired by the Chief Risk Officer (CRO) and includes members of senior management. The RMC Group provides oversight of the bank's Risk Appetite Statement, which describes the levels and types of risks that Rabobank is willing to accept in order to achieve its strategic goals while remaining in compliance with regulatory requirements, including ESG risk guidance. As part of its oversight, the RMC Group receives updates on our risk management approach to, for example climate risk, including our approaches to stress testing and the integration of changes into existing risk management processes.

Sustainability Implementation Team

The Sustainability Implementation Team (IMT) consists of senior management representatives of the key domains and is chaired by the Chief Sustainability Officer. The IMT ensures the implementation of sustainability decisions across the bank and in their own domains, and approves implementation plans for key sustainability topics. It also provides recommendations to the MB on decision making regarding sustainability strategy, ambitions, and resources (e.g., FTEs). The IMT is mandated to guide and align the different sustainability activities within Rabobank. The approval of policies is not in the scope of the IMT. The approval of sustainability policies follows the regular governance, which runs through the Management Teams (MTs), RMC Group and MB.

1 See the ESG section of our Pillar 3 Year Report 2023 for our TCFD disclosures.

Governance



Policies

At Rabobank, we aim to embed sustainability considerations in, among others, our processes and policies. And we do so in line with regulations, commitments we have endorsed, and convictions we have.

Rabobank's Sustainability Policy Framework consists of core policies as well as theme and sector policies that address key environmental issues. Examples of theme policies include those on biodiversity, land governance, and plant gene technology. Clients' performance and progress are reviewed during the initial credit assessment and at periodic intervals.

In 2023, we updated and created sustainability policies for client and business partner acceptance and performance. Policy updates were completed and approved on three important themes: Climate, Energy, and Deforestation and Land Conversion.

Strategy

In November 2022, we published Our Road to Paris, a report disclosing our approach towards having "all our operational and attributable GHG emissions from our lending and investment portfolios align with pathways to net-zero by mid-century, or sooner, including CO2 emissions reaching net-zero at the latest by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100." The approach consists of four basic but complex steps: 1. footprinting, 2. identifying science-based benchmarks, 3. setting priorities and reduction targets, and 4. setting in motion the actions needed to achieve the targets.

In 2023, that four-step approach proved to be a firm basis to build and expand upon. In terms of footprinting, we expanded the scope and now cover 89% of the climate-relevant part of our portfolio. We firmly embedded sustainability in Rabobank's strategic cycle, thus enabling the optimization of risk, reward, and sustainability impact. The "sector x region-plans" that serve as input for one of Rabobank's key internal processes were crucial vehicles of embedding sustainability, as is the Medium Term Planning process that is used for target setting and risk appetite statements.

We see various actions that we as a bank can take to help meet our ultimate goal of bringing our own operational CO2e emissions and those of our customers to levels in line with the Paris Climate Accord by 2050. First of all we aim to help customers in their transition with knowledge about and insights into how they can decarbonize their activities, use financial products (sustainable finance) to support their transition, and finance new innovations that will accelerate their efforts. Secondly, we advocate for the required system change by engaging with stakeholders at different levels in the economy and society. And finally, we continuously optimize our portfolio for sustainability by making conscious choices about how we grow our portfolio and by developing policies that clarify what we can and cannot finance.

The theme 'Nature' is maturing rapidly. In 2021, Rabobank committed to the Taskforce for Nature-related Financial Disclosures (TNFD) and the Finance for Biodiversity Pledge. In 2023, we established a dedicated Nature team within the Group Sustainability department. In close cooperation and alignment with the Climate and People teams, the Nature team developed an ambition for 2030 that aspires to integrate nature in our way of working as well as a 2050 vision called "Living in Harmony with Nature by 2050."

Sector x region plans

Our Road to Paris report set targets for selected sector x regions in the form of science-based pathways such as SBTi FLAG and IEA NZE . These pathways have since been translated into sector x region plans which align sustainability ambitions and risks with our business model. These action plans integrate climate risk analysis, sector visions, and sustainability ambitions, and can be executed following the regular business cycle (including Medium Term Planning). The bank has set preliminary targets on a significant part of the carbon intensive sectors (in line with the NZBA commitment) that apply to approximately 70% of the scope.

To further integrate our clients' sustainability impact and ESG risks in our business strategy, Rabobank defined a common approach in 2023 to develop rector x region plans in order to make the translation to tangible actions and effects on the business lines involved more consistent. The results of the materiality assessment, environmental risk heatmaps, and risk sensitivity analyses were used as input for the sector x region plans.

In 2023, the scope of the sector x region plans was broadened and now includes Nature impact in addition to Climate impact and Climate risks. These plans were incorporated in the business strategy and medium-term planning (MTP, see next section). The outcomes were also used for scenario analysis and to determine the estimated risk and downside potential in the portfolio stemming from specific conditions.

Integration in the formal processes ensures coherent execution and alignment with established planning and steering processes. Monitoring includes measurement of significant efforts, defining KPIs/KRIs where needed, and being able to report on progress and actions that enable management intervention, and complying with requirements (e.g., CSRD).

Medium-Term Planning and KPIs

As part of the Group Risk Appetite Statement (RAS), we set limits on clients who do not comply with the updated Sustainability Policy Framework. Further limits are set on energy labels for residential mortgage portfolio and CRE offices. Regular breach management processes are in place to determine what action to take when a risk indicator threshold is likely to be breached or has been breached. Further limits will be set in the future. Financed emissions (our clients' Scope 1 and 2 emissions) are explicitly taken into account in the MTP and Risk Appetite Statement.

The business strategies, including sector x region plans, are integrated in the annual MTP process. ESG is incorporated in the RAS and integrated in our risk management framework. Multiple ESG Risk indicators are reported with Early Warning Levels and Risk Appetite Limits.

In 2024, we will further embed sustainability in our strategic steering, including developing and conveying a clear ambition, target, and plan for all material sustainability themes. We will broaden our scope to include People along with Climate and Nature, and to drive business delivery through the execution of the sector x region plans and transitions. We will further solidify our key foundations to ensure we can govern, steer, and implement the required transformation, aiming to be in control of sustainability regulations and commitments, including ensuring CSRD readiness.

Client Engagement

Helping our clients transition to a sustainable future is part of our ambition. We do this by providing our clients with knowledge about and insights into how they can change their activities, use financial products to support their transition, and finance innovations that will accelerate their efforts. The planned investments in the energy transition and renewable energy production is expected to triple our current investments towards 2030. Besides facilitating and investing in the transition, Rabobank also approaches clients about risk management purposes. When Rabobank has reason to believe that a client may have caused, contributed to, or be linked to potentially or actually significant sustainability issues, and/or does not comply with Rabobank's Sustainability Policy Framework, we commence client engagement.

During the first half of 2023, Rabobank reviewed its procedure to manage sustainability issues and controversies involving clients. While the revised approach continues along the existing path—with the OECD Guidelines as a foundation—it also contains some new features that allow, where permitted, collaboration with other financial institutions in order to increase leverage. Sector organizations are also seen as partners to potentially team up with if that will improve the chances of successful engagement. This approach is especially helpful if a sector frequently faces ESG-related challenges and subsequently, engagement with individual companies is considered less effective.

In addition to engaging with clients, Rabobank prioritizes the integration of sustainability in regular business processes and client interactions. Especially with regard to potentially high sustainability risk clients, assessments are prepared in order to gain a better understanding of the ESG quality of the portfolio. This helps the relationship manager have a proactive dialogue with clients about potential adverse impacts.

Asset Assessment

In this annual report, we will disclose our green asset ratio (GAR) on the balance sheet based on eligible and aligned assets. Eligibility indicates that an activity is in scope for screening under the EU Taxonomy. Eligible activities are reported in compliance with the economic activity-specific technical screening criteria (TSC) on substantial contribution (SC) and do no significant harm criteria (DNSH).

In addition, we direct our balance sheet towards growth in sustainable assets through mobilizing our expertise and balance sheet through, for example, the AGRI3 initiative and Impact Fund.

Remuneration and Performance Management

Integrating sustainability into our business activities is of the utmost importance to our sustainability ambitions. Based on our strategic direction, we develop appropriate business plans with targets that are aligned with or aggregated in the MB's KPIs. Our business entities work closely with the Sustainability Department to set our sustainability ambitions and goals. Our performance targets include (where relevant) the bank's ESG objectives.

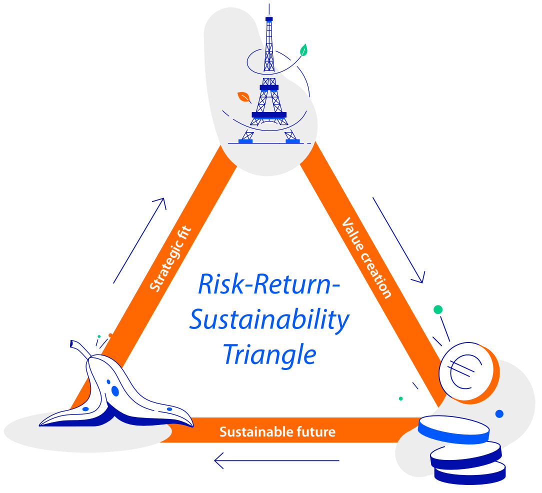
All members of the MB have a shared KPI set that includes three sustainability KPIs related to products and services, customer performance, and carbon footprint. One of the KPIs is a CO2 emission reduction target for our own business operations. For more details on remuneration, please refer to the Remuneration section. An approach for senior management accountability on nature-related topics is currently being developed and is expected to be implemented by the end of 2024.

Risk and Impact Management

Our Approach

Sustainability is one of our strategic drivers and is therefore integrated in the optimization and steering of our business decisions. This is reflected in the way sustainability is integrated into our strategic cycle to ensure the structured incorporation of sustainability risk mitigation and measurable sustainability impact. Our vision and ambition, external commitments, and regulatory requirements are the main drivers of our sustainability strategy, which shapes our Sustainability Policy Framework and risk management framework.

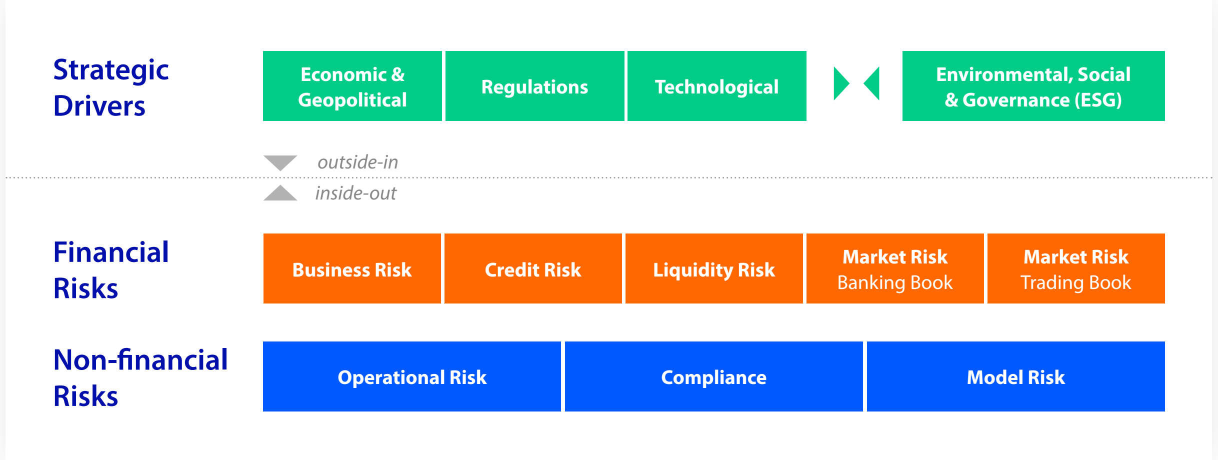
We optimize our business between risk, reward and sustainability impact



Risk Identification

Rabobank assesses the strategic drivers annually. Strategic drivers could impact the main risk types (“outside-in” impact) and could also create opportunities. ESG is a strategic driver and forms an important part of the assessment. In addition to the outside-in impact, Rabobank (either directly or through its suppliers or clients) can also impact ESG (“inside-out” impact), which in turn can also result in risks and opportunities. The overview below demonstrates how sustainability is integrated into our strategic drivers and risk assessment.

Risk Taxonomy

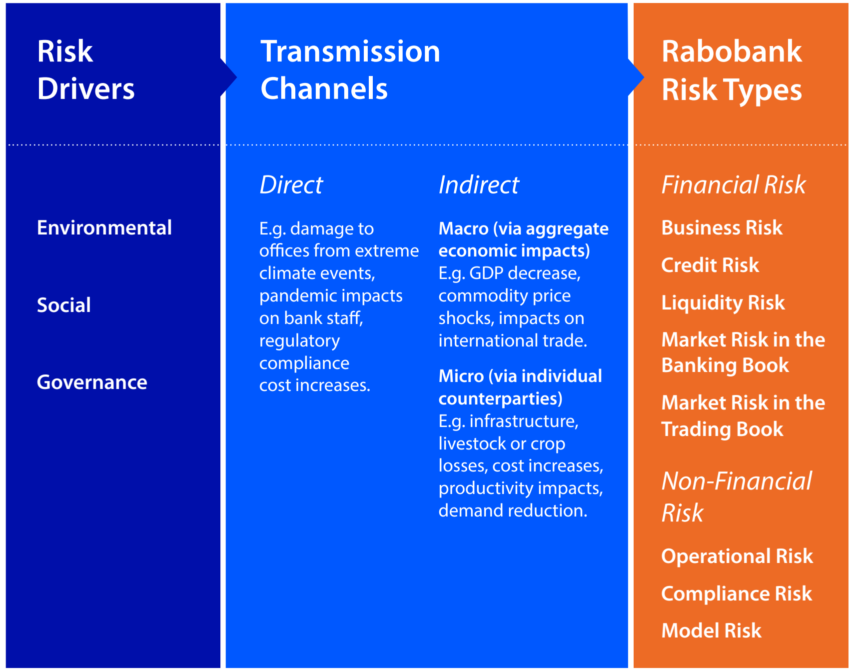


To identify the material topics within the strategic driver ESG, a materiality analysis has been conducted to determine the outside-in impact of sustainability topics on Rabobank and its suppliers/clients and inside-out impact on sustainability topics by Rabobank and its suppliers/clients.

Following the EU guidance on 'Good practices for climate-related and environmental risk management' (2022) it is suggested that banks are exposed to climate change through direct- and indirect transmission channels that arise from physical and transition risk drivers. The impacts of these risk drivers can be observed through the traditional risk types. Rabobank determined the relevant risk drivers and assessed through which transmission channels these could affect our financial- and non-financial risk types.

Rabobank identified multiple direct- and indirect environmental transmission channels: credit risk (e.g., payment capacity and collateral value), liquidity risk (leading counterparties to draw down deposits and credit lines, which could put the bank's own liquidity under pressure and cause liquidity risks), market risk in the trading book (through the value of securities, possibly resulting in "stranded assets"), market risk in the banking book, operational risk (through damage to physical assets by extreme weather, compliance risk with duty of care regulation, greenwashing model risk and for wealth management clients investing in securities impacted by ESG risks). The following diagram illustrates this.

Risk Factors



Risk Assessment

Rabobank embeds ESG risk in its strategy, governance, risk appetite, risk management, and disclosure. Environmental risks are commonly understood to have two main risk drivers: physical risk and transition risk. We use environmental risk heatmaps and scenario analysis to identify various risk events that are linked to risk types defined in our Risk Taxonomy. ESG risk factors act as drivers or amplifiers of existing material risks through transmission channels. FEC/AML and other related risks are also captured in the Risk Appetite Statement. Please refer to the risk management sections in Tables 2 and 3 for more information.

A standardized categorization of sustainability topics was established in the first half of 2023. The topics were assessed by materiality standards for the first time and 10 topics were marked as material (either from the perspective of sustainability impact, risk, or opportunity). The financial and non-financial impacts of ESG risk on Credit Risk, Business Risk, Operational Risk, and Liquidity Risk are classified as "material" based on financial impact.

We defined a roadmap on embedding ESG in risk management. For credit risk, it revolves around four themes:

1. ESG Risk Assessments: ESG risk assessments, consist of materiality assessment, the environmental risk heatmaps, Road to Paris alignment and scenario analyses. They determine the level of risk based on country, sector, time horizons (short, medium, long), and events.
2. Sector Strategy: Rabobank's sector visions and strategies are made ESG risk sensitive using the environmental risk heatmaps as input. The enhanced sector visions and strategies (vulnerable sectors) in turn can provide input for the client credit journey and for determining (additional) provisioning.
3. Credit Risk Assessment: Covers client credit journey, IFRS provisioning, forecasting, and stress testing activities. For the client credit journey, ESG risk assessments (materiality, heatmaps, scenario analyses, and ESG risk score), and vulnerable sectors serve as input for quantifying ESG risk.
4. Portfolio Strategy: Incorporate ESG Risk in Pricing, Acceptance Criteria, and Underwriting Criteria.

Rabobank performs ongoing heatmap analysis to assess physical and transition risks. This includes the risk of extreme weather conditions based on weather models. Multiple extreme conditions are included, such as drought, hailstorms, wildfires, and floods. The heatmaps also include transition risk events (e.g., nitrogen). The outcome provides an indication of the impact of a physical risk event (e.g., extreme weather) and/or transition risk events (e.g., policy changes, consumer behavior, or new technology. The heatmap identifies risks through a qualitative risk classification of geographic location, sector, and time horizon (near=5 yr, medium=10 yr, and long=30 yr) for specific risk events.

The outcome of these heatmaps is used for the following purposes:

- Input for the sector sensitivity/vulnerability process,
- Determination of IFRS9 provisions through management adjustments,
- Input for stress testing/scenario analysis, and

- Input for the strategy and portfolio refinement as outlined in the sector regions plans.

Rabobank has various ESG-related external commitments. For example, we are fully committed to supporting the goals of the Paris Climate Agreement and have endorsed the Net-Zero Banking Alliance and the Dutch Financial Sector Climate Commitment to act on climate. In addition, we also signed the Finance for Biodiversity Pledge and joined the Taskforce on Nature-related Financial Disclosures to protect & restore nature. Rabobank is committed to UNGPs on Business and Human Rights and OECD guidelines on Responsible Business Conduct and to helping create a more inclusive society for customers, communities, and the workforce.

Risk Mitigation

The sustainability policies outline what we expect from our clients and business partners regarding sustainability and are based on regulations, external commitments, and Rabobank's own position.

The updated sector x region approach translates inputs and targets on environmental risks and sustainability ambitions into business level action to support sustainable growth. By incorporating these ESG aspects into our MTP and RAS, we achieve measurable progress . The RAS has various indicators and focuses on (a) compliance with sustainability policies, (b) physical risks, (c) transition risks, and (d) qualitative statements on social and governance risks.

The effectiveness of mitigating measures is regularly reviewed and where needed, corrective measures are identified to ensure that the sustainability impact is in line with our ambition and that effective risk mitigation exists in the different sectors and regions where we do business.

Product Governance

Within product governance, specific sustainable products are approved and assessed. This includes (a) a target market assessment with sustainability factors and objectives and (b) a separate assessment of sustainable products and inclusion in the product books. The applicability of the classification "sustainable" for sustainable loans and sustainability-linked loans depends on the specific structure and criteria. A sustainable finance panel was established to review the sustainable component related to sustainable facilities and sustainability-linked loans. The panel provides advice to approving bodies as to the appropriateness of the sustainability criteria and the resulting level of greenwashing and reputation risk for the bank.

Sustainability in the Credit Journey

Within the credit journey we assess (a) our clients' sustainability performance, including their compliance with Rabobank sustainability policies, (b) whether the "sustainable" classification applies to specific sustainable or sustainability-linked loans, and (c) the impact of Sustainability/ESG on client creditworthiness. These assessments are carried out according to the following steps:

- The sustainability analysis contains a risk assessment and determines the material themes, actions taken, and mitigating factors. An In-depth Sustainability Assessment is required for potentially high-risk wholesale clients. For clients in climate-sensitive sectors, a specific Environmental Risk Analysis will be performed.
- The outcome determines the engagement agenda with the company and reputation/litigation risk assessment.
- The sustainability risk assessment must be an explicit part of the credit risk analysis as it concerns the impact on the business model (market environment, competitive position, etc.), financial analysis (revenues, required investments, and impact on cost levels), and the asset valuation.
- The impact on the credit risk parameters is established indirectly through the credit risk analysis (credit risk classification, PD and LGD).

Capital and Liquidity Risk Profile

The impact of ESG risk is implicitly embedded in the assessment of required capital.

- Climate scenario analyses and executed stress tests include the impact on capital, the balance sheet, and quantitative metrics such as provisions. The scenario analyses consider forward-looking factors over a longer time horizon (30 years) and distinguish between physical and transition risk.
- ESG risks are included in the IFRS 9 provision assessment through the Macro Economic Scenario, individual client assessments, sectors that are vulnerable due to ESG risks, and Top Line Adjustments. Scenario analyses and client assessments are used to evaluate environmental risks. Various Climate scenario analyses and stress tests are performed to assess the impact of transition risk in the Orderly and Disorderly scenario and projecting Financed Emissions. The impact in terms of PD and Loan Impairment Charges is relatively limited.
- In 2023, the Market Risk stress test scenarios were recalibrated for ESG Risk. In line with the EBA climate risk stress test, the impact of ESG risk on the trading book is small.
- As of December 2023, Rabobank also introduced a provision via a top level adjustments of EUR 13.6 mln for a increase in future ESG risks, chronic climate events (floods, droughts etc.) that have not yet materialized. Including ESG risks in our provisioning models makes Rabobank a front runner in the industry.

ESG related scenarios are explicitly included in the Operational and Business Risk scenario program. These scenarios are subsequently used as input for the Operational Risk capital calculations to ensure that highly unlikely idiosyncratic and costly events are adequately captured.

Methodologies for each risk type are refined with progressive insight. In the meantime, our management buffer provides additional mitigation against the impact of unforeseen ESG risks.

Rabobank performed a specific liquidity risk identification and materiality assessment for liquidity risk purposes. The assessment considered various severe and plausible climate scenarios and their impact on Rabobank's funding and liquidity capabilities and market access. We concluded that climate scenarios have a significant liquidity impact. However, the impact is linked to the already identified risks in the liquidity risk inventory. The liquidity risks which were impacted most by the climate scenarios had already been identified as material (e.g., facility drawings and retail deposits outflow). In the case of environmental events, the short-term liquidity assets that are no longer liquid and/or result in a lower credit rating should no longer be part of the liquidity buffer (or only at higher haircut levels). Long-term liquidity assets that are loss (non) performing due to environmental events require a higher stable funding percentage. Over all, the assessment did not uncover new risk drivers for liquidity risk and therefore did not change the materiality for liquidity risk.

Rabobank has a Sustainable Funding Framework (SFF) which allows it to issue green instruments (e.g., Covered Bonds). The proceeds are used to (re)finance a portfolio of green assets. The SFF asset sustainability criteria are based on the technical screening criteria for a substantial contribution to the EU Taxonomy. On November 15, 2023, Rabobank issued a successful EUR 1.25 billion Green Covered Bond in line with the updated SFF criteria set.

Climate Stress Test

Rabobank conducted a climate scenario analysis on 3 NGFS scenarios (orderly, disorderly, and hot-house world). The scope of this analysis was aligned with the MTP scope and its main deliverables included a Dynamic Balance Sheet forecast up to 2050, a forecast of both FEs and LICs and physical risk deep dives. This scenario analysis revealed information that is vital to expanding our insights:

1. The impact of the scenario on the financed emissions and decarbonization success.
2. The variability in the transition risks between scenarios and the sectors (expressed by carbon tax PD Multipliers and LICs).

Additionally, two extended scenario analyses ("Deep Dive on Nitrogen" and a scenario analysis of mortgages) were conducted in 2023 to determine the estimated risk and downside potential in the portfolio stemming from specific conditions. These analyses revealed some key insights and helped us to strengthen our risk framework on sustainability.

Sector visions for relevant sectors were updated to account for a longer time horizon, Rabobank's ambition to accelerate the sustainability transition and increased uncertainty in the sectors. Steering capabilities to arrive at the targeted portfolio were improved by integrating sustainability and financial performance into the assessment of individual finance requests.

The highest risk events and accompanying materiality of the risks for the mortgage portfolio were analyzed and used as input for the business strategy. The outcome of the scenario analysis of mortgages is also used in the risk appetite statement and IFRS 9 provisioning (through a climate TLA).

Metrics and Targets

Act on Climate: Mitigation

As of 2023, we have moved forward on the climate indicators included in the managing board KPI's. All members of the MB have a shared KPI set with three sustainability KPIs relating to products and services, customer performance, and carbon footprint. One of the KPIs is a CO2 emission reduction target for our own business operations.

We built on the targets we set for our own operation in 'Our Road to Paris' in 2022. We defined decarbonisation targets for our real estate/air travel/lease cars for our Wholesale & Rural Operations. Furthermore we updated our real estate Rabobank NL reduction targets following the CRREM v2.0 benchmark update.

Additionally, we also started with the targeted reduction of the carbon footprint of our IT landscape (i.e., our own data centres and cloud usage), based on the Green House Gas Protocol and using an ICT decarbonisation benchmark pathway.

But our efforts go beyond our own emissions. The biggest potential for positive impact lies in helping our customers transition to low-emitting business models. We have millions of customers around the world and we want as many as possible to successfully transition to the low-carbon future. Rabobank believes that being transparent on our direct and indirect carbon footprint is an important first step on our journey to Paris Alignment. Calculating the impact of our overall financing activities helps us to see what actions we and our clients can take to reduce the carbon impact and deliver on the commitment of making our portfolio Paris aligned by 2050.

As part of our commitments to the Dutch Climate Agreement and the NZBA we disclose our Financed Emissions on an annual basis, which currently include the Scope 1 and 2 emissions of all in-scope portfolios, and Scope 3 emissions for selected portfolios as stipulated by NZBA criteria. We refer to our financed emissions disclosure in the Better World chapter of this Annual Report.

We realize that the need to act and our ability to help differs per customer segment. Therefore, we have focused our short-term efforts on high-priority customer segments in 12 sector x region with high carbon intensities (e.g. residential real estate in the Netherlands and soy in Brazil). For each of these segments, we have identified scientific decarbonization pathways indicating how much and how rapidly each sector x region must reduce its emissions in order to align with our 1.5 degrees Celsius temperature goal. We have set emissions reductions targets for each of these sector x region and report annually on our progress in our impact report.

In 2023 we started preparations for setting a 2030 absolute target on the CO_2e emissions of our customer portfolio. This target will distinguish between CO_2 and non-CO_2 related emissions. This is a challenging task, especially in the food and agricultural part of our portfolio. Nonetheless, we expect to publish those targets in 2024.

Act on Climate: Adaptation

As mitigation is just one side of the climate change coin, in 2023 we increased our focus on adaptation. Together with 26 banks, we contributed to the target-setting guidance for climate adaptation finance launched by UNEP FI in November 2023.

In 2024 the working group will continue its work, focusing especially on sectoral deep-dives. In addition, in December 2023 a cooperation between the Dutch financial sector, the Dutch government, the Delta commissioner, and a network organisation named Climate Proof Together, launched the report 'Accelerating climate adaptation- An alliance between the financial sector and government' . The report contains recommendations among others on how the financial sector, where applicable together with the government, can contribute to climate adaptation. In 2024 we will build on this foundational work, to develop an approach towards adaption.

Value Nature

Impact and dependency

Rabobank's own operations (scope 1 and 2) have limited impact and dependency on nature. Therefore the main focus is on financed activities (scope 3). In 2023 Rabobank performed a nature impact analysis that shows that most of the impact of the private loan portfolio on nature is due to the effect of land use. The extensive land use has a major impact on the earth's systems and threatens biodiversity. The analysis also indicated that most of Rabobank's impact on nature occurs at farm level in the animal protein, grains & oilseeds and dairy sectors. In these sectors, Rabobank has large exposures in the Netherlands, Australia, United States, New Zealand and Brazil.

On the other side, Rabobank's portfolio is very much dependent on nature. In 2023 Rabobank updated its dependency analyses. This update shows that approximately 85% of the total loan portfolio is highly to very highly dependent on one or more ecosystem services. In our impact report 2022 we assessed two thirds of our loan portfolio to be highly dependent on nature, the increase is due to the inclusion of the mortgage portfolio into our analysis, which we deem dependent on surface water. Surface and ground water, soil quality and climate regulation are among the ecosystem services Rabobank's clients are most dependent on. Not protecting and restoring our natural capital can put Rabobank's and their customers' long term business model at risk.

Target setting

In its efforts to develop and set nature-related targets, Rabobank has taken the following, recent guidelines for financial institutions into consideration:

- The UN PRB *Nature Target Setting Guidance*
- The Finance for Biodiversity Pledge *Guidance on Nature Target Setting for Asset Managers and Asset Owners*

Given the complexity in assessing nature-related risks, opportunities, impacts and dependencies, UN PRB in its Target Setting Guidance proposes a progressive approach, starting with practice targets, while gathering information and preparing to set impact targets.

Based on external guidance and the current maturity level of nature related activities within Rabobank, the following practice targets are being proposed.

Assessing nature-related risks, opportunities, impacts and dependencies is complex. We therefore follow relevant external guidance (such as the United Nations Principles for Responsible Banking Nature Target Setting Guidance and the guidance of the Finance for Biodiversity Foundation), starting with so called practice targets. The purpose of these practice targets is to help strengthen the consideration of nature in our steering and decision-making and to eventually firmly embed them in our business-as-usual processes, all the while gathering information and preparing to set so called impact targets.

1. Governance	*2. Materiality and impact assessment*	*3. Strategy and Policy*	*4. Risks and Opportunities*
a. implemented a clear governance and senior management accountability by the end of 2024	a. Nature in scope of materiality analysis by the end of 2024	a. A nature vision developed and integrated in sustainability strategy by the end of 2024	a. Further incorporate nature-sensitive portfolios in the risk management approach
b. Nature in permanent education and regular nature sessions with senior management, Managing Board and Supervisory Board by the end of 2024	b. Portfolio assessed on nature impacts (top down) for significant majority of our nature material portfolio by the end of 2024	b. Further integrate nature in business strategies and plans for the prioritized sectors and regions by the end of 2024	b. Finance the sustainability transition of our Dutch F&A clients (focus on clients in livestock) with EUR 3bn between 2023 and 2030
c. Nature included in bank-wide mandatory training curriculum by the end of 2024.	c. Collateral polygon data for significant majority of our rural clients by the end of 2025	c. Further update and develop nature related policies byt the end of 2025	c. Client transition conversations with our Dutch F&A clients by the end of 2024 (focus on clients in livestock within SME segment)
		d. work towards setting impact targets on material topics in prioritized sectors and regions by the end of 2025	d. The sustainability score of our Dutch dairy clients is based on data of the Biodiversity Monitor and Open Soil Index by the end of 2025.

EU Taxonomy

EU Taxonomy Mandatory Disclosure Under Article 8 Disclosures Delegated Act

The EU Taxonomy is a common classification system for sustainable economic activities allowing financial and non-financial companies to share, based on a common definition, economic activities that can be considered environmentally sustainable.

The EU Taxonomy Regulation establishes the basis for the EU taxonomy by setting out the 4 overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable.

An economic activity can be qualified as sustainable if it makes a substantial contribution to one of the six environmental goals of the EU Taxonomy, does not do significant harm to the other five and holds to a minimum level of social safeguards to indicate compliance with human and labor rights standards, preventing activities that breach key social principles. The EU taxonomy has created criteria specific to the economic activities in its scope to evaluate compliance with these overarching conditions. EU Taxonomy alignment can be determined if an activity meets all applicable criteria.

In 2024, Rabobank is required to disclose its green asset ratio (GAR) over 2023, based on eligible and aligned assets on the balance sheet. Eligibility indicates that an activity is in scope of the EU Taxonomy. Eligible activities are tested against the economic activity-specific technical screening criteria (TSC) on substantial contribution (SC) and do no significant harm Criteria (DNSH). In addition, the undertaking carrying out the economic activity should comply with the minimum social safeguards (MSS).

In this chapter we disclose tables summarizing our GAR and related figures. The full required EU Taxonomy templates can be found in Appendix 5 of this report.

Summary of KPIs to be disclosed by credit institutions under article 8 Taxonomy Regulation

		Total environmentally sustainable	*KPI Turnover*	*KPI CAPEX*	*% coverage (over total assets)*
Main KPI	**Green Asset Ratio (GAR) stock**	20,597	4.12%	4.16%	3.29%
Additional KPIs	GAR (flow)	0	-	-	-
	Trading book	0	-	-	-
	Financial guarantees	1	0.97%	11.80%	-
	Assets under management	929	1.55%	0.00%	-

The table above shows a summary of the EU Taxonomy KPIs of Rabobank. We report a GAR KPI from two perspectives: based on the turnover of our counterparties and based on the capital expenditures (CAPEX) of our counterparties.

The main GAR KPI of Rabobank is around 4.1% from both perspectives. This is mainly driven by the residential mortgage portfolio. In this chapter it is further explained how the eligible and aligned assets of the bank are determined.

Rabobank also reports on additional KPIs. Our GAR flow is zero, as we do not have sufficient data to assess the GAR stock of prior year. Our trading portfolio GAR is zero, as our trading portfolio mainly consists of derivatives and government lending. Both types of asset are not eligible under the EU Taxonomy. Finally we assess the alignment of two off balance positions: financial guarantees and assets under management.

Developments in EU Taxonomy Eligibility

The eligibility of Rabobank's portfolio in 2023 follows a similar pattern to the eligibility reported in the 2022 annual report. The residential mortgage portfolio is the largest source of eligible assets. Business lending only accounts for a small fraction. This fraction has, however, increased due to better data availability on the eligibility of Rabobank's clients' economic activities. Most notably this is a consequence of clients active in the financial sector, which had to disclose eligibility information for the first time over 2022. Thus their disclosures were available for assessment in 2023.

The eligibility assessment is performed with the scope of the full consolidated statement of financial position for Rabobank. The composition of Rabobank's portfolio has remained stable in 2023, with no significant changes to the relevant ratios for the EU Taxonomy.

Rabobank has performed the eligibility assessment using gross carrying amounts based on regulatory reporting data. The use of gross carrying amounts is required under the EU Taxonomy. In the financial statements, net amounts are presented which reconcile on an underlying basis with the tables above and those in the Annex.

Eligible exposures are expressed as a percentage of total assets with certain asset categories excluded to arrive at EU Taxonomy covered assets. These exclusions from the denominator are the trading portfolio, exposures to central governments, central banks and supranational issuers.

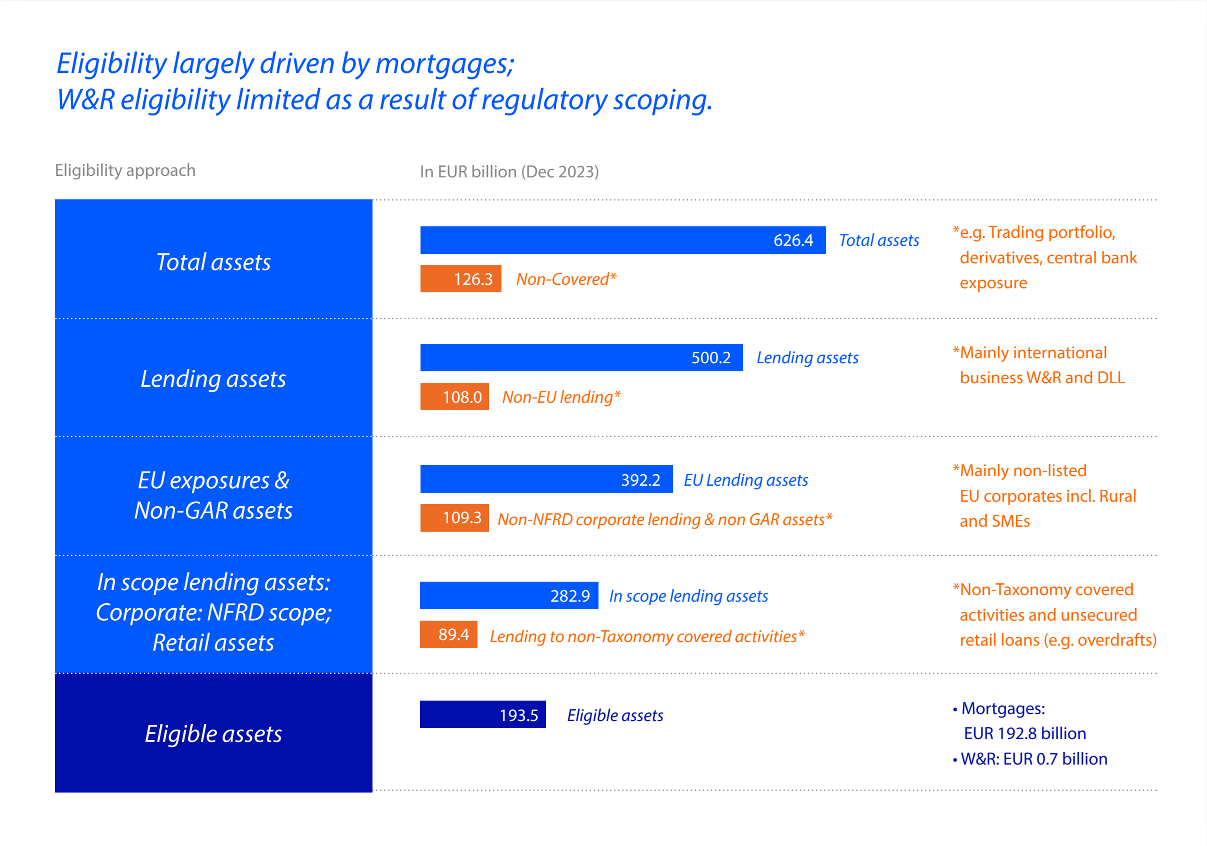
Rabobank's eligible portfolio consists of its residential mortgage portfolio and its financing towards the eligible economic activities of our clients subject to Non-Financial Reporting Directive (NFRD) disclosure requirements.

The residential mortgage portfolio is by definition eligible under the EU Taxonomy as it reflects the economic activity of acquisition and ownership of real estate, for which TSC are available. For the business lending portfolio eligibility is dependent on their economic activities. For these clients, Rabobank based its assessment on the eligibility disclosures in their annual reports. This covers the regulatory requirement for financial undertakings to report on their clients EU Taxonomy eligibility based on actual information.

The eligibility of Rabobank's business lending portfolio is limited. Out of EUR 282 billion of business lending assets, EUR 64 billion falls within scope of the numerator and currently, EUR 0.7 billion of this portfolio is eligible. This EUR 0.7 billion is contained within the Wholesale portfolio of the bank. A number of reasons for the limited portion of assets that are eligible can be identified:

- A significant portion of the exposures are with corporate clients that do not reside in the EU. These clients will not be subject to EU Taxonomy reporting requirements.
- A further portion of the exposures within the EU are not with entities that are required to report under the NFRD. The EU Taxonomy implies direct reporting obligations only for the large public interest EU companies with over 500 employees, which is a relatively small portion of Rabobank's business lending portfolio.
- As a final point, it is noted that under the current objectives in scope of the EU Taxonomy, climate change mitigation and adaption, a large portion of the exposures is with counterparties whose economic activities are not yet described in the EU Taxonomy. For example, Rabobank has a significant portfolio in the agricultural sector, for which no screening criteria are described. Due to this, these sectors are also not eligible under the EU Taxonomy. Rabobank notes that the European Commission issued a delegated act, detailing the economic activities that are eligible under the other four objectives of the EU Taxonomy in November of 2023. However, Rabobank has no available data on the alignment of its business clients for these objectives. As such alignment of these objectives is considered to be zero as of 31-12-2023. This is also reflected in template 1 in appendix 4 of this report, where the final four objectives are not included.

Eligibility methodology



EU Taxonomy Alignment of Our Portfolio

Methodology on Alignment of Our Residential Mortgage Portfolio

The largest eligible portfolio on Rabobank's balance sheet is the residential mortgage portfolio. As Rabobank's counterparties (i.e. private individuals) have no obligation to report on their EU Taxonomy alignment, Rabobank is required to perform its own assessment of this portfolio. This section elaborates on Rabobank's methodology to determine EU Taxonomy alignment of the residential mortgage portfolio under economic activity 7.7, acquisition and ownership of real estate.

Substantial contribution

The substantial contribution for the mortgage portfolio is determined based on the energy efficiency of the building. The threshold level of energy efficiency is further dependent on the year in which a permit for the building was applied for, as this threshold changed as of 31-12-2020.

Rabobank currently does not possess data on building permits and thus uses the building year for this indicator. Rabobank is comfortable with this choice as the actual building year falls after the permit is granted. With this approach, a potential overstatement of the GAR is prevented.

- For buildings built before 31-12-2020, Rabobank includes all buildings with a definitive EPC Label of A as prescribed in the requirements for substantial contribution to the climate change mitigation objective.
- For buildings built after 31-12-2020, the EU Taxonomy imposes a stricter energy performance threshold. The building should have a primary energy demand (PED) of 10% lower than the norm for near zero energy buildings (NZEB). Rabobank does not yet have granular data on PED, as such we include all buildings with an A++++ EPC Label. A++++ guarantees that the threshold for PED is met by definition.

Do no significant Harm

In order to determine adherence to the DNSH criteria, it is required to perform a physical climate risk assessment. Rabobank has screened the residential mortgage portfolio in the Netherlands to identify which physical climate risks may affect the portfolio during its lifetime. For purposes of the physical climate risk assessment, the expected lifetime is capped at 30 years, since no accurate climate projections for the relevant physical climate risks beyond 30 years are available.

Where a risk applies, a further climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity has been performed.

Rabobank has performed the climate risk screening and has evaluated hazards based on spatial occurrence and their potential impact on mortgage assets. Based on this screening, Rabo has concluded that the risks in scope for materiality analysis are as included in the table below. In this table an explanation is also included pertaining to the further analysis of the portfolio based on these risks. The materiality threshold is derived from a scientific literature review, data availability, and internal expert judgment. It represents a combination of a severity from an event with potential to damage a building and a relevant probability of that event occurring within the next 30 years.

Risk Sources and Thresholds

Risk	*Description*	*Database*	*Materiality threshold*
Flood	Flooding from different sources could result in damages to buildings. Due to sea level rise and increase of water level in the rivers during extreme events due to climate change, the flood frequency and severity could increase. Therefore, it is considered relevant. We considered coastal and fluvial flooding here. Pluvial flooding is included in heavy precipitation.	Landelijke Database Overstromings-informatie	30% chance or higher of a 50 cm or more flood in the next 30 years, assuming the current dike protections. Rabobank has not taken into account the potential impact of the Delta Programme given the uncertainty on the implementation timelines between today and 2050, which does not allow to identify the moment a specific house will be protected through the Programme.
Foundation risk	This risks combines a number of events that may affect the foundation of a building. Droughts could result in foundation risk for houses due low groundwater levels. Subsidence exacerbates foundation problems such a pole rot due to the forcing of lower groundwater levels and results in others such as differential settlement.	KCAF - Fundermaps	30% change or higher of pole rot in the next 30 years assuming current condition. KCAF will deliver conditions with climate change with the new KNMI scenarios. This will be incorporated once available.
Wildfire	Some areas of the Netherlands are susceptible to wildfires according to the Klimaateffectatlas and climate change will further increase them. Since wildfires have direct impacts on houses, it is considered relevant.	Klimaat-effectatlas	High susceptibility of wildfires in 2050.
Heavy precipitation	Heavy precipitation results in flooding due to local waterlogging and thus in damages to buildings. The Klimaatsignaal-21 indicates that the heaviest showers (heavy precipitation events) are becoming more extreme. Therefore, it is considered relevant.	Landelijke Database Overstromings-informatie	30% chance or higher of a 30cm or higher flood in the next 30 years assuming the current conditions.

Within our used datasets, government-level adaptation solutions have been applied to reduce the risk of the underlying event. For example, the dataset on flooding includes the Dutch dike infrastructure as a mitigating factor. Rabobank does not consider government-level adaptation solutions if they are part of a plan or policy that has not yet been materialised. Due to data limitations, Rabobank currently has not included the effect of potential building-level adaptation solutions that can reduce the identified physical climate risk.

Minimum Social Safeguards

The Platform on Sustainable Finance has published a draft report on Minimum Safeguards dated October 2022 with the aim to provide advice on how compliance with minimum safeguards could be assessed. The advice of the Platform on Sustainable Finance serves as a recommendation to the European Commission in respect of the usability of the EU Taxonomy. Based on this report, we assume that the Minimum Social Safeguards are not applicable to households.

The results of our evaluation of the alignment of our mortgage portfolio can be viewed below:

Rabobank presents the data on aligned assets per our standing interpretation. This in awareness of the European Commission's guidance through its December 2023 Draft Commission Notice specifically related to adherence to minimum safeguards by third party actors producing goods or providing services purchased by retail clients. In said Notice it is confirmed that credit institutions do not need to verify compliance of retail clients with minimum safeguards. Besides that, for informal advice on best practices is referred to the Final Report on Minimum Safeguards of the Platform on Sustainable Finance also confirming that minimum safeguards do not apply to households. Nevertheless said Notice could possibly also be read to introduce incremental requirements towards credit institutions where they seek to substantiate alignment of their residential mortgage portfolio with Taxonomy criteria. However, clear guidance and/or broader market consistency on that interpretation is absent. The data included on the residential real estate activity and its impact on the resulting Green Asset Ratio may be subject to future revision. We will update in accordance with future insight as and when this regulatory ambiguity is resolved.

Outlook and challenges

There are a number of challenges and limitations to determining the alignment of Rabobank's mortgage portfolio:

As can be observed, for many of the properties in our portfolio there is no sufficient basis to evaluate their substantial contribution to the objective of climate change mitigation. The EU Taxonomy relies mainly on definitive energy labels or energy performance certificates to determine substantial contribution. This measure has a number of limitation in determining the current status of a building as sustainable. A large part of the Dutch residential real estate stock does not have a valid energy performance certificate. As a consequence of risen energy prices and a general market sentiment towards a more sustainable future, there is a considerable trend to improve energy efficiency in the Dutch housing market. However, these energy improvements will only be visible to Rabobank in case the relevant home owners apply for a new EPC [which is subsequently shared with Rabobank]. Currently, there is no incentive for home owners to obtain a new EPC (which is costly) and share this with Rabobank. As such, a snapshot of the labels of the Dutch residential real estate stock does not provide a complete picture on its energy efficiency.

Furthermore, there are several sustainability initiatives that Rabobank may undertake in its residential mortgage portfolio that will neither be eligible for EU Taxonomy purposes, nor aligned. These initiatives can, however, make a contribution to improving the sustainability performance of the Dutch housing stock. For example, Rabobank recently launched a cooperative insulation budget for mortgage customers that have an EPC of G or F.

Rabobank is dependent on the availability of data on climate events to perform the risk analysis. The availability of this data has limitations. For instance, projection data for 2050 for heavy precipitation and foundation risk is not available. There is also no data on building-level adaptation measures. Rabobank expects data improvements that will enhance the accuracy of its climate risk capabilities over the coming years.

Rabobank will strive to further improve its climate risk assessment, incorporating new iterations of data sources as they become available.

Methodology and description on alignment in business lending

The alignment of Rabobank's portfolio outside of residential mortgages is highly limited. In order to assess alignment of its corporate clients Rabobank has to rely on direct disclosures by its clients. Our non-financial counterparties have disclosed their alignment in terms of capital expenditures (CAPEX), operational expenditures and turnover. As a financial institution Rabobank is to report its Taxonomy KPI's based on the turnover and capital expenditures KPI's of its clients. The turnover KPI shows the alignment level of the economic activities that a client generates revenue with, while the CAPEX KPI shows the alignment level of the investments made by clients.

We note that alignment for Rabobank's NFRD clients amounts to less than 10% of the eligible portfolio. The CAPEX KPI is slightly higher than the Turnover KPI. Furthermore, it can be noted that the alignment of Rabobank's portfolio is mainly towards the climate change mitigation goal. Alignment towards climate change adaptation as the primary goal is negligible.

Nuclear and Gas

As a result of the Delegated Act amending the EU Taxonomy and the subsequent Commission Notice as regards economic activities in certain energy sectors, additional disclosure requirements were introduced with respect to nuclear energy and fossil gas. This requires financial institutions to include indicators of involvement with the relevant sectors and eligible exposures in a set of mandatory templates for the year 2023.

For the clients in scope of the mandatory disclosure, we have evaluated exposures to the nuclear energy and fossil gas sectors on the basis of their EU Taxonomy reporting. While a limited number of clients report activities contained in the Complementary Delegated Act, exposures are not significant. The related mandatory templates can be found in the annex of this report.

Trading Portfolio

Under the current status of the EU Taxonomy Regulation, Rabobank is not required to disclose quantitative information on the trading portfolio. Based on regulatory reporting, the main components of the Rabobank trading portfolio are derivatives and debt securities held with central government and credit institution counterparties. As such, the trading portfolio is not materially in scope for alignment assessment under the EU Taxonomy.

Outlook

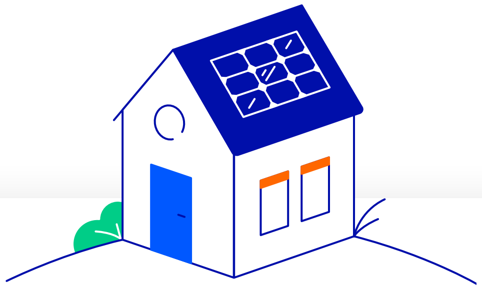
Over the coming year, Rabobank will continue to work towards improving the disclosure of EU Taxonomy alignment of its portfolio. This will entail improving data quality and availability to overcome the limitations noted above and to acquire further data required to determine the alignment of eligible clients. Rabobank expects to be able to provide more insights on its exposures with financial institution counterparties in its next annual report as a direct result of the EU Taxonomy disclosure requirement over 2023 of such parties.

Stimulating sustainable living is a key part of Rabobank's strategy concerning the energy transition. Rabobank does so by offering knowledge and financing opportunities that will help its clients in the transition to a more sustainable residence. This strategy correlates directly with increasing the alignment of the mortgage portfolio.

Segment Reporting

Domestic Retail Banking

In the Netherlands, 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. Higher net interest income (+64%), predominantly due to higher margins on deposits, is the driver behind DRB's higher net result in 2023. Contrary to 2022, impairment charges on financial assets showed an increase, however the credit quality of our loan portfolio held up well. Deposits from customers slightly increased by 1% and our mortgage loan portfolio remained more or less stable, despite the cooling down of the Dutch housing market.



€ 9,482 million
Total Income
2022: € 6,375 million
+49%

€ 4,429 million
Total Operating Expenses
2022: € 3,706 million
+20%

€ 193.8 billion
Mortage Loan Portfolio
2022: € 193.0 billion
+0.4%

Financial Results

Results

Amounts in millions of euros	*12-31-2023*	*12-31-2022*	*Change*
Net interest income	7,769	4,739	64%
Net fee and commission income	1,662	1,576	5%
Other results	51	60	-15%
Total income	**9,482**	**6,375**	**49%**
Staff costs	3,242	2,663	22%
Other administrative expenses	1,100	942	17%
Depreciation and amortization	87	101	-14%
Total operating expenses	**4,429**	**3,706**	**20%**
Gross result	**5,053**	**2,669**	**89%**
Impairment charges on financial assets	69	(91)	-176%
Regulatory levies	344	392	-12%
Operating profit before tax	**4,640**	**2,368**	**96%**
Income tax	1,215	623	95%
Net profit	**3,425**	**1,745**	**96%**
Impairment charges on financial assets (in basis points)	3	(3)	
Ratios			
Cost/income ratio including regulatory levies	50.3%	64.3%	
Underlying cost/income ratio including regulatory levies	52.1%	64.4%	
Balance Sheet			
Amounts in billions of euros			
External assets	273.2	277.0	-1%
Private sector loan portfolio	270.6	274.0	-1%
Deposits from customers	324.7	320.1	1%
Number of internal employees (in FTEs)	24,038	22,159	8%
Number of external employees (in FTEs)	6,960	7,149	-3%
Total number of employees (in FTEs)	30,998	29,308	6%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*12-31-2023*	*12-31-2022*
Income		**9,482**	**6,375**
Operating expenses		**4,429**	**3,706**
Adjustments to expenses	*Restructuring expenses*	*(16)*	*(54)*
	Provision variable interest	*(154)*	*9*
	Extraordinary FEC costs	*-*	*39*
Underlying expenses		***4,599***	***3,712***
Impairment charges on financial assets		69	(91)
Regulatory levies		344	392
Operating profit before tax		**4,640**	**2,368**
Total adjustments		***(170)***	***(6)***
Underlying operating profit before tax		**4,470**	**2,362**

Higher Underlying Performance

In 2023, DRB's underlying results increased compared to 2022. The underlying operating profit before tax amounted to EUR 4,470 million, compared to EUR 2,362 million last year. Net interest income increased as a result of higher average margins on deposits. Underlying operating expenses were higher, partly resulting from costs related to the cooperative initiatives. The credit quality of our loan portfolio remained strong. Despite challenging market conditions, impairment charges on financial assets amounted to EUR 69 (2022: minus 91) million.

Income Increased

Total income increased significantly by 49% to EUR 9,482 (2022: 6,375) million. Net interest income was higher, as margins on deposits were higher in the context of strongly increased interest rates. On the other hand, average lending margins on our mortgage portfolio decreased, affected by higher funding costs and a competitive market. Total net interest income amounted to EUR 7,769 (2022: 4,739) million. Net fee and commission income increased to EUR 1,662 (2022: 1,576) million, largely caused by higher fee income on payment packages, but partly offset by lower fee income on mortgages. The lower fee income on mortgages was mainly driven by fewer transactions as a result of the cooling down of the housing market. In 2023, commissions at Rabobank as an insurance broker grew by 3% to EUR 311 (2022: 303) million due to autonomous growth. Other results decreased to EUR 51 (2022: 60) million.

Operating Expenses Increased

Total operating expenses were 20% higher compared to 2022 and amounted to EUR 4,429 (2022: 3,706) million. Staff costs were higher at EUR 3,242 (2022: 2,663) million, mainly driven by additional staffing for FEC and IT. Additionally, the collective labor agreement had an upward effect on expenses, including an one-off payment at year-end. Other administrative expenses increased to EUR 1,100 (2022: 942) million, due to the cooperative initiatives. On the other hand, a number of released provisions, mainly the provision related to variable interest products, had a downward effect on other administrative expenses. Depreciation and amortization decreased to EUR 87 (2022: 101) million. Fewer offices and rental contracts resulted in a lower level of depreciation, which is in line with the development of the real estate portfolio.

Impairment Charges on Financial Assets Increased

Compared to 2022, economic developments were less positive, although the credit quality of our loan portfolio held up well, resulting in an increase in impairment charges on financial assets EUR 69 (2022: minus 91) million, which translates to 3 (2022: minus 3) basis points of the average private sector loan portfolio and is well below the long-term average of 10 basis points.

Loan Portfolio Decreased

The total DRB loan portfolio ended lower in 2023 at EUR 270.6 (2022: 274.0) billion. The figure includes Obvion's loan portfolio of EUR 36.0 (2022: 34.2) billion. The total volume of our residential mortgage loan portfolio remained more or less stable at EUR 193.8 (2022: 193.0) billion. In 2023, customers' extra mortgage prepayments – all those on top of the mandatory repayments – at Rabobank local banks totaled approximately EUR 13.7 (2022: 20.8) billion. Of this amount, EUR 2.0 (2022: 3.8) billion related to partial repayments and EUR 11.7 (2022: 17.1) billion to mortgages that were paid off in full, partly because of customers moving to new homes. Business lending decreased to EUR 68.8 (2022: 71.4) billion as a result of uncertain market circumstances and in line with the global trend of less demand.

Loan Portfolio by Sector

Amounts in billions of euros	*12-31-2023*	*12-31-2022*
Volume of loans to private individuals	201.8	202.6
Volume of loans to Trade, Industry & Services	47.0	48.9
Volume of loans to Food & Agri	21.8	22.5
Private sector loan portfolio	**270.6**	**274.0**

Mortgage Loan Portfolio

Rabobank's share of the Dutch mortgage market increased to 19.3% (2022: 17.3%) of new mortgage production in 2023.[1] The non-performing loans, which account for 0.53% of the mortgage loan portfolio, were slightly higher than in 2022. Financing backed by the National Mortgage Guarantee (Nationale Hypotheek Garantie (NHG)) remained relatively stable at 15.6% (2022: 15.5%). The weighted-average indexed loan-to-value (LTV) of the mortgage loan portfolio was 53% (2022: 51%), on December 31, 2023.

Residential Mortgage Loans

Amounts in millions of euros	*12-31-2023*	*12-31-2022*
Mortgage portfolio	193,787	192,986
Weighted-average LTV	53%	51%
Non-performing loans (amount)	1,034	888
Non-performing loans (in % of total mortgage loan portfolio)	0.53%	0.46%
More-than-90-days arrears	0.17%	0.14%
Share NHG portfolio	15.6%	15.5%
Impairment allowances on financial assets	238	168
Coverage ratio non-performing loans	10%	9%
Net additions	65	61
Net additions (in basis points)	3	3
Write-offs	(5)	(4)

Deposits from Customers Increased

The private savings market in the Netherlands grew to EUR 458.9 (2022: 431.0) billion on December 31, 2023. Our market share was 34.7% (2022: 34.9%).[2] Deposits from customers slightly increased to EUR 324.7 (2022: 320.1) billion. Retail savings deposited at DRB increased by EUR 10.1 billion to EUR 163.0 (2022: 152.9) billion. Other deposits from customers went down by EUR 5.6 billion to EUR 161.6 billion partly due to the switch from current accounts to retail savings. Businesses in the Netherlands were confronted with higher expenses, and many of them still needed to repay some or almost all of their Covid-19 tax debt, which resulted in less available deposits.

1 Market share is calculated based on a new data source: Hypotheek Data Netwerk (HDN), comparative figures are adjusted accordingly

2 Source: Statistics Netherlands (Centraal Bureau voor de Statistiek)

Wholesale & Rural

The Wholesale & Rural (W&R) segment operates in five regions: Europe & Africa, North America, South America, Australia & New Zealand, and Asia. Our Banking for Food and Banking for the Netherlands strategies drive the W&R portfolio. W&R's net profit in 2023 was 40% lower than in 2022. Impairment charges on financial assets were higher than in 2022. Current levels are above historical averages while 2022 and especially 2021 were clearly below. Total income increased slightly, driven by higher capital income.

€ 3,822 million
Total Income
2022: € 3,766 million
+1%

€ 2,169 million
Total Operating Expenses
2022: € 1,921 million
+13%

€ 121.5 billion
Loan Portfolio
2022: € 119.8 billion
+1%

Financial Results

Results

Amounts in millions of euros	*12-31-2023*	*12-31-2022*	*Change*
Net interest income	2,837	2,857	-1%
Net fee and commission income	343	426	-19%
Other results	642	483	33%
Total income	**3,822**	**3,766**	**1%**
Staff costs	1,614	1,450	11%
Other administrative expenses	437	358	22%
Depreciation and amortization	118	113	4%
Total operating expenses	**2,169**	**1,921**	**13%**
Gross result	**1,653**	**1,845**	**-10%**
Impairment charges on financial assets	488	170	187%
Regulatory levies	202	220	-8%
Operating profit before tax	**963**	**1,455**	**-34%**
Income tax	345	426	-19%
Net profit	**618**	**1,029**	**-40%**
Impairment charges on financial assets (in basis points)	40	14	
Ratios			
Cost/income ratio including regulatory levies	62.0%	56.9%	
Underlying cost/income ratio including regulatory levies	62.1%	56.7%	
Balance Sheet			
Amounts in billions of euros			
External assets	151.2	154.2	-2%
Private sector loan portfolio	121.5	119.8	1%
Deposits from customers	25.5	23.8	7%
Number of internal employees (in FTEs)	9,555	9,011	6%
Number of external employees (in FTEs)	1,239	1,420	-13%
Total number of employees (in FTEs)	10,794	10,431	3%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*12-31-2023*	*12-31-2022*
Income		**3,822**	**3,766**
Adjustments to income	*Fair value items*	*(2)*	*10*
Underlying income		***3,820***	***3,776***
Operating expenses		**2,169**	**1,921**
Adjustments to expenses	*Restructuring expenses*	*-*	*-*
Underlying expenses		***2,169***	***1,921***
Impairment charges on financial assets		488	170
Regulatory levies		202	220
Operating profit before tax		**963**	**1,455**
Total adjustments		***(2)***	***10***
Underlying operating profit before tax		**961**	**1,465**

Performance

W&R's business performance in 2023 was in line with 2022, with the exemption of increasing impairment charges and increasing expenses. The underlying operating profit before tax in 2023 amounted to EUR 961 million compared to EUR 1,465 million in 2022. W&R business showed a mixed performance across the regions. Performance of the event-driven business and Rabo Investments was lower than prior years, due to lack of events. Impairment charges on financial assets increased sharply and were above the long-term average of 37 basis points, at 40 basis points.

Income Higher

W&R's total income increased to EUR 3,822 (2022: 3,766) million in 2023. Net interest income decreased by 1% to EUR 2,837 (2022: 2,857) million. Excluding FX impacts this line item would have increased by 2%. Capital income increased across all regions driven by higher interest rates. Within our Sales & Trading division a shift from net interest income to other results was noted, as rising interest rates had a related negative (higher funding costs impacting net interest income) and positive (higher income reflected in other results) effects. Net fee and commission income was lower and amounted to EUR 343 (2022: 426) million, due to reduced levels of activity in the M&A, Capital Markets and Equity Capital Markets (ECM) divisions since the deal climate was relatively weak in 2023, impacted by higher interest rates and inflation. Other results increased by EUR 159 million to EUR 642 (2022: 483) million as a result of the Sales & Trading business mentioned before. The results of Rabo Investments were lower than prior years as result of less favorable market conditions in 2023.

Higher Operating Expenses

Operating expenses were higher in 2023, amounting to EUR 2,169 (2022: 1,921) million. Average staff numbers at W&R showed an increase, caused by additional staff related to growing our Wholesale division and structural investments in IT infrastructure and compliance. Staff costs were higher as result of this elevated staff level and regular salary increases. The sustainability contribution for employees, higher training and traveling expenses and variable pay also had an upward effect on this line item. Staff costs increased to EUR 1,614 (2022: 1,450) million. Other administrative expenses increased to EUR 437 (2022: 358) million, among others as a result of a lower VAT refund and higher legal fees. Depreciation and amortization increased slightly to EUR 118 (2022: 113) million.

Impairment Charges on Financial Assets Increased

Impairments were higher than in 2022 as impairment levels went up in the Wholesale lending business in Europe and in North America in both Wholesale and Rural lending. Total impairment charges on financial assets amounted to EUR 488 (2022: 170) million or 40 (2022: 14) basis points of the average private sector loan portfolio, which is above the long-term average of 37 basis points.

Loan Portfolio Increased

In 2023, W&R's total private sector loan portfolio increased to EUR 121.5 (2022: 119.8) billion. The volume of lending to the Food & Agri sector increased to EUR 76.8 (2022: 76.2) billion, which accounted for 63% (2022: 64%) of W&R’s total loan portfolio. Loans to the Trade, Industry, and Services (TIS) sectors increased to EUR EUR 44.2 (2022: 43.1) billion.

Dutch and International Wholesale

The Wholesale portfolio totaled EUR 81.3 (2022: 80.7) billion in 2023. Excluding FX effects, the Wholesale portfolio increased by approximately EUR 1.4 billion. Lending to the largest Dutch companies increased in 2023 to EUR 35.2 (2022: 34.3) billion. The size of the Wholesale loan portfolio outside the Netherlands was EUR 46.1 (2022: 46.4) billion on December 31, 2023. Wholesale's performance outside the Netherlands was overall relatively stable compared to 2022, however a slight decrease in North America to EUR 17.2 (2022: 17.6) billion, but stable in South America at EUR 7.9 (2022: 8.0) billion.

International Rural Banking

Lending to Rural clients amounted to EUR 39.0 (2022: 38.0) billion. Excluding FX effects, the Rural portfolio increased by approximately EUR 1.8 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 13.2 (2022: 12.0) billion, in New Zealand EUR 7.7 (2022: 7.7) billion, in the United States EUR 12.4 (2022: 13.0) billion, in Brazil EUR 4.5 (2022: 4.2) billion, and EUR 1.0 (2022: 1.0) billion in Chile, Peru, and Argentina in aggregate.

Deposits from Customers Increased

In 2023, deposits from customers increased to EUR 25.5 (2022: 23.8) billion. Deposits entrusted by clients at our online savings bank that operates in Australia and New Zealand increased to EUR 9.8 (2022: 8.7) billion on December 31, 2023. The number of online savings bank clients also increased, to approximately 220,000 (2022: 210,000).

Leasing

As a global asset finance company, our leasing subsidiary DLL partners with equipment manufacturers, dealers, and distributors, as well as end-customers on a direct basis, to provide businesses with easier access to equipment, technology, and software. DLL provides financial solutions to the Agriculture, Food, Healthcare, Clean Technology, Construction, Transportation, Industrial, Office Equipment, and Technology industries in more than 25 countries. The increase in DLL's net profit can be attributed to higher income and lower impairments charges on financial assets. The lease portfolio grew by 9% compared to 2022. On December 31, 2023, the Food & Agri share of the portfolio amounted to EUR 21.6 (2022: 19.1) billion, representing 49% (2022: 47%) of the total portfolio.

€ 1,809 million
Total Income
2022: € 1,712 million
+6%

€ 986 million
Total Operating Expenses
2022: € 917 million
+8%

€ 44.3 billion
Portfolio
2022: € 40.6 billion
+9%

Financial Results

Results

Amount in millions of euros	*12-31-2023*	*12-31-2022*	*Change*
Net interest income	1,344	1,259	7%
Net fee and commission income	100	107	-7%
Other results	365	346	5%
Total income	**1,809**	**1,712**	**6%**
Staff costs	707	638	11%
Other administrative expenses	255	253	1%
Depreciation and amortization	24	26	-8%
Total operating expenses	**986**	**917**	**8%**
Gross result	**823**	**795**	**4%**
Impairment charges on financial assets	172	267	-36%
Regulatory levies	39	43	-9%
Operating profit before tax	**612**	**485**	26%
Income tax	146	150	-3%
Net profit	**466**	**335**	39%
Impairment charges on financial assets (in basis points)	41	68	
Ratios			
Cost/income ratio including regulatory levies	56.7%	56.1%	
Underlying cost/income ratio including regulatory levies	57.2%	55.0%	
Balance Sheet			
Amounts in billions of euros			
Lease portfolio	44.3	40.6	9%
Private sector loan portfolio	41.8	37.7	11%
Number of internal employees (in FTEs)	5,531	5,273	5%
Number of external employees (in FTEs)	236	263	-10%
Total number of employees (in FTEs)	5,767	5,536	4%

Notes to the Financial Results

Development of Underlying Profit Before Tax

Amounts in millions of euros		*12-31-2023*	*12-31-2022*
Income		**1,809**	**1,712**
Operating expenses		**986**	**917**
Adjustments to expenses	*Restructuring expenses*	*(9)*	*18*
Underlying expenses		***995***	***899***
Impairment charges on financial assets		172	267
Regulatory levies		39	43
Operating profit before tax		**612**	**485**
Total adjustments		***(9)***	***18***
Underlying operating profit before tax		**603**	**503**

Income Increased

Total income of the Leasing segment increased by 6% to EUR 1,809 (2022: 1,712) million in 2023, or 8% when excluding FX impacts. Net interest income increased by 7% to EUR 1,344 (2022: 1,259) million driven by the growth of the portfolio and the higher market interest rates which resulted in higher income on capital. Net fee and commission income was somewhat lower at EUR 100 (2022: 107) million. Other results, mainly consisting of income from operating leases and sales on end-of-lease assets, increased by 5% to EUR 365 (2022: 346) million, explained by continued strong demand on the market for second-hand equipment.

Operating Expenses Increased

Total operating expenses in the Leasing segment increased by 8% to EUR 986 (2022: 917) million, or 9% when excluding FX impacts. Staff costs increased by 11% to EUR 707 (2022: 638) million. The increase resulted from regular salary increases, the sustainability contribution for employees, higher training and traveling expenses and variable pay. Staff numbers increased by 231 FTEs to 5,767 FTEs in 2023. The growth in staff was required both to service the growing portfolio as well as to meet all regulatory requirements and expectations. Other administrative expenses were slightly higher at EUR 255 (2022: 253) million, driven by higher investments in IT infrastructure, risk modeling, and digital solutions to further enhance the customer experience. The total amount for depreciation and amortization was relatively stable at EUR 24 (2022: 26) million.

Impairment Charges on Financial Assets Decreased

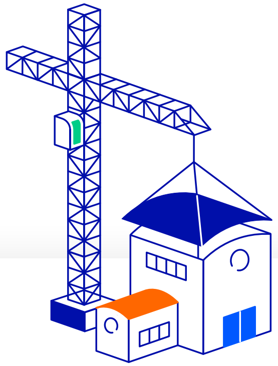
Impairment charges on financial assets decreased significantly and amounted to EUR 172 (2022: 267) million. In 2022, DLL had to take a substantial loss from selling its Russian operations. These impairment charges are corresponding to 41 (2022: 68) basis points of the average loan portfolio which is below DLL's long-term average of 45 basis points.

Lease Portfolio

The lease portfolio grew by 9% to EUR 44.3 (2022: 40.6) billion, or by around 11% excluding FX impacts. In 2023, the Food & Agri share of the portfolio increased to EUR 21.6 (2022: 19.1) billion, representing 49% (2022: 47%) of the portfolio.

Property Development

The Property Development segment is mainly composed of the activities of Bouwfonds Property Development (BPD), which operates in the Netherlands and in Germany. Next to BPD, the results of the Dutch residential core fund BPD Woningfonds are included in this segment as well. In 2023, the housing markets showed lower activity levels compared to 2022, especially in Germany. Current housing markets in both countries are lagging due to uncertainty and affordability. Next to this, development activity is decreasing due to higher building costs and higher interest rates. The commercial results at BPD were lower than in 2022 as a result of lower sales volumes. Due to the severe market conditions in Germany, several local projects and land positions have been impaired.



€ -67 million

Total Income

2022: € 297 million

-123%

€ 142 million

Total Operating Expenses

2022: € 147 million

-3%

4,239

Property Transactions

2022: 6,081

-30%

Financial Results

Results

Amount in millions of euros	*12-31-2023*	*12-31-2022*	*Change*
Net interest income	(72)	-	
Net fee and commission income	-	-	
Other results	5	297	-98%
Total income	**(67)**	**297**	**-123%**
Staff costs	104	110	-5%
Other administrative expenses	29	27	7%
Depreciation and amortization	9	10	-10%
Total operating expenses	**142**	**147**	**-3%**
Gross result	**(209)**	**150**	**-239%**
Impairment losses on goodwill and associates	(2)	(5)	-60%
Impairment charges on financial assets	-	-	
Regulatory levies	2	2	**0%**
Operating profit before tax	**(209)**	**153**	**-237%**
Income tax	(58)	36	-261%
Net profit	**(151)**	**117**	**-229%**
Ratios			
Cost/income ratio incl. regulatory levies	-214.9%	50.2%	
Balance Sheet			
Number of property transactions	4,239	6,081	-30%
Houses in exploitation	1,370	1,027	33%
Number of internal employees (in FTEs)	657	719	-9%
Number of external employees (in FTEs)	38	73	-48%
Total number of employees (in FTEs)	695	792	-12%

Notes to the Financial Results

Income Down

The Property Development segment's total income decreased to from plus EUR 297 million in 2022 to minus EUR 67 million in 2023. Sales volumes in the Netherlands and Germany have decreased, due to a continued low consumer confidence, higher mortgage rates, fewer building permits that have been issued, and a lagging number of new projects that can be initiated due to higher building costs. In 2023, the development activities of BPD in the Netherlands are still profitable, contrary to some of the activities in Germany. Higher interest rates, building costs and uncertainties due to the Russia-Ukraine war resulted in severe market conditions in Germany. As a result several projects and land positions have been impaired in Germany which is visible in both net interest income and other results (in total EUR 204 million loss).

At BPD Woningfonds rental income increased as result of an increase in the average number of houses in exploitation. The total portfolio of BPD Woningfonds consists of 1,370 (2022: 1,027) houses in exploitation, 1,295 units under construction and an additional 2,194 houses in its committed pipeline, totaling its entire portfolio close to 5,000 residential properties.

Operating Expenses Lower

Total operating expenses were slightly lower at EUR 142 (2022: 147) million. Average staff numbers at BPD were lower reflecting lower business activities and resulted in a decrease in staff costs of EUR 6 million compared to the same period in 2022, totaling EUR 104 (2022: 110) million. Other administrative expenses were slightly higher at EUR 29 (2022: 27) million. Depreciation and amortization in 2023 were almost stable at EUR 9 (2022: 10) million.

Lower Number of Property Transactions

The number of residential property transactions decreased to 4,239 (2022: 6,081). The number of new projects that can be sold is lagging due to less favorable market conditions. In the Netherlands, the number of transactions amounted to 4,083 (2022: 5,133) and in Germany, the total number of transactions decreased to 156 (2022: 948) transactions. In Germany the market is heavily impacted by the buyers’ strike due to uncertainties resulting from the Russia-Ukraine war, increased interest rates, reduced financing options for private individuals and the absence of government measures.

Managing Board Responsibility Statement

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

- The Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of Rabobank, and the companies included in the consolidation;
- The Management Report gives a true and fair view of the state of affairs on the reporting date, and of the course of affairs during the financial year at Rabobank and those affiliated entities whose information is included in the Financial Statements;
- The Management Report gives sufficient insights into the shortcomings regarding the effectiveness of the internal risk and control systems;
- Information about internal control over financial reporting is provided in note 54 of the Consolidated Financial Statements;
- The Management Report describes the principal risks and uncertainties that Rabobank faces which may impact Rabobank's going concern in the coming 12 months and other future risks;
- Has ensured the integrity of the Management Report, which is presented in accordance with the <IR> Framework.

Managing Board

Stefaan Decraene, *Chair*
Bas Brouwers, *CFO*
Vincent Maagdenberg, *CRO*
Kirsten Konst, *Member*
Alexander Zwart, *Member*
Mariëlle Lichtenberg, *Member*
Els Kamphof, *Member*
Janine Vos, *Member*
Philippe Vollot, *Member*

Management Report on Internal Control over Financial Reporting

The Managing Board of Rabobank is responsible for establishing and maintaining adequate internal control over financial reporting. Management is also responsible for the preparation and fair presentation of the Consolidated Financial Statements. At the end of the period covered by this Annual Report, Rabobank's management carried out an evaluation, under the supervision and with the participation of its Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the effectiveness of the design and operation of its internal control over financial reporting. Rabobank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for the preparation of its financial statements for external purposes in accordance with generally accepted accounting principles.All internal control systems, no matter how well designed, have inherent limitations. Due to these limitations, internal control over financial reporting may not prevent or detect misstatements. Also, future projections on the basis of any evaluation of the effectiveness of internal control are subject to the risk that the control measures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of Rabobank's internal control over financial reporting as of December 31, 2023 in accordance with the criteria set out in 2013 by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), as defined in the Internal Control - Integrated Framework.

Based on that assessment, the Managing Board of Rabobank concluded that it maintained effective internal control in all material aspects over financial reporting as of 31 December, 2023.

PricewaterhouseCoopers Accountants N.V., which audited the consolidated financial statements of Rabobank for the financial year ended December 31, 2023, also examined management's assessment of the effectiveness of the internal control over financial reporting in Rabobank . The assurance report of PricewaterhouseCoopers Accountants N.V. is included on page 305.

Stefaan Decraene and Bas Brouwers

Utrecht, February 29, 2024

The above statement on internal controls should not be construed as a statement in response to the requirements of section 404 of the US Sarbanes-Oxley Act.

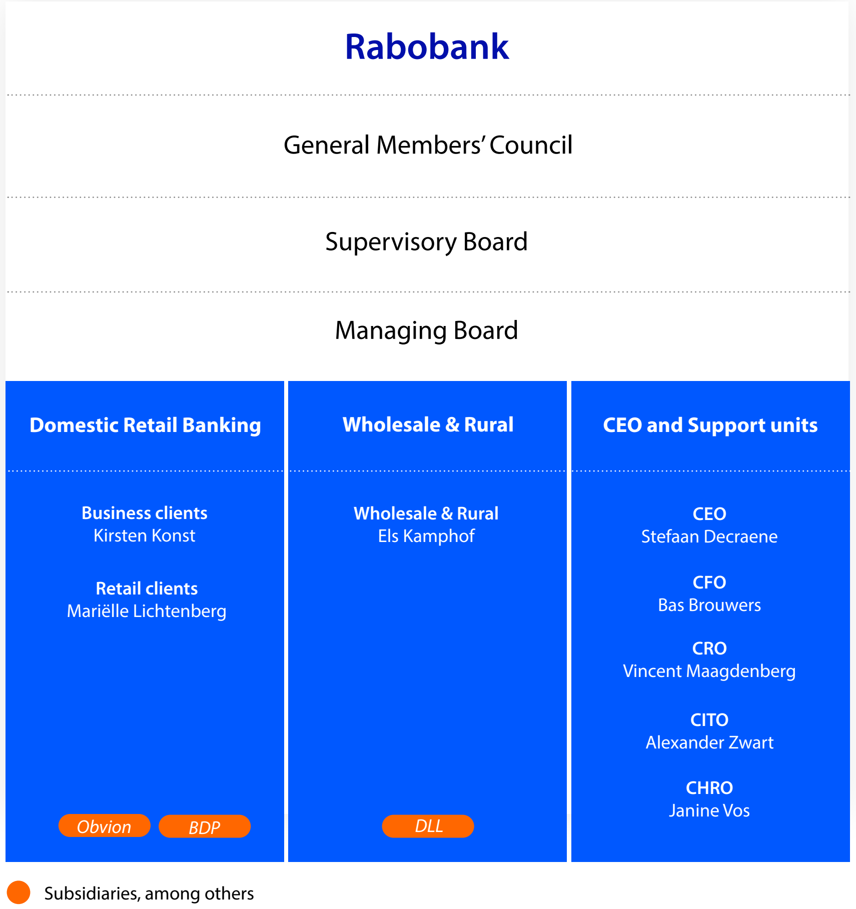
Corporate Governance

Contents

Corporate Governance

Our current governance structure has been in place since January 2016. Since the cooperative Rabobank was founded in the Netherlands at the end of the 19th century, members are the foundation of Rabobank and have a say in and are represented in several tiers across the bank's governance bodies. All local Rabobanks in the Netherlands and Rabobank Group Organization operate as one cooperative bank with one banking license and one set of financial statements. In daily practice, the unique features of our member-based governance prove their value, strength, and flexibility. These include the bottom-up decision-making process in governance bodies, the primary focus on retail banking in the Netherlands and its relatively stable income streams, and retained earnings as the primary source of capital building. Moreover, member representatives in formal governance bodies are the social capital of Rabobank. These representatives ensure valuable connections and relationships with society for local Rabobanks and Rabobank Group Organization. This cooperative governance structure safeguards Rabobank's special position in the financial sector, our long-standing focus on servicing the real economy, and last but not least, our ambition to contribute to the sustainable development of local communities.

Rabobank Organization Chart



The Governance Bodies in Short

The governance of Rabobank has always been adaptive. Since the establishment of the first credit cooperative in the Netherlands in 1895, Rabobank has been able to change in response to strategic considerations, to trends in society, and to developments in banking and regulation. As with previous governance regimes, the present governance structure is founded on a balanced system of closely interrelated and interacting bodies.

The governance structure underlines that member engagement and involvement are essential to a cooperative bank. These aspects are what set us apart from our competitors. The governance continuously triggers new initiatives to solidify cooperative aspects. Rabobank believes that permanent dialogues with members is very important for the future development of the bank. That is why Rabobank frequently organizes dialogue sessions with grass-root members on a range of different topics and/or major societal themes. For example, dialogues about our products and services have taken place with member representatives in 2023. Many dialogue sessions were also organized at regional and living area level on specific prevailing issues. These sessions provided relevant input to the organization as well as demonstrated their great value to the cooperative.

A defining feature of the governance is that the cooperative and the bank are inextricably linked. This entails that member representatives approve the bank's strategic frameworks and have the authority to approve any significant changes to Rabobank's identity or character. In the following section, we will elaborate on the main roles and responsibilities of existing governance bodies and highlight recent developments and/or adaptations.

Cooperative Governance

Members

Cooperatives are distinguished by the fact that clients can become members, and members give cooperatives legitimacy. Over the past few years, we have intensified our efforts to attract new members based on the recommendations of the cooperative renewal project. This project aims to give membership more substance and meaning. By year end 2023, we counted around 2.2 million members. This means that more than 25% of our clients are currently members of a local Rabobank. The member representatives in governance bodies exert an important influence on the course of the local Rabobank as well as of the entire organization. Generally speaking, membership leads to divergent internal governance dynamics and a different – strategic – orientation compared to financial institutions with different ownership structures.

Local Members' Councils (LMC)

Members are divided into 78 member departments at the local level. Within each department, members are organized into one or more delegates' election assemblies, which appoint, suspend, or dismiss the members of the Local Members' Councils (LMCs). These councils consist of 30 to 50 members. By end-November 2023, almost 2,500 members had a seat in a LMC. On a continuous basis, training courses for LMCs are offered to improve their functioning and knowledge level. We are aiming to increase the membership numbers of LMCs to maintain and strengthen local social networks. The members serving on these councils bring the outside world to the table every day. They help keep the local Rabobank on a cooperative track and provide their opinion on the quality of financial services offered locally and/or digitally. LMCs have an important say in how cooperative funds are used. They are the "eyes and ears" and act as a sparring partner for directors of local Rabobanks. They also have a number of formal duties and responsibilities, such as the right to approve the merger or demerger of a local Rabobank or to advise the director of the local Rabobank on its members' policy plan. LMCs discuss and form an opinion on the commercial and local societal performance of the local Rabobanks, their local anchoring, as well as the supervision exercised by the members of the Local Supervisory Body (LSB).

At the initiative of and in consultation with chairpersons of LMCs, an education program was organized in 2023 to enhance understanding of the chairmanship role and develop skills to optimize LMC's functioning. For a vital cooperative, it is obviously important to have meaningful interactions with young members. The Youth Forum is the voice for young members in the governance. This forum met three times in 2023. Discussions included ethical dilemmas with the internal Ethics Committee.

Local Supervisory Bodies (LSB)

LSB members are appointed by and give account of their activities to their LMCs and have to be members of Rabobank. An LSB does not derive its authority from the law. The Managing Board has instead delegated the LSBs specific local governance powers under the internal local Rabobank rules. By end-November 2023, LSB members totalled 303. LSB members are represented in various governance bodies. In order to spread the workload of these activities, one member is appointed as chair of the LSB, one member is appointed to the Regional Council, and one to the General Members' Council. A combination of roles is also possible.

The LSB plays an important role in our collective governance system as the General Members' Council consists of one LSB member from each LSB. At the local level, the LSB supervises a wide range of aspects. In this light, the general state of affairs and the (cooperative and financial) performance of the local Rabobank must feature periodically on the LSB agenda. The first aspect includes an assessment of the extent to which the quality of the offered services meets the needs of clients and members. The LSB also judges the extent to which the local director and bank employees focus on clients' long-term interests, contribute to the sustainable development of the local community, and strengthen the ties between the bank and the local community. The internal financial reporting system enables LSBs to monitor the performance of local banks. As a result of governance changes, risk and compliance aspects are no longer part of the LSBs' responsibilities, but the supervisory focus has shifted to equally important aspects such as monitoring the quality of customer services, the banks' social performance, and their cooperative identity.

From a cooperative perspective, the formal intermediary role of LSBs between the bank, its members, and society has grown in importance in recent years. This shift in emphasis requires more awareness of the importance of participating in various networks and stimulating a lively dialogue with grass-root members. Strong connections with local communities and members constitute the differentiating characteristic of a cooperative bank. LSBs have together with the regional directors formal rights relating to appointing, assessing, and suspending the local banking director. As a result, LSBs have a tool to guarantee cooperative leadership and select together with the regional director a cooperative director matching the culture and nature of their bank's working area. The LSB is also authorized to approve a number of important local decisions, i.e., the societal objectives of the local Rabobank and the merger or demerger of local banks. Lastly, the LSB has an advisory role with regard to the local banking director.

In recent years, we developed and employed specific programs to stimulate the diversity of LSBs. It is important that the collective of local supervisors is an adequate reflection of our customer and member base. In 2023, we organized several smaller-scale inspiration and education sessions for LSB members.

Regional districts and regional councils

Since 2021, local banks and departments are allocated into 14 regional districts. Each district operates with a regional council, an advisory council, and the overarching regional delegates' assembly. The regional council comprises one LSB member from each local bank/department in the region and addresses banking and cooperative issues in the district. The advisory council primarily focuses on the progress of the five selected societal themes. It consists of representatives from LMCs. The regional delegates' assembly has a basis in the Articles of Association and is important for the preparation for the General Members' Council (GMC). In this assembly, local cooperative directors and LSB members from the same region meet each other. Regional delegates' assemblies are also responsible for strengthening their own relationships with Rabobank Group Organization (RGO) and for consulting on ways the local banks can cooperate to support society in the region. They discuss the interests of the local banks, the entire Rabobank organization, and the cooperative banking sector in general. However, the primary cooperative focus is and remains local in order to safeguard and strengthen valuable social networks as a distinguishing feature of Rabobank. A fully regional cooperative orientation would negate this unique feature.

Furthermore, Rabobank employees are on the payroll of the respective regional district. Regional Management Teams, comprising of all local banking directors of the local banks in that region, are responsible for the steering and performance of the region and report to the regional director of Rabobank. At the same time, the local banking directors at the local level have been endowed with important responsibilities to design and implement cooperative themes together with LMCs , LSBs, the regional council, and the advisory council in the respective regional district. In the governance structure, the local banking directors and all employees are entrusted with the important task of acting in harmony with the cooperative spirit, and of offering corresponding financial services. These managers are mandated by the Managing Board to safeguard their local orientation and firmly anchor their local Rabobanks in these communities. They can also transform the concept of cooperative identity from idea into reality at the local level. In this respect, local staff participate actively in social and virtual networks in order to maintain close ties with the local community.

General Members' Council

The GMC is the highest decision-making body in the Rabobank governance and consists of one member of each LSB. Although one LSB member participates in the GMC, they also take the local points of view into account. The GMC has 78 members and convened 4 times in 2023. It focuses on the strategic framework and on the basic premises of the identity of Rabobank, from the cooperative to local Rabobanks and all other (inter)national group entities. The GMC has three permanent committees: the Urgent Affairs Committee, the Coordination Committee, and the Staffing & Remuneration Committee.

The GMC safeguards continuity while also acting as a custodian of collective and cooperative values. The GMC is involved in discussions on governance and the banking business. In 2023, the GMC focussed on a variety of important cooperative and banking topics. It discussed the updated Strategic Framework, risk management and cybersecurity, sustainability, and the HR theme of leadership. The December GMC discussed at length a problem analysis and starting points for a possible redesign of retail banking in the Netherlands with possible governance implications. As a cooperative topic, an in-depth session on the importance and strengthening of member dialogues featured on the GMC agenda in 2023. To accelerate the evolution of the cooperative part, a new department called Cooperative Development has been established in July 2023. This department is primarily tasked with fleshing out Rabobank's distinctive cooperative identity.

To perform its functions, the GMC has several formal tasks and responsibilities. The GMC has the final say on any amendments to the Articles of Association or change in Rabobank's legal status. It adopts the annual accounts and has advisory and approval rights for major decisions taken by the Managing Board. The GMC, for instance, has an approval right regarding the basic premises of Rabobank's identity and strategic frameworks and the main points of the annual strategy and budget. It also appoints members of the Supervisory Board of Rabobank on the recommendation of the Supervisory Board, which appoints the statutory members of the Managing Board. The Supervisory Board supervises the Managing Board. Both the Supervisory Board and the Managing Board are required to report frequently on the – implementation of the – strategy as well as the fulfilment of the cooperative identity in the GMC.

Corporate Governance Codes

The Dutch Corporate Governance Code

The Dutch Corporate Governance Code, which was updated in December 2022, applies to listed companies and contains principles and best practice provisions for what is generally regarded as good corporate governance. Because of its cooperative structure, Rabobank is not required to comply with the Dutch Corporate Governance Code. Nevertheless, we have committed to comply with the code as much as possible. We depart from the code on just a few points, partly due to our cooperative structure. Please refer to www.rabobank.com for an overview.

The Dutch Banking Code

The Banking Code aims to ensure stable, service-oriented, and reliable banks for stakeholders by setting out principles of conduct for Dutch banks in terms of corporate governance, risk management, audit, and remuneration. By complying with the Dutch Banking Code, Rabobank demonstrates what it stands for and what Rabobank wants to be held accountable for. A detailed overview of Rabobank's compliance with the principles of the Dutch Banking Code can be found on www.rabobank.com.

Governance Code for Cooperatives

Rabobank is a member of the Dutch Council for Cooperatives (NCR). As such, Rabobank adheres to the Governance Code for Cooperatives, which aims to contribute to improving the level of cooperative entrepreneurship, member involvement, and the collective ethos and mutuality. Rabobank adheres to all the principles and best practices taking into account the fact that the bank as a financial institution encounters limitations as well as assurances with respect to some best practices. For example, the rule in the Governance Code for Cooperatives stating that the cooperative has to create capital is a key, legal requirement for the bank as a financial institution. For a full overview of Rabobank's adherence to the NCR Code, please refer to www.rabobank.com.

Remuneration

Our Group Remuneration Policy (GRP) is aligned with the people and business strategy of Rabobank, our cooperative mission and our position in society.

An important part of the people strategy is that Rabobank wants to retain, develop, connect and attract talent in a scarce labour market. We want to empower our employees and stimulate diversity and inclusion. Therefore we offer our employees a fair and competitive total remuneration package (incl. pensions), an attractive working environment and opportunities for personal growth. Our global performance management system GROW!, our worldwide learning and development opportunities and the provision of a personal development budget contribute to our employees' professional and personal development. This enables our employees to design their own careers and contribute to the realization of strategic business goals and the transitions that are key to achieving our mission.

Stakeholder involvement

As a cooperative it is in our genes to connect with a wide range of stakeholders. We consider society at large as a stakeholder for all aspects of our products, services and operations. This includes external and internal stakeholders such as our members, clients, regulators, investors, different interest groups and employees. Through various formal and informal networks and panels, including the Rabobank Dialogue Expertise Centre, we continuously reach out to these stakeholders to hear their opinions and seek input.

Our 2.3 million members are a special stakeholder group. These members are organized in local members councils and with their different backgrounds are a fair reflection of society at large. The local member councils are represented in the General Members Council (GMC). The GMC is involved in board remuneration matters. A committee, consisting of delegates from the GMC, advises the GMC on remuneration for the members of the Supervisory Board and the salary ranges of the Managing Board. Our works council is periodically informed about developments on remuneration and (via annual reporting) on pay levels and pay ratios within the Netherlands.

Our employees are another important large stakeholder group with regard to the development of our remuneration policy. We engage with our employees through all kinds of channels. Employees are organized via unions for the negotiations on labour conditions and the Works Council represents the Rabobank employees on a broad range of social topics. Via regular conversations and meetings with our Works Council we obtain the views from our employees in the Netherlands on our remuneration policy and actual practices.

Where relevant and possible we will always ensure that the input received from our stakeholders is considered in setting our remuneration policies. This can be a challenge when different stakeholders have different and sometimes conflicting interests. Therefore, a balanced view, taking into account all interests, is required to design a remuneration policy that is optimally aligned with the interests of different stakeholders. The remuneration principles below reflect a number of the key choices Rabobank has made in this respect.

Remuneration Principles

Strong governance and risk management

Our Group Remuneration Policy (GRP) applies to all Rabobank Group employees at all levels and entities and is updated annually and approved by the Managing Board. It is in line with very strict legal and regulatory requirements, including voluntary application of the Dutch Corporate Governance Code and its principles on remuneration. Our GRP:

- is aligned with Rabobank Group's risk appetite;
- supports robust and effective risk management focused on the long-term performance of Rabobank Group, including ESG risks;
- safeguards the interest of clients, society and investors by a number of specific regulations;
- discourages employees from taking undesirable risks (such as irresponsible sales practices);
- contributes to a strong capital position.

Internal alignment

The policy promotes fairness and consistency in our approach to remuneration. It promotes equal treatment of all employees and aims at rewarding equal work equally. This is achieved using the Hay job evaluation methodology, which analyses and measures jobs, and assigns a job grade for each position. Remuneration levels are linked to the job grade. We closely monitor our internal pay relativities to ensure internal fairness. Our historical pay ratios between average remuneration for Rabobank employees in the Netherlands and our Chair of the Managing Board remain significantly below 20, which is considered an important measure by external stakeholders such as trade unions.

External alignment

We aim to reward at the median of the relevant markets for our broader employee base. This approach enables us to attract and retain the right talent with the right capabilities, at the right time and in the right markets at an appropriate cost. Our salary ranges are benchmarked every year against the general and the financial market in the Netherlands.

Modest approach with regard to variable remuneration

Our Managing Board members do not receive variable remuneration as part of their regular remuneration package. Only selected groups of employees in the Netherlands are eligible to receive variable remuneration and only in case there is a compelling business reason for doing so. Variable remuneration is capped at 20% of fixed remuneration and only in exceptional cases individual variable remuneration up to 100% of fixed remuneration, is awarded. On average, the ratio between fixed and variable remuneration to our employees in the Netherlands does not exceed 20%.

For our employees outside the Netherlands, variable remuneration is capped at 100% of fixed remuneration. We do not make use of the option provided under Dutch law to award variable remuneration up to 200% of fixed remuneration for employees in countries outside the EEA.

This modest approach to variable remuneration reduces adverse incentives for employees. Variable remuneration is never guaranteed, and performance management processes ensure that it does not reward for failure or misconduct. Several risk mitigating measures are in place for all variable payments, such as ex-ante and ex-post testing and the ability to apply malus and claw back. For those employees eligible for variable remuneration, a risk-mitigating target is part of their individual objectives. In some cases, a sign-on or a buyout may be awarded to new hires, to compensate for the loss of (deferred) variable remuneration at the previous employer.

Sustainable performance

The Group Remuneration Policy is focused on delivering long-term performance. Our cooperative identity and ESG targets are reflected in our performance management approach. Any variable remuneration awarded is based on a balanced mix of performance targets, subject to at least 50% non-financial performance objectives.

Total Reward

In addition to pay, Rabobank offers an attractive total rewards package. For employees Rabobank wants to be a Great Place to Be where people can realize results for our clients, Rabobank and society. Rabobank offers employees ample opportunities for learning and development, attention for employee well-being, a good pension scheme, workplace flexibility (Rabo@Anywhere) and ample career opportunities.

Remuneration Practices 2023

Collective Labour Agreement (CLA) NL

At year-end 2023 28,997 employees (2022: 26,146, including Obvion) were employed under the terms of the (Dutch) Rabobank CLA. The remuneration includes fixed remuneration, the Employee Benefit Budget (which provides flexibility and choice of employment terms), a pension scheme, and fringe benefits. For 2023, a collective salary adjustment of 4% was agreed with the unions.

Identified Staff

The group of employees with a material impact on Rabobank’s risk profile is designated as Identified Staff. In addition to the specific performance management requirements, specific risk-mitigating measures have been established regarding variable remuneration for Identified Staff. This includes the payment of variable remuneration on a deferred basis which enables adequate consideration of the risks related to the underlying business activities. Generally, the payment of variable remuneration to Identified Staff is spread over a period of four years. For those employees identified as "Senior management", however, the deferral policy stretches to five years. As determined by regulation, variable remuneration is awarded in the form of cash and instruments (each 50%). A deferral policy also applies to non-Identified Staff employees receiving variable remuneration above a certain amount. In 2023, 12 employees (all Identified Staff) earned a total remuneration (including pension contributions) of between EUR 1.0 and 1.5 million, 1 employee (Identified Staff) earned a total remuneration (including pension contributions) of between EUR 1.5 and 2 million and 1 employee (Identified Staff) earned a total remuneration (including pension contributions) of between EUR 2.0 and 2.5 million.

Executive positions

The levels of management below the Managing Board are referred to as “executive positions”. At year-end 2023, globally 196 employees (2022: 200) were in an executive position. The fixed remuneration packages for executives are determined by job grades, based on Hay points. These job grades are linked to five executive salary ranges. The majority of executives receive only fixed remuneration. Only a small number of the executive positions are eligible for variable pay, dependent on the type of work and on the type of business in which they operate, for example in specific commercial roles.

Variable pay

In 2023, the budgeted variable remuneration for Rabobank Group worldwide was EUR 255.5 million (2022: 264.6), approximately 8% of the total amount reserved for remuneration (2022: 9%).

Pay ratio

The average remuneration for Rabobank Group employees at year-end was EUR 119,230 which resulted in a pay ratio of 1:12.2 between the average remuneration and the Chair of the Managing Board. This ratio has increased compared to last year. This increase is related to the higher compensation of the Chair of the Managing Board.

Pay ratio

In thousands of euros	2023	2022	2021	2020	2019	2018
Annual total compensation for the Chair of the Managing Board	1,454[1]	1,218	1,218	1,218	1,218	1,217
Average annual total compensation for Rabobank Group employees[2]	119.2	107.0	107.4	108.2	110.0	112.6
Pay ratio	12.2	11.4	11.3	11.3	11.1	10.8

1 This amount is excluding the buyout which was awarded in 2023. This amount does not represent standard annual total compensation.

2 In line with the updated Dutch Corporate Governance Code, the average annual total compensation of the employees is determined based on the total wage costs in the financial year and the average number of FTE during the financial year. These figures include both internal and external employees.

Managing Board

The Managing Board Remuneration Policy focuses on contribution and leadership to realize the cooperative mission of Rabobank. Changes to the remuneration policy are presented to the General Members' Council for approval. Managing Board members are appointed for a period of four years and their individual remuneration is determined for that specific period. Managing Board members are not eligible for variable pay.

The remuneration policy for the Managing Board consists of two clusters with salary ranges: Chair of the Managing Board, and Member of the Managing Board. To determine the salary ranges the individual positions within the Managing Board are benchmarked every 2 years against a cross-industry peer group in the Netherlands and a pan-European banking peer group composed based on geography, size, talent market, and companies with a purpose and/or cooperative roots.

At the beginning of 2023, the above mentioned benchmark was carried out and showed that on average the median market remuneration level for each of our Managing Board positions has increased significantly. This increase in the market, together with the fact that the maximum salary ranges for the Managing Board had not been increased since 2014, led to a proposal to increase the salary ranges by 15% for both the Chair of the Managing Board as well as the Members of the Managing Board. This percentage is based on both the outcome of the benchmark as well as the cumulative increase of the salary ranges within the general CLA for the Banking Sector (CAO Banken) in the last years.

This proposal has been approved by the General Members' Council with retro-active effect per the 1st of January 2023. The increase in the salary ranges did not result in an increase of individual remuneration levels. The Supervisory Board has the option of adjusting the individual remuneration of Members of the Managing Board in the interim: in exceptional situations, in the event of adjustments in the portfolio allocation or by means of generic indexation.

Salary Ranges Managing Board

Salary Ranges	*Minimum*	*Maximum*
Chair of the Managing Board	€ 1,016,600	€ 1,327,560
Member of the Managing Board	€ 548,550	€ 1,016,600

Apart from their salary, the members of the Managing Board receive secondary employment conditions such as a pension scheme, which is a defined contribution pension plan. The maximum income for pension accrual (regulated by law) was EUR 128,810 as of January 1, 2023. In addition, members of the Managing Board receive an individual pension budget of 24% of the fixed annual income above the maximum pensionable income. A mobility policy is in place for all members of the Managing Board for the purpose of commuting and business travel.

Individual Remuneration

The CFO was re-appointed per the 1st of September 2023 for a new term of 4 years. At his re-appointment it was decided to increase his remuneration by 15% up to EUR 1.016,600, the maximum of the salary range for Members of the Managing Board. This increase is supported by the outcome of the benchmark which showed that the deviation with median market level was larger for this position compared to other Managing Board positions. This level of remuneration is in the 25th percentile of the Dutch cross-industry peer group and just a little below the median level of the pan-European peer group.

With regard to the Chief Financial Economic Crime Officer (CFECO), the remuneration level is higher because this unique role on Managing Board level requires in-depth, international expertise in the field of financial economic crime, which is valued with an extended salary on the standard remuneration level.

Remuneration Managing Board 2023

In thousands of euros	Fixed remuneration			Variable remuneration					
Managing Board member	Base salary	Fees	Fringe benefits[2]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[1]	Total Remuneration	Fixed portion of the total remuneration
Stefaan Decraene, CEO[3]	1,154	-	-	-	238	-	300	1,692	86%
Bas Brouwers, CFO[4]	944	-	-	-	-	-	247	1,191	100%
Els Kamphof, Wholesale & Rural[5]	267	-	-	-	-	-	70	337	100%
Kirsten Konst, Business Clients	800	-	-	-	-	-	207	1,007	100%
Mariëlle Lichtenberg, Private Clients	800	-	5	-	-	-	211	1,016	100%
Vincent Maagdenberg, CRO[6]	600	-	-	360	130	-	162	1,252	61%
Philippe Vollot, CFECO[7]	1,347	-	-	-	199	-	354	1,900	90%
Janine Vos, CHRO	800	-	-	-	-	-	208	1,008	100%
Alexander Zwart, CITO[8]	67	-	0	-	-	-	17	84	100%
Former member									
Els de Groot, CRO	67	-	2	-	-	-	15	84	100%
Bart Leurs, CITO	733	-	-	-	-	-	192	925	100%
Berry Marttin, Wholesale & Rural[9]	589	-	14	-	-	702	157	1,462	100%
Total	**8,168**	**-**	**21**	**360**	**567**	**702**	**2,140**	**11,958**	**95%**

1 The pension expense includes pension based on maximum pensionable salary cap and compensation for the maximum pensionable salary cap

2 Fringe benefits vary and includes fiscal treatment of lease vehicles and discount on mortgage interest

3 Stefaan Decraene has been appointed as CEO as from January 1, 2023. As per his appointment a buyout has been awarded to compensate for the loss of the deferred variable remuneration at the previous employer. The vested part has been taken into consideration as multi-year variable.

4 Bas Brouwers has been appointed as interim CRO (next to his role as Chief Financial Officer) for the period of February 1, 2023 until March 31, 2023. For this period of two months, base salary has been adjusted with EUR 16,000. In addition, his base salary increased per September 1, 2023 to an amount of EUR1,016,600.

5 Els Kamphof has been appointed as MB member Wholesale & Rural as from September 1, 2023.

6 Vincent Maagdenberg has been appointed as CRO as from April 1, 2023. As per his appointment a sign-on was granted, referred to as one-year variable (classified as "other" under SRD2). A buyout has been awarded to compensate for the loss of the deferred variable remuneration at the previous employer. The vested part has been taken into consideration as multi-year variable.

7 Philippe Vollot was granted a buyout in 2022, a part of which will vest each year and be considered as multi-year variable.

8 Alexander Zwart has been appointed as CITO as from December 1, 2023.

9 Berry Marttin resigned as Managing Board member per September 1, 2023 and is entitled to a severance payment as disclosed under “Extraordinary items”

Remuneration Managing Board 2022

In thousands of euros	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense[1]	Total Remuneration	Fixed portion of the total remuneration
Managing Board member	Base salary	Fees	Fringe benefits[2]	One-year variable	Multi- year variable				
Bas Brouwers, CFO[3]	908	-	-	-	-	-	221	1,129	100%
Els de Groot, CRO[4]	792	-	20	-	-	-	193	1,005	100%
Kirsten Konst, Business Clients	800	-	-	-	-	-	195	995	100%
Bart Leurs, CITO	800	-	-	-	-	-	195	995	100%
Mariëlle Lichtenberg, Private Clients[4]	792	-	6	-	-	1	193	992	100%
Berry Marttin, Wholesale & Rural	884	-	20	-	-	-	215	1,119	100%
Philippe Vollot, CFECO[5]	337			300	398	10	82	1,127	38%
Janine Vos, CHRO[4]	775	-	-	-	-	-	189	964	100%
Former member									
Wiebe Draijer, Chair[6]	735	-	-	-	-	-	179	914	100%
Total	**6,823**	**-**	**46**	**300**	**398**	**11**	**1,662**	**9,239**	**92%**

1 The pension expense includes pensions based on maximum pensionable salary cap and compensation for the maximum pensionable salary cap

2 Fringe benefits vary and includes fiscal treatment of lease vehicles and discount on mortgage interest

3 Bas Brouwers has been appointed as interim Chairman of the Managing Board (next to his role as Chief Financial Officer) for the period of October 1, 2022 until December 31, 2022. For this period of three months, base salary has been adjusted with 24,000 EUR

4 The base salary has been adjusted to the targeted remuneration level of MB member as per March 1, 2022

5 Philippe Vollot has been appointed as Chief FEC Officer as from October 1, 2022. As per his appointment a sign-on was granted, referred to as one year variable (classified as "other" under SRD2). A buyout has been awarded to compensate for the loss of the deferred variable remuneration at the previous employer. The vested part has been taken into consideration as multi-year variable. The extraordinary item refers to compensation for relocation costs. Additionally, 3 months of temporary housing costs is covered by the bank ad 19,342 EUR.

6 Wiebe Draijer resigned as Chair of the Managing Board per October 1, 2022 and will be available until April 1, 2023, as an employee, for the transfer of his activities to the new chair and for completion of some remaining tasks, receiving the same remuneration. As from April 1, 2023 a six-month notice period starts.

Individual Loans

The outstanding loans of the members of the Managing Board in office and the average interest rates on December 31, 2023 were as follows:

Outstanding Loans Managing Board

In millions of euros

On December 31, 2023	*Outstanding Loans*	Average Interest Rate *(in %)*
Bas Brouwers	0.68	1.50
Els Kamphof	0.37	1.25
Bart Leurs	0.76	1.44
Mariëlle Lichtenberg	1.43	2.71
Janine Vos	1.13	1.58
Alexander Zwart	0.12	5.30

Members of the Managing Board not listed in the table were not in receipt of any loans, advances or guarantees at year-end 2023.

Rabobank Certificates

Some members of the Managing Board have personally invested in Rabobank Certificates, these are listed below:

Certificates Managing Board

On December 31, 2023	*Number of Rabobank Certificates*
Kirsten Konst	840
Mariëlle Lichtenberg	1,398
Berry Marttin[1]	26,084

1 Berry Marttin resigned as Managing Board member per September 1, 2023. Number of certificates at September 1 2023.

Supervisory Board

The remuneration of the members of the Supervisory Board is based on both a cross- industry benchmark and a pan-European banking benchmark for similar positions. The last benchmark study was carried out in 2023. In view of the outcome of the benchmark and the intention to reduce the time commitment for Supervisory Board Members, it was proposed to and decided by the General Members Council not to increase the fees.

There has only been an adjustment in the additional fees for the chairs of the different SB Committees. As it was decided to create 2 separate committees for HR & Remunerations and for Nominations, the fee in place for the chair of these committees was split in half. This was approved by the General Members' Council with retro-active effect per the 1st of January 2023.

The fee structure for 2023 is as follows:

Fee Structure Supervisory Board

As of January 1, 2023

In euros	*Fee*
Chair	220,000
Vice-Chair	120,000
Member	90,000
Additional fees	
Chair Audit Committee	20,000
Chair Risk Committee	20,000
Chair Cooperative Affairs Committee	20,000
Chair HR & Remuneration Committee	10,000
Chair Appointments Committee	10,000
Member Financial Economic Crime Committee[1]	10,000

1 Temporary committee

The General Members' Council also approved that, effective per the 1st of July 2023, members of the Supervisory Board living abroad will receive a fee for each meeting which they are required to attend physically in the Netherlands. The fee is a compensation for extra time spent and for travel and accommodation expenses. The fee depends on the country of residence. Members of the Supervisory Board living in the Netherlands receive the regular compensation fee per kilometer.

Individual Remuneration

Remuneration Supervisory Board 2023

In thousands of euros	Fixed remuneration				
Supervisory Board member	Base fee[1]	Additional fees[2]	Attendance fees[3]	Total Remuneration	Fixed portion of the total remuneration
Marjan Trompetter (Chair)	220	10	-	230	100%
Johan van Hall (Vice-Chair)	120	-	-	120	100%
Matthew Elderfield[4]	46	3	18	67	100%
Petri Hofsté	90	30	-	120	100%
Arian Kamp	90	20	-	110	100%
Gail Klintworth[4]	46	-	15	61	100%
Mark Pensaert	90	30	8	128	100%
Pascal Visée	90	10	-	100	100%
Former member					
Gert-Jan van den Akker[5]	65	-	-	65	100%
Total	857	103	41	1,001	**100%**

1 Fee as a SB member of Rabobank

2 Fee as a chair of a SB committee

3 Attendance fee for SB members living outside the Netherlands

4 Matthew Elderfield and Gail Klintworth have been appointed as SB members as from June 28, 2023. Matthew Elderfield has become a member of the Financial Economic Crime Committee as from September 20, 2023.

5 Gert-Jan van den Akker resigned as SB member on September 21, 2023. The fee figures reflect a partial year

Remuneration Supervisory Board 2022

In thousands of euros	Fixed remuneration			
Supervisory Board member	Base fee[1]	Additional fees[2]	Total Remuneration	Fixed portion of the total remuneration
Marjan Trompetter (Chair)	220	-	220	100%
Johan van Hall (Vice-Chair)[3]	108	-	108	100%
Gert-Jan van den Akker	90	-	90	100%
Petri Hofsté[4]	90	30	120	100%
Arian Kamp[5]	90	20	110	100%
Mark Pensaert[6]	90	30	120	100%
Pascal Visée[7]	90	20	110	100%
Former member				
Jan Nooitgedagt[8]	31	-	31	100%
Annet Aris[9]	84	-	84	100%
Total	**893**	**100**	**993**	**100%**

1 Fee as a SB member of Rabobank

2 Fee as a chair of a SB committee

3 Johan van Hall was appointed as Vice-Chair from May 25, 2022

4 The fees relate to the amounts received as Chair of the Audit committee and an additional fee for member of the FEC committee

5 The fees relate to the amounts received as Chair of Corporate Affairs committee

6 The fees relate to the amounts received as Chair of the Risk committee and an additional fee for member of the FEC committee

7 The fees relate to the amounts received as Chair of the Remuneration & HR committee

8 Jan Nooitgedagt resigned as SB member and Vice-Chair on April 13, 2022. The fee figures reflect a partial year

9 Annet Aris resigned as SB member on December 7, 2022. The fee figures reflect a partial year

Individual Loans

The outstanding loans of the members of the Supervisory Board in office on December 31, 2023 and the average interest rates were as follows:

Outstanding Loans Supervisory Board

In millions of euros	*Outstanding Loans*	*Average Interest Rate (in %)*
On December 31, 2023		
Arian Kamp	1.60	5.08
Marjan Trompetter	0.60	2.95

Members of the Supervisory Board not listed in the table had not received any loans, advances or guarantees at year-end 2023.

Report of Rabobank's Supervisory Board

125 years ago, Rabobank was founded as a cooperative in the Netherlands. In 2023, several celebrations took place to mark this important event. Rabobank has evolved in those 125 years into the major cooperative bank it is today. The Supervisory Board looks back with gratitude to the founders and all members and employees who contributed to this achievement. As a cooperative, with a mission 'Growing a better world together', it is important to keep focus creating impact in society and on the effective functioning of our cooperative governance in the world of today. In this context, the Supervisory Board advised and supported the Managing Board in building cooperative initiatives to make a difference in society in 2023, a good example of our mission.

The environment in which the Supervisory Board and its committees performed its roles was marked by further increasing geopolitical tensions. The economy cooled down and monetary policy tightened substantially with historic interest rate increases to keep inflation under control. These rising interest rates, in combination with still modest impairment charges led to a strong financial result.

In 2023, the Supervisory Board's agenda was marked by changes and onboarding of Managing Board and Supervisory Board members, guaranteeing continuity in the governance of the bank. On January 1, 2023, Stefaan Decraene started as the new Chair of the Managing Board. He initiated the implementation of the recalibrated corporate strategy, leading to a management agenda for the Managing Board, as well as navigating towards a simpler and more customer-oriented organization. The Supervisory Board welcomed this initiative and provided advice and guidance.

Fighting financial economic crime remained a top priority for the Supervisory Board and its Committees. Also, in 2023 the Supervisory Board spent a considerable amount of time on the development of a framework for the embedding of sustainability goals and regulatory requirements in the bank's strategy, policies, operations, reporting, risk management and governance. The Supervisory Board continued to focus on improving the core organization of the bank, amongst others, risk management and control, technology, digitalization, credit models, and data management as well as several compliance and regulatory related topics. The Supervisory Board observed that Rabobank continued to focus on and invested time and effort to these key topics and noted substantial improvement.

Key Topics for 2023

Continuity in and composition of the Managing Board and Supervisory Board

As the employer of the Managing Board, the Supervisory Board took its responsibility to address the envisaged changes in the Managing Board in 2023, guaranteeing continuity and ensuring leadership that fits Rabobank's needs, being result-oriented, cooperative minded and focused on inspiration and motivation.

Stefaan Decraene started as Chair of the Managing Board as of January 1, 2023, Vincent Maagdenberg, as successor of Els de Groot, started as CRO on April 1, 2023. Both were guided by the Supervisory Board through their onboarding in the first half of 2023. The Supervisory Board extends its appreciation to Els and is grateful for her commitment and effort in leading the development of risk management in the bank and adding to the professionalization of the Compliance, Legal, and Risk domain.

Furthermore, the Supervisory Board was pleased that it was able to appoint three internal candidates to position in the Managing Board. On September 1, 2023, Els Kamphof was appointed, responsible for Wholesale & Rural business of Rabobank. In her previous role, Els was Regional Head of Wholesale Banking for the Netherlands, Europe and Africa, a position she had held since 2021. Els succeeded Berry Marttin, who extended his term of office by two months, so that continuity and handover could be guaranteed. Berry was the bank's longest-serving board member, he was part of the Managing Board since 2009. He has made a major contribution to the strategically strong positioning of the international Wholesale, Rural and Vendor Finance activities, as well as Rabobank's position as a leading F&A bank worldwide. The Supervisory Board is very grateful for his important contribution to the bank over the years.

Mid 2023, Bart Leurs, Chief Innovation and Technology Officer, decided to leave Rabobank after seven years. The Supervisory Board is thankful for the contribution of Bart to the bank's strategy by accelerating the digital transformation and guiding the bank towards an agile way of working, the attention and emphasis he put on cyber risks, data quality, and Rabobank's attractiveness as a tech employer.

On December 1, 2023, Alexander Zwart was appointed as his successor. Alexander joined Rabobank in 2008. In his last position prior to his Managing Board appointment, he was responsible for the tech departments of Rabobank Retail Netherlands.

Finally, the Supervisory Board appointed Carlo van Kemenade as a member of the Managing Board and Director Retail Netherlands, subject to approval of our regulators, as of April 1, 2024. In this role he will be responsible for the Retail business in the Netherlands. This appointment implies that Kirsten Konst and Mariëlle Lichtenberg will step down as members of the Managing Board on April 1, 2024. The Supervisory Board is very grateful for their contribution and the value they have added to the development of the cooperative bank and the service provided to Rabobank's clients. Kirsten and Mariëlle have professionally contributed to the development of Rabobank into a modern, visible cooperative bank in the Netherlands, with a clear role in society.

The appointment of Carlo van Kemenade as Director of Retail Netherlands leaves a vacancy for the position of CEO of DLL. Lara Yocarini has been appointed (as of 1 May 2024) to this role, subject to approval by the external supervisor. It is the intention of the Supervisory Board that Lara will also join Rabobank's Managing Board per 1 May 2024 and will be responsible for the group-wide Vendor Finance activities.

The Supervisory Board would like to sincerely thank Els, Berry, Bart, Mariëlle and Kirsten for their dedication to the Managing Board, the inspiring way in which they shaped their work, and their commitment to Rabobank's clients and its mission.

Continuity in and composition of the Supervisory Board

In 2023, two Supervisory Board members with a non-Dutch background joined the Supervisory Board. In June 2023, Gail Klintworth and Matthew Elderfield were appointed as Supervisory Board members by the General Members' Council. Gail spent much of her career at Unilever, among others as Chief Executive Officer of Unilever South Africa, Global Senior Vice President of Savoury Foods, and later as Global Chief Sustainability Officer. Matthew is a seasoned banker and director with recent experience as Chief Risk Officer at Nordea Bank, with knowledge of, and broad experience in, compliance and regulatory affairs as well. Additionally, he has relevant regulatory experience in the UK and at the Central Bank of Ireland.

With these appointments the Supervisory Board added valuable knowledge and experience in the fields of sustainability, culture, risk management, and compliance.

In the General Members' Council meeting of September 20, 2023, Gert-Jan van den Akker resigned from the Supervisory Board for personal reasons. The Supervisory Board would like to thank Gert-Jan for his sharp input, sense of reality, commitment, and valuable contributions to the Supervisory Board.

Next to these changes in the composition of the Supervisory Board, Marjan Trompetter was unanimously reappointed as a member of the Supervisory Board, continuing her role as Chair of the Supervisory Board and Chair of the General Members' Council, for a third, two years, term, in September 2023. This decision was taken for the continuation of knowledge and experience in (chairing) the Supervisory Board and had full support of the GMC and Works Council. Considerations with respect to the recent and expected developments in the organization, and the expected impact on composition of and changes in the Managing and Supervisory Board substantiated this decision.

Given the upcoming end-of-terms of multiple members of the Supervisory Board in 2024 and 2025, and the developments and challenges in the financial sector, the Supervisory Board recalibrated the long term succession plan of the Supervisory Board in 2023, and further steps were taken with regard to recruitment and selection of potential candidates.

Implementation of the renewed corporate strategy

Under the monitoring and supervision of the Supervisory Board, the renewed strategy of the bank, which was established in 2022 to meet societal expectations, our commercial challenges, and increased regulatory requirements, was further detailed by the Managing Board into concrete actions for the coming years. Clear ambitions were set on Group level, per Business Unit and for important group wide themes, resulting in a management agenda for 2023 aligned with the strategy and further detailed in the Medium Term Plan. The Supervisory Board challenged and monitored these ambitions. Furthermore, simplifying the organization and governance, efficient and effective end-to-end processing and clear roles and responsibilities were frequent discussion items on the Supervisory Board's agenda.

Following from the management agenda, the Supervisory Board was regularly updated on the development of leadership, as a key enabler of the strategy of Rabobank. An advanced Leadership Track was developed together with Harvard University and the School of Life to facilitate the development of balanced leadership for the top 1250 leaders of the bank.

The Supervisory Board was closely involved in the design of a simpler and more customer-oriented Retail Netherlands organization and the related Managing Board's portfolio realignment, as part of the bank's strategy to strengthen its leading position in the Netherlands.

In order to strengthen DLL's vendor finance business as one of the three strategic pillars of Rabobank, the Supervisory Board decided to appoint the CEO of DLL as a member of the Managing Board primarily responsible for the vendor finance portfolio of the Rabobank Group. This means that as of May 1, 2024 the three business lines, Retail NL, W&R, and DLL are represented in the Managing Board.

Fighthing Financial Economic Crime

In 2023 the Managing Board and the Supervisory Board remained fully focused on fulfilling the bank's gatekeeper role in fighting financial economic crime (FEC) as well as adequate compliance with the relevant rules and obligations. As of the end of 2021, Rabobank is working under an instruction from the Dutch Central Bank (DNB) in respect of compliance with Wwft requirements and is executing the remediation plans as submitted to DNB in order to strengthen the foundation for adequate compliance with the anti-money laundering and combating the financing of terrorism (AML/CFT) requirements.

In 2023, the Supervisory Board decided that the temporary FEC Committee of the Supervisory Board would continue its task and broadened its scope to remediation within the Retail NL and W&R NL domain. The FEC Committee monitored and supervised the progress in the execution of the remediation plans, with support of and reporting from Financial Crime Compliance and Audit Rabobank. Next to this, FEC reporting and FEC audits were discussed in the Audit Committee meetings, FEC risks in the Risk Committee meetings, and FEC culture in HR&R Committee. The full Supervisory Board discussed the developments and progress in the FEC domain in every meeting.

The Supervisory Board is pleased to note tangible progress in the execution of the remediation plans. In 2023, the Supervisory Board was informed on the very experienced new hires for the key management roles within the FEC domain as well as the established clarity on roles, responsibilities and ownership, resulting in a clear distinction between and description of the roles and responsibilities of the Managing Board members regarding managing FEC risks.

The Supervisory Board's 'Core Team Regulatory' was activated after the announcement of the Public Prosecutor of a criminal investigation in December 2022. The Core Team consists of the Chair and Vice-Chair of the Supervisory Board, the Chair of the Audit Committee, and the Chair of the Risk Committee. The Supervisory Board's Core Team convened several times. The Core Team monitors all matters relating tot the various stages in the criminal investigation, prepares the Supervisory Board's deliberations and decision-making on all matters regarding this topic, monitors the (preparations of the) information provided to external stakeholders, and advises the Managing Board and/or the Supervisory Board. The Supervisory Board has committed to the position that the bank is fully cooperating with the investigation of the Public Prosecutor and is fully committed to execute the remediation plans in order to become compliant with the Wwft and fight financial economic crime.

Sustainability

The governance and the developments in respect of sustainability were high priorities for the Supervisory Board and its committees in 2023. Sustainability in the broadest sense is in the core of Rabobank's mission and the bank's role in transitions relating to climate, food & agri and (financial) inclusion in society. The theme required attention from various perspectives: strategy, business models, governance, risk management and reporting (including the implementation of the Corporate Sustainability Reporting Directive (CSRD). Discussions took place on progress and dilemmas. In this respect the Supervisory Board also closely monitored the interactions of the bank with external stakeholders.

Specific topics discussed in the Supervisory Board included the 'Impact Report 2023', the developments in the Dutch agricultural sector including the nitrogen file, and the financed emissions approach. The Supervisory Board endorsed the initiatives towards clients, employees and members and the Managing Board's approach to come up with a proactive proposal to support the Dutch agricultural sector in the transition towards a more sustainable future. The proactive approach of the bank fits well in the new agrifood-vision for 2040 which was presented on in December, 2023.

Given the importance of sustainability for the bank, the governance of the Supervisory Board with regard to sustainability was reassessed and redefined. The full Supervisory Board and the respective committees of the Supervisory Board will continue to take on their respective roles with regard to sustainability. In addition, the Supervisory Board decided to enhance the scope of the Committee of Cooperative Affairs and change the name to Cooperative and Sustainability Committee (CSC). The CSC supports the Supervisory Board in taking an integral view with regard to the interaction between sustainability, business and risk.

In addition, a specific program with regard to the development of knowledge and education on sustainability was designed. The Supervisory Board had several deep dives, discussed and shared dilemmas on major topics regarding sustainability, such as developing rules and regulations, Rabobank's role in sustainability and the food system, Rabobank's international sustainability perspective in the Rural domain, and expectations of NGO's and other stakeholders.

Building a better bank

The Supervisory Board monitored the further improvement of the bank's core processes and systems by focussing on Critical Execution Priorities and other improvement programs. Specific attention was paid to IT, mortgage and business lending processes, as well as the implementation of important regulatory programs. Such as Rabobank Model Landscape and the implementation of the data governance framework and adherence to BCBS 239.

A welcome improvement was the further alignment of risk, finance and sustainability processes which enabled an integral approach during the discussions of the Medium Term Plans 2024-2028 balancing financial projections, risk appetite and sustainability implications.

Cooperative impact and governance

In 2023, it was decided to give a new impulse to the development of the cooperative by creating a department for Cooperative Development.

From a cooperative governance perspective, several improvements were implemented in the functioning of the General Members Council and its committees.

Other Topics in the Supervisory Board Meetings

In addition to regular yearly agenda items and the key topics mentioned above, the Supervisory Board addressed and discussed a wide range of topics in 2023, including:

- several business reviews on DRB, W&R and DLL, business growth and developments in the Netherlands and internationally, and a deep dive on Rabo Partnerships
- overall financial performance including capital position, impact of rising interest rates and inflation
- progress on IT projects and portfolio management in DRB, W&R, and Finance & Risk
- cost management, e.g. the 'We Improve Now' (WIN) savings program
- the Medium Term Plan and budget for 2024, including the sustainability impact implications
- progress made on strategic transformations, regulatory and change programs, critical execution priorities, and the Interest Only Mortgages de-risking strategy, and action plans to address the regulatory expectations as set out in the SREP letter
- several HR-related issues, including the culture initiatives, leadership programme and strategic resource planning
- evaluation of the performance of individual members of the Managing Board and the follow up on the appraisals

Offsites Supervisory Board and Managing Board

In 2023, two offsite meetings for the Supervisory Board with participation of the Managing Board were organized. During the first offsite, the Supervisory Board had a deep dive and gained knowledge on specific sustainability issues for Rabobank, such as sustainability commitments, business dilemmas, and the view of NGOs. Also the Supervisory Board reflected on its role as supervisor on sustainability.

During the second off site a cooperative client of Rabobank was visited. Furthermore, the Managing Board and Supervisory Board aligned on and discussed several specific topics, amongst others strategy, capital, growth opportunities, and the developments with respect to Retail NL.

Overview Permanent Education sessions 2023

In 2023, eleven permanent education sessions were held. During these sessions the following topics were discussed and explained: legal and tax update, strategic risks, CAMS and FEC, sustainability, deep dive session on CSRD, cyber security and data quality, European banking landscape and payments, Simplify@Scale and net interest income, and financial crime compliance.

Meetings and Attendance

In 2023, the Supervisory Board convened 8 times with the Managing Board, as part of the regular meeting schedule. Next to these regular meetings, the Supervisory Board held two off sites, and several dedicated Supervisory Board meetings with a specific topic and / or to follow-up on actual developments, in attendance of the relevant Managing Board members.

The Supervisory Board also had 11 private sessions (with or without the Chair of the Managing Board). These were mainly to discuss recruitment and appointment matters. More details on the meetings of the Supervisory Board and its committees are in the table below. For an overview of the composition of the Supervisory Board's Committees please refer here.

In addition to permanent meetings as mentioned on the next page, the temporary FEC Committee convened 8 times. These meetings were attended by Petri Hofsté, Mark Pensaert, Matthew Elderfield (as of June 2023), Marjan Trompetter, and Johan van Hall.

Overview Supervisory Board and Committees in 2023

Composition and Attendance Figures of the Supervisory Board and Its Permanent Committees as of December 31, 2023

Meeting	SB	Risk	Audit	CCA	Rem & HR	Appointments
Number of meetings	*# 16*	*# 8*	*# 7*	*# 4*	*# 6*	*# 13*
Gert-Jan van den Akker[1]	9/10	4/5	4[2]	-	5/5	8/9
Matthew Elderfield[3]	7/7	5/5	4/4	2[2]	-	-
Johan van Hall	15/16 (Vice Chair)	6[2]	7/7	4/4	6/6	13/13
Petri Hofsté	15/16	7/8	7/7 (Chair)	4/4	-	-
Arian Kamp	14/16	5/8	4[2]	4/4 (Chair)	-	-
Gail Klintworth[4]	7/7	5/5	2[2]	2/2	1/1	3/4
Mark Pensaert	15/16	8/8 (Chair)	6/7	3/4	-	-
Marjan Trompetter	16/16 (Chair)	7/8	7[2]	4/4	6/6	13/13 (Chair)
Pascal Visée	15/16	3[2]	7/7	1[2]	6/6 (Chair)	12/13

1 Gert-Jan van den Akker resigned from the Supervisory Board and Risk Committee, Appointment Committee and Remuneration & HR Committee in the GMC meeting in September 2023.

2 All Supervisory Board members may attend Committee meetings at their discretion.

3 Matthew Elderfield joined the Supervisory Board in the GMC meeting in June 2023. He subsequently joined the Audit Committee, Risk Committee and FEC Committee per 20 September 2023

4 Gail Klintworth joined the Supervisory Board in the GMC meeting in June 2023. She subsequently joined the Risk Committee, Committee for Cooperative Affairs, Appointment Committee and Remuneration & HR Committee per 20 September 2023.

Contacts with Stakeholders

Contacts with GMC and Local Banks

Members of the Supervisory Board attended regional council meetings (‘*kringvergaderingen*’) to prepare and discuss topics on the agenda of the GMC meetings. Members of the Supervisory Board also participated in meetings of the permanent committees of the GMC, such as the GMC Staffing and Remuneration Committee. Furthermore, members of the Supervisory Board regularly visited local banks to meet with local directors, members of the local supervisory boards, local members' councils and employees to discuss local developments.

Contacts with Client Advisory Boards

During 2023, all Supervisory Board members paid visits to Wholesale and Rural Client Advisory Boards globally and visited several Rabobank offices and Wholesale and Rural clients abroad. These visits have provided important insights into key strategic issues, opportunities, and the challenges our customers and the bank are facing, worldwide. They provide important input for the Supervisory Board in challenging and supervising the execution and development of several topics related to Rabobank's strategy so that Rabobank remains well positioned and meets the needs of its clients in all sectors.

Contact with external supervisory authorities

Members of the Supervisory Board met with representatives of supervisory authorities (nationally and internationally) on a regular and incidental basis – as and when requested and/or required. These meetings took place either digitally or face to face. In the contacts with the external supervisory authorities in 2023 specific attention was given to, among others, developments with respect to Rabobank's updated strategy, board succession processes, FEC remediation, mortgage lending, and the risk models.

Contact with Rabobank's Work Councils

As a participant in what is known as the so-called Three Councils Consultation (‘*drieradenoverleg*’), the Supervisory Board keeps up to date with topics and debates that are discussed in the Rabobank Works Council. Members of the Works Council are present at this consultation alongside members of the Managing Board, the Chief HR Officer, and representatives from the Supervisory Board. Members of the Supervisory Board are regularly present in meetings of the Rabobank (European) works councils. The Supervisory Board appreciated the continuing good relationship and the quality of the dialogues with the members of the Rabobank Works Council and the European Works Council.

Conflict of Interest and independence

In 2023 there were no transactions involving a conflict of interest between Rabobank and members of the Supervisory Board or Managing Board.

The Supervisory Board in its current composition meets best practices provisions 2.1.7 thru 2.1.9 of the Dutch Corporate Governance Code, concerning requirements of independency.

Self-evaluation of the Supervisory Board

In 2021, the Supervisory Board engaged an external party to coordinate the collective self-evaluation of the board. The evaluation process was comprehensive. In 2022 and 2023 the Supervisory Board continued to work on the assigned themes, among others the effectiveness and efficiency of the way of working, meeting agendas and documentation, number of meetings and participation of all or a selection of board members.

Preparatory meetings and post-meeting evaluations for the Supervisory Board members were held prior to and after Supervisory Board's or Committee meetings to further enrich the dialogue with the Managing Board. Quarterly meetings were held for the members of the Supervisory Board to evaluate its own functioning, discuss long term developments and set priorities. Also, the new meeting schedule was evaluated by the Supervisory Board, leading to further refinement of the schedule. A clearer distinction between permanent education sessions and deep dives was made, allowing for good governance on the topics discussed.

In the third quarter of 2023 the Supervisory Board initiated a new self-evaluation with engagement of an external party. In the course of 2024 further actions and themes will be agreed.

Supervisory Board Committees

The responsibilities and duties of the Supervisory Board and its permanent committees are described in the respective Rules of Procedure as can be found on www.rabobank.com. These Rules were updated and amended in 2023.

Risk Committee

General responsibilities and duties

The Risk Committee prepares the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the bank's development and implementation of the risk governance framework, risk control system, and risk appetite. This entails, among others, reviewing and effectively challenging our risk analysis scenarios and promoting risk awareness within a strong risk culture.

Meetings

In 2023, the Risk Committee convened eight times with five regular meetings and three additional meetings. As in the previous years, one of the regular meetings was a combined meeting of the Risk Committee and the Supervisory Board to discuss the ICAAP/ILAAP stress testing outcome. In addition to these eight meetings, three combined meetings of the Risk Committee and Audit Committee were held in March, September and December 2023.

Annual recurring topics

The Risk Committee discussed the quarterly reports on integrated risks, which provide an overview of all financial and non-financial risk types including, among others, credit risk, market risk, interest rate risk, business risk and operational risk. In addition, the CRO provided updates on relevant geopolitical and macroeconomic developments. The quarterly reports, regular updates on key topics such as Rabobank's credit models, data management, the overall IT- risk profile, Rabobank's mortgages portfolio and strategy on housing ('Wonen in Control'-plan), and a quarterly overview of changes to key global policies were provided to the Risk Committee. The Chief Information Security Officer reported several times, which provided the Risk Committee with more insight into the management of cybersecurity risks. Furthermore, the Risk Committee advised the Supervisory Board on approving important regulatory core topics including the ICAAP/ILAAP, the Group Risk Appetite Statement, and the Group Remuneration Policy. The Compliance reports, State of Privacy reports and Legal reports were tabled for discussion in the combined meetings of the Risk Committee and Audit Committee.

The Risk Committee also received regular updates from Supervisory Relations to stay informed of the interactions with the home state supervisors, including supervisory findings and investigations. The (draft) Supervisory Review & Evaluation Process (SREP) 2023 letter and Rabobank's response to the SREP letter was a topic of discussion on several occasions. Updates on the outcomes and follow-up of various on-site inspections were discussed in more detail throughout the year.

Year-specific topics and deep dives

In 2023, three additional Risk Committee meetings were held. In March 2023, the Risk Committee convened to discuss the developments that were taking place in the financial industry and to have a closer look at the potential impact of the collapse of Silicon Valley Bank and Credit Suisse. The second additional meeting in October 2023 was held to engage in several deep dives on (i) Rabobank's interest-only-mortgages portfolio; (ii) identity and access management; and (iii) the security impact of generative AI. In this meeting, the Risk Committee was also informed of the Group Recovery Plan 2023. During the third additional meeting in November 2023, the Risk Committee advised the Supervisory Board on the approval of the Group Risk Appetite Statement 2024 in alignment with Rabobank's medium-term planning and budget process.

Other deep dives were held throughout 2023 on, inter alia, the following topics: update on the revised Housing-strategy, follow-up on ECB's Thematic Review Climate & Environmental risks, update on Product Governance, DLL's risk profile, and an update on organizational and risk culture.

Audit Committee

General Responsibilities and Duties

The Audit Committee prepares the Supervisory Board's decisions on all matters regarding the integrity and quality of Rabobank group's financial and sustainability reporting, the effectiveness of Rabobank group's internal control systems framework, the reporting and functioning of the external auditor, the reporting and functioning of Rabobank Group's internal audit function and the functioning of the Rabobank group's compliance and risk function. The Audit Committee submits recommendations to the Supervisory Board on matters referred to in the Rules of Procedure either on request or at its own initiative.

Meetings

In 2023, the Audit Committee convened seven times, held one working session in preparation of the discussion on the 2024 budget, and three combined meetings of the Risk Committee and the Audit Committee. The internal auditor, the external auditor and the Chief Compliance Officer were present at most Audit Committee meetings and the Audit Committee had one private session this year with each of the internal and external auditors.

Annual recurring topics

Recurring topics of discussion and challenge, tabled for the Audit Committee are the Financial Performance Reports and quarterly WIN (cost control initiatives) reports, updates on relevant developments in the financial markets, benchmark reporting, quarterly internal audit reports, and quarterly Compliance reports. In several meetings the Audit Committee focused on (the implementation of) the CSRD. Updates on communications with and from external supervisors are also tabled for every Audit Committee meeting. Every quarter, the Committee discussed the financial performance of Rabobank Group, as well as its subsidiaries and challenged, among other things, the development and steering on income, volume and costs.

In preparation of the approval by the Supervisory Board of the budget and discussion of the Medium Term Plan, the Audit Committee discussed the financial performance and budgets of the businesses in more detail during a working session with the responsible CFOs of the business units. Thereafter, the Committee reviewed the budget, considering among other things, Rabobank's ambitions, capacity for growth and risk appetite, sustainability and financed emissions, and other critical assumptions applied. Also, the cost developments notably in the CFECO domain and with respect to IT, including IT projects and cloud costs, were discussed, confirming the importance of investments in the FEC remediation programme and IT including cyber security risk management.

The Audit Committee reviewed the half year report and the Annual Report including the financial statements, the press release, the Impact Report and Pillar III report. As part of the review of these reports and on the basis of audit reports of the internal and external auditor, the Audit Committee challenged the application of critical accounting policies and reporting topics that require considerable judgment and estimation, including loan impairments and top level adjustments on model outcomes of impairment allowances, the evaluation of legal claims and provisions, the development in tax and other positions.

Also, the Audit Committee reviewed the disclosure on non-financial key figures and the integrated reporting approach, including sustainability reporting. The Audit Committee has welcomed that the bank has continued to progress its nonfinancial and sustainability reporting in the Annual Report and the Impact Report. The Audit Committee considered the management's report on the internal controls on financial reporting and paid specific attention to controls in respect of IT security, loan classification and loan impairments.

Annually, the Audit Committee discusses and approves the Internal Auditor's audit plan and reviews the Internal Audit charter. With the support of the quarterly internal audit reports, the Audit Committee discussed the quality of the control environment of the bank, the progress in addressing audit findings and the performance of the internal audit function also on the basis of an external assessment performed. Based on the positive outcome and a discussion on the findings and actions agreed, the Audit Committee appreciates the performance, the continuous developments and quality of the Audit function.

Furthermore, the Audit Committee reviewed and discussed the funding plan as well as the asset and liability management policy and discussed and approved the updated Compliance annual plan.

The Audit Committee has approved the audit plan of the external auditor (PricewaterhouseCoopers Accountants NV (PwC)), and has discussed the audit reports of the external auditor on the half year report, the Annual Report, the COREP and FINREP reporting and the non-financial information. The Audit Committee has monitored the independence of the external auditor. The Committee appreciates the insightful reporting and discussion with the auditors and the response to the annual evaluation of the audit team and engagement.

Year-specific topics and deep dives

At the request of the Audit Committee three permanent education sessions, on the (implementation of the) CSRD, Data Quality, and net interest income (including challenges, steering possibilities and risk management), were organized for the Supervisory Board (see also overview on permanent educational efforts).

In 2023 the Audit Committee paid special attention to several reports on major transitions and programs. This included the bank's Basel IV program, the FEC Audit Plan 2023 and IT related files.

Furthermore, the Audit Committee was engaged in the appointment of the Chief Audit Executive and agreed to a revised approach on the annual (self-)assessment of the Risk Management and Compliance functions, being a more efficient, consistent and effective way of working supportive of the managing bodies in their assessment obligations.

Committee on Cooperative Affairs

General Responsibilities and Duties

The Committee on Cooperative Affairs (CCA) advises the Supervisory Board on all matters regarding the bank's cooperative structure, organization and identity, and prepares for the requisite decisions of the Supervisory Board. These consist of: (i) the assessment of the Managing Board's reports on our cooperative organization and operations, (ii) the submission of advice on cooperative affairs to the Managing Board, either upon request or on its own initiative, and iii) advising the Supervisory Board on client-, market- or service-related topics, including sustainability ambitions, visions, and strategies pertaining to the sustainability targets formulated by the bank and its business units, either at the request of the Managing Board or on its own initiative.

Meetings

In 2023, the CCA convened four times.

Year-specific topics and deep dives

In 2023, the CCA focused on the progress of renewal of the cooperation also in view of the updated strategy process of Rabobank. Sustainability was on the agenda of all four meetings, reflecting the increasing importance of this topic for the Supervisory Board. The focus of the discussions was on the role of the Supervisory Board and its governance in general, and more specific on the role of Rabobank in both the Energy and Food System Transition. The Supervisory Board discussed Rabobank's position on sustainability, covering, among others, the Agrifood Vision, deforestation, and land use. As such, sustainability was not only discussed from a bank's perspective, but also from a clients' perspective and Rabobank's products, knowledge and networks value in ecosystems.

Based on an annual research report the developments in the cooperative banking landscape in Europe were explained by professor Groeneveld. Further, the annual reports on member engagement were discussed in conjunction with the updated strategy. The Committee discussed in more detail the impact on Cooperative Development and Cooperative Governance. Increase and added value to membership, the definition of cooperative mentality and the position of the bank towards social themes were discussed in more detail.

Furthermore, the Committee discussed the working and topics of the Ethics Committee and the Committee was informed on the way of working of the Rabobank Foundation and Cooperative Development. The Committee was closely involved in the development of the role and responsibilities, and the appointment of the Director Cooperative Development.

Remuneration & HR Committee

General Responsibilities and Duties

The Remuneration & HR Committee (R&HR) prepares the Supervisory Board's decision making on remuneration and general human resource and organizational issues, such as organizational development and transformation, strategic workforce planning, performance management planning and evaluation, employee engagement, and other current people issues. In addition, the R&HR Committee considers the consequences of these topics for our risks and risk management, taking into account the long-term interests of our stakeholders and acceptance by societal practice, as well as Rabobank's long-term business, risk appetite, performance, and control environment. The R&HR Committee cooperates with the Risk Committee to evaluate the incentives created by the remuneration system and directly supervises the remuneration of senior management staff who perform control duties.

The R&HR Committee advises the Supervisory Board on decisions related to the Rabobank Group Remuneration Policy and assesses the remuneration practice within Rabobank Group for the highest earning employees based on a yearly report, which in addition to the fixed and variable remuneration also contains information about the relevant retention, exit and welcome packages within Rabobank Group. Furthermore, the R&HR Committee prepares a central, independent, internal assessment to review (at least once annually) the general principles governing the remuneration policy and its implementation. Rabobank continues to pursue a prudent, restrained, and sustainable remuneration policy.

Information on remuneration in general and on variable remuneration can be found in the Remuneration section of this Annual Report and in the Pillar 3 report.

Meetings

In 2023, the R&HR Committee convened six times, of which two were scheduled as extra meetings.

Annual recurring topics

The R&HR Committee addressed general topics, such as the remuneration and exit arrangements of individual Managing Board members, (risk) culture and the One Rabobank Culture Plan, Remuneration Policy for executives, Strategic Workforce Planning, the People Strategy, reports on misconduct, fraud and integrity, and Employee Engagement.

Year-specific topics

In 2023, the R&HR Committee evaluated the remuneration levels of the Managing Board, on the basis of benchmark research, resulting to an adjustment of the bandwidths by the GMC. Also the fee levels of the Supervisory Board were evaluated, resulting to no material changes. For the Supervisory Board members living outside the Netherlands, an attendance fee was proposed, and adopted by the GMC.

The R&HR Committee advised on the remuneration proposals for the newly appointed Chief Risk Officer, the Director Wholesale & Rural, the Chief Innovation & Technology Officer, the Director Retail NL and the Director Vendor Finance, after consulting the GMC's Staffing and Remuneration Committee.

The committee also spent in-depth time on specific HR-related themes, such as One Rabobank Culture and Strategic Workforce Planning.

The R&HR Committee prepared the evaluation of the individual members of the Managing Board, in close cooperation with the Chair of the Managing Board and following the yearly GROW!-cycle, and made provision for the proper documentation of the appraisals. The Committee advised the Supervisory Board on approval of a limited number of significant buy outs and sign on bonuses for new hires, in all cases following the governance as ruled out in the Rabobank Group Remuneration Policy and in accordance with these policies.

In addition, the R&HR Committee discussed the performance targets for the Managing Board and the group targets for Identified Staff (please see the section on Remuneration in this Annual Report for an explanation of this term). The Committee carried out preparatory work for the Supervisory Board regarding the total spend on variable remuneration with an underlying risk assessment for Rabobank Group, and for the individual variable remuneration of employees classified as Identified Staff. Finally, the R&HR Committee discussed the remuneration section of the annual report before submitting it to the GMC's Staffing and Remuneration Committee.

Appointments Committee

General Responsibilities and Duties

The Appointments Committee advises the Supervisory Board for its decision-making in relation to the composition of the Supervisory Board, the Managing Board, and higher senior management positions, and the related appointments and re-appointments.

For vacancies in the Supervisory Board or Managing Board, first a profile is adopted by the Supervisory Board, after advice from the Staffing and Remuneration Committee of the General Members Council. The profile is among other things based on the current collective knowledge, skills and expertise of the Board and the specific requirements related to a board position or directorship. Following the profile, a longlist of candidates is drawn up, frequently supported by an executive search agency. In several iterations the Appointments Committee selects a small number of candidates for a first number of interviews with Supervisory Board members and most times the Chair of the Managing Board and the CHRO. If these interviews result in a mutually positive view, more interviews follow with other members of the Supervisory Board and depending on the position also of the Managing Board. For Managing Board members external assessments can be part of the procedure. Once a candidate is selected, further compliance and integrity checks are organized, and if no objections occur, the Fit and Proper procedure by external supervisory authorities is initiated, and the works council is asked for advice (Managing Board members) or for a declaration of no objection (Supervisory Board members). In the case of a Supervisory Board member also the GMC Staffing & Remuneration Committee is asked for advice before the candidate is nominated for (re)appointment to the GMC.

Members of the Managing Board are appointed by the Supervisory Board; members of the Supervisory Board are appointed by the General Members Council.

Meetings

In 2023, the Appointments Committee convened 13 times, of which 9 were scheduled as extra meetings.

Annual recurring topics

Among other tasks the Appointments Committee has extensively discussed and revised the long term succession plan of the Supervisory Board, after having asked the Staffing and Remuneration Committee of the General Members Council (GMC) for advice. This committee advised to the Supervisory Board on all personnel changes in the Supervisory Board and the Managing Board, based on the respective boards' succession plans and profiles.

Year-specific topics
In 2023, the Appointments Committee carefully prepared and advised the Supervisory Board about the selection and appointment of Vincent Maagdenberg as Chief Risk Officer, Els Kamphof as Director Wholesale & Rural, and Alexander Zwart as Chief Innovation & Technology Officer. Also the selection and appointment of Carlo van Kemenade as Director Retail NL and Lara Yocarini as Director Vendor Finance (as per 1 April and 1 May 2024, subject to approval of DNB/ECB/AFM) have been prepared in 2023. These Managing Board members were appointed by the Supervisory Board after very extensive and carefully designed processes, as described before.

Diversity is seriously taken into account, where gender diversity at the Managing Board should have at least a 30-70 ratio and preferably better, and with attention for cultural diversity and international backgrounds.

In June 2023, Matthew Elderfield was appointed as Supervisory Board member with the profile Risk Management & Banking, and Gail Klintworth with the profile Sustainability & Climate Change, with ample knowledge and experience in the field of ESG. In September 2023, Marjan Trompetter was reappointed as member and Chair of the Supervisory Board, for a third term of two years.

In April 2023, a recruitment process was started for the appointment of a Supervisory Board member with a Digitalization, IT & Innovation profile, but unfortunately this did not lead to a nomination yet.

In September 2023, Gert-Jan van den Akker stepped down as Supervisory Board member for personal reasons. Taking into account the desired composition of the Supervisory Board as laid down in the succession plan, the Appointments Committee has started recruiting and selecting Supervisory Board members for three specific profiles.

As part of the processes, the right of recommending candidates for all vacancies was activated for the Managing Board, the GMC-members and the Works Council. All recommended possible candidates have been added to the longlists and have been part of further selection processes.

The Committee evaluated the suitability of the Managing Board and the Supervisory Board and reported according to regulations to the Joint Supervisory Team of the ECB and DNB. Also, the Appointments Committee discussed the succession planning of the Managing Board, reviewing the talent pipe line with potential internal and external candidates. Members of the Appointments Committee had several individual meetings with executives. Also, meetings were organized with groups of newly appointed top executives, promising talents and culturally diverse talents of the bank.

The Appointments Committee discussed the outside interest positions of the members of the Managing Board and the Supervisory Board, as well as any gift and hospitality offered to them. As part of talent management and in the context of searching and assessing potential candidates for the Supervisory and the Managing Board, the Appointments Committee regularly addressed the subject of (gender) diversity.

FEC Committee

General Responsibilities and Duties
The Supervisory Board's ad hoc FEC Committee was established in the fourth quarter of 2020. The main tasks and responsibilities of the FEC Committee are to monitor and signal important developments with respect to Rabobank FEC compliance with AML/CFT laws and regulations, to advise on, to deepen and to prepare discussions and decision-making within the plenary Supervisory Board and other committees on this critical topic. The FEC Committee reports on its findings to the Supervisory Board.

From January 1, 2023, the scope of the FEC Committee included all remediation activities of the group leading toward AML/CFT compliance of Rabobank with a focus on the Retail NL and Wholesale & Rural remediation activities. AML/CFT compliance furthermore is discussed in the Supervisory Board’s risk and audit committees on the basis of the reports of the compliance function and internal audit function.

Rabobank remains fully committed to fulfilling its gatekeeper role in society and to complying with the AML/CFT laws and regulations. The newly appointed FEC Management Team led by the CFECO, performed an analysis of the remediation plan, which resulted in Rabobank’s re-baselined remediation plan. This plan contained an integrated approach for the Retail NL and W&R NL remediation activities and was launched to strengthen the foundation for adequate compliance with the Wwft. The prime role of the FEC Committee in 2023 was the review, challenge and monitoring of the re-baselined remediation plan. Furthermore, the FEC committee discussed and supervised ongoing remediation activities based on the quarterly progress reporting. The FEC Committee also discussed the findings and opinions of the Compliance function and the internal Audit function as part of the quarterly progress update.

Meetings
In 2023, 8 meetings, including deep dive sessions, of the FEC Committee were convened.

Annual recurring topics

In the quarterly meetings, the focus was on monitoring and discussing the status and progress made with respect to remediation. Topics on the agenda included quarterly progress reports, reports from the compliance function and internal audit contributions.

Year-specific topics

In addition, the re-baselined remediation plan was tabled and several deep-dive sessions with Supervisory Board, Managing Board, and subject matter experts were organized in order to support the FEC Committee's understanding of dilemmas and issues related to FEC activities in Rabobank's daily working environment.

In Conclusion

Proposal to the GMC and conclusion

In accordance with the relevant provisions of the Articles of Association of Rabobank, the Supervisory Board has reviewed Rabobank's Annual Report 2023 and annual accounts, as well as other relevant, associated information. The Supervisory Board discussed these documents with the Managing Board, the internal auditor and external auditor (PwC) and took note of the unqualified external auditor's report that PwC issued on the annual accounts in 2023. The Supervisory Board advises the GMC to adopt the 2023 annual accounts.

A word of appreciation

The Supervisory Board extends its great appreciation and respect to the members of the Managing Board and all Rabobank employees for their commitment to Rabobank's clients and other stakeholders and the progress of various important programs made, such as the sustainability program and the FEC remediation program, and the results achieved.

Furthermore, the Supervisory Board is grateful for the continuous cooperation and support of the members of the bank and its clients. Special gratitude is extended to the members of the GMC for their support, challenge, dialogues and commitment during the year.

Members of the Managing and Supervisory Board

Members of the Managing Board

- Stefaan Decraene, *Chair*
- Bas Brouwers, *Chief Financial Officer (CFO)*
- Vincent Maagdenberg, Chief Risk Officer (CRO)
- Els Kamphof, Director *Wholesale and Rural*
- Kirsten Konst, Director Domestic *Retail Banking - Business Clients*
- Mariëlle Lichtenberg, *Director Domestic Retail Banking - Private Clients*
- Phillipe Vollot, *Chief Financial Economic Crime Officer (CFECO)*
- Janine Vos, *Chief Human Resources Officer (CHRO)*
- Alexander Zwart, *Chief Innovation & Technology Officer (CITO)*

From left to right:
Alexander Zwart, Kirsten Konst, Els Kamphof,
Bas Brouwers, Phillipe Vollot, Janine Vos,
Stefaan Decreane, Mariëlle Lichtenberg, Vincent Maagdenberg

Stefaan Decraene (S.L.G.)

(Male, 1964, Belgian nationality)

Appointed to the Managing Board with effect from January 1, 2023. His current appoint term expires on January 1, 2027. Stefaan Decreane is chair of the Managing Board and is also responsible for Audit, Legal, Sustainability & Climate, Corporate Strategy Office, Communication & Corporate affairs and the Corporate Secretary & Cooperative.

Bas Brouwers (B.C.)

(Male, 1972, Dutch nationality)

Appointed to the Managing Board with effect from January 1, 2016. Bas Brouwers is Chief Financial Officer and responsible for Finance and Control, Treasury, Group Tax, Investor Relations and Portfolio Management. His current appointment term expires on September 1, 2027.

Vincent Maagdenberg (V.)

(Male, 1976, Dutch nationality)

Appointed to the Managing Board with effect from April 1, 2023. His current appointment term expires on April 1, 2027. Vincent Maagdenberg is Chief Risk Officer and responsible for Risk Management and Compliance.

Els Kamphof (E.G.)

(Female, 1967, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2023. Els Kamphof is Director Wholesale and Rural, and also responsible for Leasing (DLL), Global F&A Knowledge, and Rabo Partnerships. She is member of the Board of Directors of Rabobank International Holding B.V., and member of Rabobank North American Board. Her current appointment term expires on September 1, 2027.

Kirsten Konst (C.M.)

(Female, 1974, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Her current appointment term will end on April 1, 2024. Kirsten Konst is Director Domestic Retail Banking - Business Clients. Her main areas of focus are Commercial Banking in the Netherlands and the local Rabobanks.

Mariëlle Lichtenberg (M.P.J.)

(Female, 1967, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Her current appointment term will end on April 1, 2024. Mariëlle Lichtenberg is Director Domestic Retail Banking - Private Clients. Her main areas of focus are Retail and Private Banking, Marketing and Rabo Client Services (call center). She is also responsible for the Rabobank Foundation and Vista. Additionally, she is Chair of the Supervisory Board of Bouwfonds Property Development and Chair of the Supervisory Board of Obvion N.V.

Phillipe Vollot (P.G.R.)

(Male, 1967, French Nationality)

Appointed to the Managing Board with effect from October 1, 2022. Philippe Vollot is Chief Financial Enonomic Crime Officer and responsible for counteracting Financial Economic Crime and money laundering, and compliance to the Wwft. His current appointment expires on October 1, 2026.

Janine Vos (B.J.)

(Female 1972, Dutch nationality)

Appointed to the Managing Board with effect from September 1, 2017. Her current appointment term expires on September 1, 2025. Janine Vos is Chief Human Resource Officer, and responsible for the Human Resource policies and practices.

Alexander Zwart (A.G.J.M.)

(Male, 1973, Dutch nationality)

Appointed to the Managing Board with effect from December 1, 2023. Alexander Zwart is Chief Innovation & Technolgy Officer, responsible for Technology, Innovation, Digital Transformation, Data & Analytics, and Rabo Frontier Ventures. His current appointment expires on December 1, 2027.

Relevant additional positions of the Managing Board members (December 31, 2023)

Stefaan Decraene	• Member Supervisory Board Ardo, Belgium
Bas Brouwers	• Vice Chair of the Board of 'Nederlandse Vereniging van Banken'
Vincent Maagdenberg	• Member European Association of Cooperative Banks
Kirsten Konst	• Daily and General Board member VNO-NCW • Supervisory Board member IDH: The Sustainable Trade Initiative • Member of the Economic Board Utrecht
Els Kamphof	• Member of the Board of Directors American Chamber of Commerce - NL
Philippe Vollot	• Foreign Trade Advisor French Ambassy in the Netherlands • Non-executive director Wildlife Justice Commission
Janine Vos	• Supervisory Board member 'KLM N.V.' • Advisory Board member 'Topvrouwen.nl' • Advisory Board member Social Capital • Member Supervisory Board Olympia
Alexander Zwart	• Member Supervisory Board "HEF Wonen"

Members of the Supervisory Board[1,2]

- Marjan Trompetter, *chair*
- Johan van Hall, *vice chair*
- Matthew Elderfield
- Petri Hofsté
- Arian Kamp
- Gail Klintworth
- Mark Pensaert
- Pascal Visée

From left to right:
Johan van Hall, Arian Kamp, Marjan Trompetter, Pascal Visée, Gail Klintworth, Petri Hofsté, Mark Pensaert, Matthew Elderfield

1 The members of the Supervisory Board committees are listed in the Report of the Supervisory Board.

2 Information about the profession, the main position, and the additional positions of Supervisory Board members can be found on https://www.rabobank.com/en/about-rabobank/profile/organisation/board/supervisory-board.html

Marjan Trompetter (M.)

(Female, 1963, Dutch nationality)

Appointed to the Supervisory Board with effect from 2015 and current appointment term expires in 2025.

Johan van Hall (J.)

(Male 1960, Dutch nationality)

Appointed to the Supervisory Board with effect from 2021 and current appointment term expires in 2025.

Matthew Elderfield (M.)

(Male, 1966, British nationality)

Appointed to the Supervisory Board with effect from 2023 and current appointment term expires in 2027.

Petri Hofsté (P.H.M.)

(Female, 1961, Dutch nationality)

Appointed to the Supervisory Board with effect from 2016 and current appointment term expires in 2024.

Arian Kamp (A.A.J.M)

(Male, 1963, Dutch nationality)

Appointed to the Supervisory Board with effect from 2014 and current appointment term expires in 2024.

Gail Klintworth (G.A.)

(Female, 1963, Britsh and South-African nationality)

Appointed to the Supervisory Board with effect from 2023 and current appointment term expires in 2027.

Pascal Visée (P.H.J.M.)

(Male, 1961, Dutch nationality)

Appointed to the Supervisory Board with effect from 2016 and current appointment term expires in 2024.

Mark Pensaert (M.R.C.)

(Male, 1964, Belgian nationality)

Appointed to the Supervisory Board with effect from 2020 and current appointment term expires in 2024.

Relevant additional positions of the Supervisory Board members (December 31, 2023)

Marjan Trompetter (M.)	• Board member Foundation "Berenschot Beheer" • Board member Katalys	• Owner Corona Consultancy
Johan van Hall (J.)	• Senior advisor at Boston Consulting Group • Advisory Board member foundation Art & Heritage, ABN Amro Bank	
Matthew Elderfield (M.)	• Chair and independent non-executive Director of Fnality UK • Non-executive Director British Business Bank	• Advisor EML Payments, Australia
Petri Hofsté (P.H.M.)	• Supervisory Board member Achmea B.V. and several subsidiaries • Supervisory Board member Pon Holding B.V. • Chair of the Nyenrode Foundation • Supervisory Board member Royal FrieslandCampina	• Chair of the Board of 'Vereniging Hendrick de Keyser' • Advisory Board member 'SER Topvrouwen.nl' • Board Member Impact Economy Foundation • Chair Stichting Capital Amsterdam
Arian Kamp (A.A.J.M.)	• Owner Partnership A.A.J.M. Kamp en W.D. Kamp-Davelaar (Dairy Farm) • Chair Supervisory Board 'Koninklijke Coöperatie Agrifirm U.A.'	• Chair Foundation 'Beheer Flynth'
Gail Klintworth (G.A.)	• Chair and co-founder Savo Project Developers, UK • Chair Board of GlobeScan, Canada • Chair of Trustees Board Integrity Action, UK • Chair of Trustees Board Shell Foundation, UK • Independent Non-Executive Director Tiger Brands, South Africa	• Advisory Board member MAS Holdings, Sri Lanka • Advisory Board member Radix Centre for Business, Politics and Society, UK • Advisory Group Member SIG, Switzerland • Senior Advisor Natural Solutions of SystemIQ, Global • Senior Advisor Third Way Capital, USA
Mark Pensaert (M.R.C)	• Non-Executive Board Member at AgfaGevaert N.V. • Senior Advisor to the Board of Tikehau Investment Management SA	
Pascal Visée (P.H.J.M.)	• Supervisory Board member Royal FloraHolland U.A. • Non-executive Board Member Ketel One Woldwide B.V.	• Member monitoring committee 'Code Pensioenfondsen' • Advisory Board member foundation 'Het Limburgs Landschap'

Appendices

Contents

Appendix 1: About this Report

We have prepared the 2023 Rabobank Annual Report in accordance with the legal requirements of section 2:391 of the Dutch civil code, with the Dutch legal guidelines for management board reports, RJ 400 and with the International <IR> Framework of the IFRS Foundation (the <IR> Framework).

Due to its strategic ambition to also focus on long-term value creation, the organization decided in 2021 to shift from the Sustainable reporting standards of the Global Reporting Initiative to the <IR> Framework as the basis for reporting on value creation in its annual report. As such, Rabobank Group aims to report on how it creates, preserves or erodes value for itself and for its direct and indirect stakeholders that are affected by Rabobank Group's business activities.

We have derived most financial information in the report from the financial statements, which have been prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, we have followed specific guidelines for certain performance indicators such as the Greenhouse Gas protocol for CO2 emissions. We have explained all specific guidelines we used in Appendix 2.

Rabobank Group intends to not only give capital providers and its stakeholders a view of Rabobank Group's long-term value creation but also to make integrated thinking about value creation more mainstream within its organization.

Scope and Boundaries

The 2023 Rabobank Annual Report relates to the reporting period of January 1, 2023 to December 31, 2023 and is published on our corporate website on March 7, 2024. The information we set forth in this report relates to Rabobank Group as a whole; it presents consolidated data for all our entities and divisions unless it is explicitly mentioned in the text that the reporting scope is limited. In addition to the financial control, the boundary of the annual report is determined by the nature and proximity of risks, opportunities and outcomes that affect the organization's ability to create value for Rabobank's direct and indirect stakeholders.

The Annual Report includes the data of newly acquired businesses as of the year following acquisition. The report does not include units divested during the reporting period. The 2023 Rabobank Annual Report aims to provide a complete, concise, and accurate view of our performance.

Stakeholders

Rabobank's long-term value is created through relationship with the its stakeholders. An understanding of the perspectives of key stakeholders is critical to identifying relevant matters. We recognize direct and indirect stakeholders.

We consider our clients, members, investors, and employees our direct stakeholders; society (NGOs, public service bodies, communities, and governing and supervisory bodies) we consider an indirect stakeholder. We explain our approach to stakeholder engagement on page 22.

Materiality

We aim to report on how we create, preserve, or erode value for ourselves and for stakeholders that are affected by our activities over the short, medium and long term. To keep our activities aligned with social, economic, and ecological challenges, as well as with the expectations of our stakeholders, we look at how these challenges affect our performance, our position, and our development ('outside-in') and how we impact people and the environment ('inside-out').

We performed the materiality assessment in four steps:

1. Identify relevant matters based on Rabobank's value chain
2. Evaluate the importance of matters based on impact and financial materiality
3. Set thresholds to determine which matters are considered material for what part of the value chain
4. Determine information to disclose on material matters including validation by Managing Board

Step 1: Identify relevant matters based on Rabobank's value chain

The basis for identifying relevant matters is an initial list. Additional relevant matters were added based on peer analysis, GRI topics, Rabobank's risk inventory, topics raised in stakeholder dialogues and prior year's material matters. This resulted in a long list of matters.

Next to identifying these matters, Rabobank drafted a value chain analysis, which encompasses the activities, resources and relationships the undertaking uses and relies on to create its products or services. The value chain analysis is done on segment level, which allows to identify where matters are deemed likely to arise, based on the nature of the activities, business relationships, geographies or other risk factors concerned. This led to the identification of affected stakeholders and linking matters to their position in the value chain.

Next, the long list is consolidated, overlapping matters were combined and a total of 32 matters remained to be assessed in step 2.

Step 2: Evaluate the importance of matters based on impact and financial materiality

To evaluate the importance of matters to Rabobank, Rabobank assessed them on impact and financial materiality. For financial materiality criteria and thresholds are aligned with Rabobank's existing risk frameworks.

The matters are scored by several experts and broader validation groups within Rabobank. Relevant analyses done by Rabobank are used as a substantiation of the assessment. The Climate-related risk assessment provides insights into the financial materiality of environmental risks. As part of Rabobank's commitment to Principles for Responsible Banking, we perform an analysis of which matters are material to Rabobank's lending portfolio based on location and sector. The finalized scores are summarized in matrices of scores.

Step 3: Set thresholds to determine which matters are considered material for what part of the value chain

We set thresholds on the matrices and determined hence which matters are material. Based on the substantiation of the scoring, it is added for which part of the value chain that matter is material: for the upstream value chain (e.g. procurement), own operations and/or downstream (clients). This resulted in 10 material themes, in order to be able to communicate clearly in the management report.

Step 4: Determine information to disclose on material matters including validation by Managing Board

During the final stage of the materiality analysis, the Managing Board discussed and approved the material matters and the grouping to material themes.

Material Themes for Value Creation

Theme 2023	Underlying material matters	Definition	Quantitative indicators	Qualitative indicator	Strategic Pillar(s)	Theme 2022	SDGs
Climate change adaptation and mitigation	• Climate change adaptation • Climate change mitigation	Climate change mitigation means the process of reducing GHG emissions in order to limit the effects of climate change. This includes the transition risks that arise from the transition to a low-carbon and climate-resilient economy. Climate change adaptation means the process of adjustment to physical climate change effects. This includes acute effects such as storms and floods and the chronic effects such as rise in average temperature.	• Reduce CO2 emissions of Rabobank: +13% • A-label mortgages: EUR 26.9 billion • Total sustainable finance: EUR 34.2 billion • Financed Emissions (Scope 3): 48.8 MTon CO2e • Sustainable funding: EUR 9.1 billion • Sustainable assets under management: EUR 37.0 billion		• Meaningful Cooperative • Excellent Customer Focus	Climate change Energy transition	2, 7, 8, 13, 17
Pollution of air, water, soil and living organisms	• Pollution of air, water, soil and living organisms • Substances of (very high) concern	Prevention, control and reduction of emissions into air, water, soil and living organisms which may be harmful to human health and/or the environment. This includes pollutants such as pesticides, nitrogen and phosphorus compounds, etc.		• Client Transition Conversations • Biodiversity Monitor	• Meaningful Cooperative	Pollution	2, 12, 13, 15
Water	• Water	Within this theme, water withdrawal, water consumption and discharge are included. Water withdrawal includes all the water drawn into the organisation's boundaries, where part of that water is discharged and part of it is consumed by the organisation. Water is used by agriculture, industry, energy production and households.		• Open Soil Index • Nature Dependency Analysis	• Meaningful Cooperative	Water management	2,13, 14
Impact and dependencies on ecosystem services	• Impact and dependencies on ecosystem services • Direct exploitation • Resource availability, inflow & outflow	Ecosystems are dynamic communities of plants, animals, micro-organisms and their environment. Ecosystems provide benefits to human (economic) activities, which we are dependent upon. Human activities impact biodiversity and related ecosystems, including for example direct exploitation.		• Open Soil Index • Nature Dependency Analysis	• Meaningful Cooperative	Biodiversity & ecosystems Resource use and circular economy	2, 12, 13, 15, 17

Land degradation / Land-use change	• Land degradation / Land-use change	Land degradation refers to the many processes that drive the decline or loss in biodiversity, ecosystem functions or their benefits to people and includes the degradation of all terrestrial ecosystems. Land-use change refers to a change in the use or management of land by humans ,which may lead to a change in land cover.		• Nature Dependency Analysis	• Meaningful Cooperative	Biodiversity & ecosystems	2, 13, 15, 17
Diversity & inclusion of employees	• Working conditions of employees • Diversity & inclusion of employees • Training and skills development of employees	Refers to a workforce that is representative and inclusive. This includes promoting gender equality and equal pay, increasing the presence of women in the workforce and top management, reducing the wage gap, the employment and inclusion of persons with disabilities, as well as increasing the representation of underrepresented groups in the workforce and top management to foster a diverse and inclusive organizational culture. This theme also represents a broader consideration of working conditions, trainings and skills development of Rabobank employees.	• Diversity % women (MB, SB): 44%, 38% • Diversity % females employed: 50% • Diversity % females in first level below MB: 40% • Employee Engagement Score: 87.8 • Absenteeism in the Netherlands: 4.3% • Gender pay gap: 1.2% • Number of Employees: 49,132		• Empowered employees	Diversity, equity and inclusion	8
Labor rights of workers in the value chain	• Labor rights of workers in the value chain	Ensuring that labor and human rights of workers in the value chain are ensured. Labor rights are rights related to relations between workers and their employers, including adequate wages, social dialogue and freedom of association. Workers in the value chain are individuals performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with that undertaking. Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status.		• Client Photo	• Meaningful Cooperative	Human rights	2,8
Community rights	• Communities' rights • Food security • Adequate housing	Rights of communities that Rabobank affects through its business activities. For Rabobank, specifically adequate housing and food security are relevant. We define adequate housing as fostering the access to sustainable and affordable housing for society at large and potential vulnerable stakeholders within it. In order to feed the world's population in a sustainable way, food security is the challenge to increase food availability, reduce waste, improve access to food, promote healthy food and increase stability of the food system.		• BPD Woningfonds • Rabo SmartBuilds • Cooperative Initiatives	• Meaningful Cooperative	Human rights Food security Sustainable housing	2, 7, 8, 11
Customer needs and satisfaction	• Information and safety related impacts for consumers and/or end-users • Customer needs and satisfaction • Corruption and bribery	Satisfying the needs of our customers by offering them satisfactory products and services as well as living up to our duty of care.	• Member Engagement Score: 44% • Number of member: 2.3 million • Number of clients: 9.1 million • Number of local banks: 78 • Availability of iDEAL: 99.7% • Availability of internet banking: 99.6% • Availability of mobile banking: 99.6% • Online active private customers in the Netherlands: 69.8% • Online active corporate customers in the Netherlands: 83.8% • Reptrak Recommendation: 33% • Reptrak Pulse score: 69.2% • Number of countries Active excl Netherlands: 36		• Excellent Customer Focus	Customer satisfaction Digitalization & innovation	2, 8
Social inclusion of consumers	• Social inclusion of consumers	Refers to the process and actions taken to ensure that all individuals, regardless of their background or characteristics, have equal opportunities and access to products, services, and information. It involves promoting non-discrimination, eliminating barriers that hinder access, and implementing responsible marketing practices that prioritize transparency, fairness, and the well-being of consumers.	• Community funds and donations: EUR 40.1 million • RepTrak Social Influence: 66.9%		• Excellent Customer Focus		2, 8

Data Collection of Non-Financial Information

The collection of non-financial information is coordinated centrally within Rabobank Group. The Sustainability department shares responsibility with Finance & Control for collecting sustainability data. Other non-financial information of Rabobank Group divisions and local Rabobanks is obtained by our automated central management information system. Data that is not recorded in the central system is collected through qualitative and quantitative questionnaires (which are based on internal business principles, policies and external guidelines approved by Rabobank Group) or received from external parties. The coordinator of the respective Group division/ local Rabobank is responsible for collecting and reporting the non-financial information. Finance & Control and the Sustainability department perform plausibility checks after submission and ensure that appropriate actions are taken to optimize the data quality. For more information on the methodologies and definitions used for indicators included in this report, please see the download on our website.

Preparation of the Annual Report

The production process of our Annual Report is as follows: the Managing Board installs an Annual Report Steering Group, which appoints an Annual Report Working Group. The following disciplines are represented in the Working Group: Managing Board Secretariat, Finance & Control, HR, Legal, Investor Relations & Rating Agencies, Group Sustainability, Integrated Risk Management, and Communications and Corporate Affairs. The Annual Report Steering Group, which represent the disciplines Finance & Control, Sustainability and Communication and Corporate Affairs, agrees on the different tasks, roles, and responsibilities relating to the production of the Annual Report and Interim Report. Before any work commences on gathering information and drafting the Annual Report, the chair of the Annual Report Steering Group and the Managing Board decided on the report's structure and key messages. The Working Group transforms these guidelines into drafts, which are subsequently reviewed by a committee of members from the Working Group, the Steering Group, and other key employees. The draft texts of the Annual and Interim reports are discussed twice in the respective meetings of the Managing Board, the Supervisory Board, and its Audit Committee.

Reporting in Accordance with the <IR> Framework

This Annual Report is prepared in accordance with the <IR> framework. The tables show how our report complies with the main principles of the report, being the guiding principles and content elements.

Guiding principles <IR> Framework

Guiding principles	Our approach	Reference
Strategic focus & future orientation	The report provides insight into how Rabobank creates, preserves and erodes value for the bank itself and other stakeholders by highlighting strategy, risks and opportunities. In addition, the report contains Chairman's message and outlook that include governance reflections on the past experiences, present performance and future strategic directions. Further, the value creation model explains how capitals are used and their contribution to Rabobank's strategic objectives and long-term impact (UN SDGs)	• Foreword: p.5-6 • Trends, Developments and Outlook: • Value Creation: p.21-24
Connectivity of information	The performance section is structured around pillars reflected in the value creation model. This provides a holistic picture of the combination, interrelatedness and dependencies between the factors (content elements, past, present and the future, quantitative and qualitative information, financial and non-financial information) that affect the organization's ability to create, preserve or erode value over time.	• Materiality Analysis: p.20 • Value Creation: p.21-24 • Better World: p.25-38 • Better Bank: p39-46 • Appendix 1: p130-134
Stakeholder relationships	The report shows main stakeholder groups, the nature of the relationship, the role of the stakeholder dialogue in the value creation process, Rabobank's performance and risk management.	• About us: p11-12 • Value Creation: p.21-24 • Better World: p. 25-38 • Better Bank: p.39-46 • Risk Management: p56-70 • Appendix 1: p.130-134
Materiality	The report discloses information about materiality including the materiality assessment process, a list of the value creation topics, and how these topics are integrated in Rabobank's strategy	• Materialitiy Analysis: p.20 • Better World: p25-38 • Better Bank: p39-46 • Appendix 1: p.130-134
Conciseness	Rabobank explains the scope and the boundaries of the report. The document is clearly structured, linked to the results of the materiality assessment and limits repetition by providing internal or external references.	• Table of contents: p7 • Appendix 1: p130-134
Reliability & completeness	The report describes the processes that have been set up to ensure the quality of the information, provides a year-to-year overview of key figures and progress against set targets. Further, dilemmas, internal challenges and highlights of both positive as negative outcomes are included in the report to balance positive and negative aspects of the material matters.	• Key Figures: p.9 • Trends, Developments and Outlook: p.17-19 • Better World: p.25-38 • Better Bank: p.39-46 • Appendix 1: p.130-134
Consistency and comparability	The structure of the Annual Report is followed from year to year, the changes are addressed. Moreover, Rabobank discloses quantitative indicators on year to year basis, where possible with an overview of five years. The information is aligned with the industry practices (benchmark data).	• Key Figures: p.9 • Appendix 1: p.130-134

Content Elements <IR> Framework

Content elements	Our approach	Reference
Organizational overview& external environment	Rabobank reports on organizational overview and external environment by disclosing the information about mission and vision, culture and values of the company, its organizational structure, position in the market, as well as factors and trends affecting the external environment and Rabobank's response.	• About us: p.11-12 • Trends, Developments and Outlook: p.17-19 • Corporate Governance: p.101-103
Governance	The report contains a governance chapter, which describes how Rabobank's governance structure supports creating value in the short, medium and long term. It links the remuneration policy and strategic priorities with the input capitals and discloses management views and steers the relevant capitals.	• About us: p.11-12 • Group Strategy: p.13-16 • Better World: p.25-38 • Better Bank: p.39-46 • Corporate Governance: p.101-103 • Remuneration: p.105-112
Business model	The business model of Rabobank includes inputs, business activities, outputs, outcomes. The report provides a partial explanation how the organization creates, preserves and erodes the value in short, medium and long term. It includes a description of stakeholders, external trends affecting the business model, link to the material topics and the UN Sustainable Development Goals.	• Value Creation: p.21-23
Risks and Opportunities	Rabobank describes material risks and opportunities that affect the organization and how Rabobank responds to them. A clear distinction to risks and opportunities on the short, medium and long term cannot be completely made yet and due to data availabilty and complexity a disclosure on the likelihood and impact of risks is not fully included.	• Trends, Developments and Outlook: p.17-19 • Better World: p.25-p38 • Better Bank: p.39-46 • Risk Management: p.56-70
Strategy and resource allocation	The report describes objectives and how those objectives are measured; the description of the strategy is drawn from the stakeholder engagement or from the assessment of external trends and identified risks and opportunities; the value creation model explains how capitals are used and impacted. The report does not provide full disclosure and description of the targets in medium and long term.	• Group Strategy: p.13-16 • Value Creation: p.21-23 • Better World: p.25-38 • Better Bank: p.39-46 • Risk Management: p.56-70 • Appendix 1: p.130-134
Performance	Rabobank's performance on the set objectives and what are the outcomes on all capital forms are presented in the report.	• Key Figures: p.9 • Better World: p.25-38 • Better Bank: p.39-46 • Appendix 1: p.130-134
Outlook	The report includes an outlook for the future both the financial environment/performance and the non-financial environment/ performance.	• Trends, Developments and Outlook: p.17-19
Basis of preparation and presentation	The basis of the preparation and presentation is included in the report. This entails a summary of the process to determine materiality, a description of the reporting boundary and how it was determined and an <IR> Framework reference table.	• Appendix 1: p.130-134

Assurance

We believe that the reliability of the information included in this report is crucial for us and for our stakeholders. Our external auditor PwC has performed a limited assurance engagement on the non-financial information in this report. For more information on the assurance engagement including the scope thereof, we refer to the Independent Auditor's Report.

Appendix 2: Methodology & Definitions of Non-Financial Figures 2023

The table below shows a number of Non-Financial Figures. Progress on these figures is measured with information obtained from both inside and outside the organization. A number of figures have an absolute target. Others, especially the outcomes of client and employee surveys, are relative targets. The figures include Rabobank data excluding DLL, BPD and Obvion unless mentioned otherwise.

RepTrak	***RepTrak measures several scores including:*** • ***The overall reputation across seven key dimensions, based on customers' perception of esteem, admiration, trust, and overall feeling.*** • ***The Positive Influence on Society Score*** • ***The Recommendation Score***
Methodology/ Terminology	We measure and report reputation by using the RepTrak monitor, which is a tool from the Reputation Institute. In the reporting period Rabobank participated in the RepTrak Reputation study. This study tracked 23 reputation attributes assigned to seven reputation dimensions that the Reputation Institute has found to be the most effective in getting stakeholders to support a company. Our reputation is measured quarterly through an online survey taken among a representative sample of the general public in the Netherlands. The reported score entails the 12 month rolling average as of the reporting date. RepTrak is the gold standard for reputation measurement. RepTrak's rankings are based on each company's Pulse i.e., the emotional connection consumers have to a brand. Additionally, in Appendix 1 are the RepTrak Positive Influence on Society Score and the RepTrak Recommendation Score included. The Positive Influence on Society is determined in the same way as the RepTrak Pulse Score. The RepTrak Recommendation Score is measured for General Public. The score is based on the statement: I would recommend the products/services of Rabobank. The results are based on a Likert scale from 1 to 7 with a "Not Sure" option and the results are based on the % of people that scored the statement with a 6 of 7 in the Likert scale.

% Online Active	***Percentage of customers that logged into the Rabobank Banking App or online banking at least once in the last three months***
Methodology/ Terminology	The unit of measurement comprises all individual customers and for Commercial banking all commercial groups that have logged into the Rabobank Banking App or online banking at least once in the last three months. Customers logging into the Rabobank Banking App using TIN code, Touch ID and Face ID are included.

Member Engagement Score	***The percentage of members classified as proactive, active and informed in relation to the total number of members surveyed***
Methodology/ Terminology	Members answer an online survey and are allocated to five categories according to their answers: 1. Proactive members: Members who take part in (or have taken part in) a member council or market team. 2. Active members: Members who occasionally attend a substantive member event or have at some time alerted us to a problem relating to livability in the community 3. Informed members: Members who have a good/reasonable idea of our mission and are aware of the opportunities to undertake activities with our support on social themes in their community. 4. Aware members: Members who are aware of their membership 5. Non-aware members: Members who are not aware of their membership. A specialized external data survey agency has been commissioned to work together in developing the score. The outcome of the survey is weighted in such way that every local Rabobank contributes to the total in a representative way, based on the number of members of the local Rabobank in relation to the total number of members.

Employee Engagement Score	***Our Managing Board requires management information on how the organization is developing and how employees are feeling and realizing their goals. Monitoring work perception on a regular basis allows us to effectively manage and make adjustments in a timely manner. We have developed the Engagement Score for this purpose en can be used for external benchmarking***
Methodology/ Terminology	We measure and report employee engagement through the Engagement Score. HR has commissioned a specialized external data survey agency to collaborate on developing the scan. The survey consists of 23 questions/statements, supplemented by three optional closed-ended questions provided by employees themselves. The way in which employees respond to these questions describes the extent to which they feel engaged in their work at that particular point in time. We based the score given in this report on a few questions of the 23 questions to make it possible to benchmark results.

Gender Diversity	***Diversity is a vital and integral part of our strategic objectives. To enhance career opportunities for women, we offer several internal and external activities. These include sponsorship of talented women by senior executives, cross-mentoring and coaching programs. Our Diversity Board meets each quarter to monitor policy compliance and progress on our targets.***
Methodology/ Terminology	We report and measure the number of males and females based upon the headcount as reported from our human resource information management system at the reporting date. With "Gender diversity" we refer to the percentage of women that is present in the Managing Board, in the first level below the Managing Board, that has a Managing Board Member as a manager or is a manager (excluding Business Managers), and the percentage of women employed across the organization in the Netherlands (including Obvion) for internal employees only.

Sustainable Financing	***Sustainable Financing as determined by Rabobank includes Mortgages, Green Loans and Project Finance. The categories and the impact of the changes by the changed scope in 2022 are defined further below.***
Methodology/ Terminology	We consider our financial products and services to be the tools with which we can help our clients shift to more sustainable practices and business models. As such, we annually report on products we considers as sustainable finance and our definition of their sustainable nature. In recent times, the concept of sustainable finance has evolved rapidly, for instance due to the EU taxonomy regulation. Rabobank wants to follow these developments and hold itself to a high standard when it comes to labelling products as sustainable finance. This is why we have developed a new framework for sustainable finance in 2022. This exercise has resulted in a stricter definition for our key figure ‘sustainable finance’, where we have made steps to bring our sustainable finance closer to the EU Taxonomy. This resulted in excluding several components as: mortgages with preliminary energy labels and our financing to sustainable frontrunners in the Netherlands. While these positions can still be considered as contributing to the transition to a sustainable economy, we no longer report them as sustainable finance within the Key Figures and the Infographics as of year end 2022. We also adapted our previous year figures (2021 and 2020), and in the interim report 2023 the half year figures, to be transparant on the movement during the last years regarding to the new definition. This means that the sustainable finance figures for 2022(HY) / 2021(HY) and 2020 are built up by the following categories: • *Mortgages:* As of 2022 only the final energy label A, based on the definition of Calcasa, are included. In this figure are also the label A morgages included which are sold to investores, this because Rabobank is still responsible for stimulating the clients to improve their properties (YE 2023: EUR 482million). Changes relevant to Mortgages: - Including the Obvion Morgages as of 2021. - Excluding the prelimenary Label A figures as of 2022. - Only including A++++ labels for buildings built after 2020 instead of all A labels. • *Green loans:* Green loans are loans that meet the “green” criteria of the RVO (Netherlands Enterprise Agency). On a project basis (loan basis) Rabo Groenbank submits the project documentation and the RVO subsequently determines whether a project meets the criteria. If this is the case, the RVO issues a green certificate (with a duration of usually 10 years) and the loan qualifies as a “green” loan for the duration of the certificate. As of June 2021: Green Mortgages are mortgages for new built homes that meet the “green” criteria of the RVO. On a project basis RGB submits the project documentation and the RVO subsequently determines whether a project meets the criteria. If this is the case, the RVO issues a green certificate (with a duration of 10 years) and the mortgage qualifies as a “green” mortgage for this period. • *Project finance*: Sustainable project finance relates to all renewable energy projects financed in the domain of wind, solar, hydropower and geothermal energy. Projects related to energy transmission and battery storage are included as of 2023. Not included in the 2022 (and further) figures are: • *Corporate Loans* NL: Financing for companies that have a sustainable client photo label A. • *DLL Clean Tech* • *Corporate Loans Wholesale*

*Sustainable Finance**	*YE2023*	*YE2022*	*YE2021*	*YE2021 Adjusted*
Project Finance	4,559	3,921	3,200	3,200
Green Loans	2,766	2,656	2,454	2,454
Sustainable Morgages Rabobank / Obvion	26,902	24,841	43,515	24,738
Corporate Loans NL		0	13,545	0
DLL Clean Tech Financing		0	403	0
Total	**34,227**	**31,418**	**63,117**	**30,392**

* The individual categories of Sustainable Finance are related to the following financial statement categories *in 2023*

Categorie	*Top level*	*Detailed level*
Project Finance	Loans and advances to customers	Corporate Loans
Green Loans	Loans and advances to customers	Corporate Loans / Mortgages
Sustainable Mortgages Rabobank	Loans and advances to customers	Mortgages
Sustainable Mortgages Obvion	Loans and advances to customers	Mortages

Sustainable Funding	***Sustainable Funding includes Rabobank Green, Social and Sustainability Bonds and Deposits, Obvion Green, Social and Sustainaility Bonds, Rabo Green Savings (Rabo Groen Bank B.V.), Rabo Green Deposits(Rabo Groen Bank B.V.).***
Methodology/ Terminology	Sustainable funding includes funding products with a sustainability earmark and consists of : • *Rabobank Green, Social and Sustainability Bonds and Deposits*: Green, Social or Sustainability bonds that are issued, ringfenced and of which the framework is issued under the Green Bond Principles and associated guiding principles and Deposits that are solely allocated to sustainable financing • *Obvion Green, Social and Sustainability Bonds:* Obvion Green, Social or Sustainability bonds that are issued, ringfenced and of which the framework is issued under the GBP and associated guiding principles. • *Rabo Green Savings (Rabo Groen Bank B.V.)*: Savings that are used to finance (in the form of loans) projects that have a “sustainability label” issued by the RVO. • *Rabo Green Deposits (Rabo Groen Bank B.V.)*:Deposits that are used to finance (in the form of loans) projects that have a “sustainability label” issued by the RVO.

Sustainable Funding	*YE2023*	*YE2022*	*YE2021*
Rabobank Green, Social and Sustainability Bonds and Deposits	3,806	2,680	2,809
Obvion Green, Social and Sustainability Bonds	2,100	2,150	2,425
Rabo Green Savings	3,199	2,635	2,436
Rabo Green Deposits	0	0	29
Total	9,105	7,465	7,699

* The individual categories of Sustainable Funding are related to the following financial statement categories *in 2023*

Categorie	*Top level*	*Detailed level*
Rabobank Green, Social and Sustainability Bonds and Deposits	Debt securities in issue	Issued bonds
Obvion Green, Social and Sustainability Bonds	Debt securities in issue	Issed bonds
Rabo Green Savings	Deposits from customers	Deposits redeemable at notice

Sustainable Assets under Management and assets held in custody	***Relates to assets that meet our sustainability investment criteria and are classified by Morningstar as article 8 or article 9 SFDR products.***
Methodology/ Terminology	Due to the implementation of the SFDR definitions for sustainable investments, Rabobank has made the transition to relate the definition of sustainable assets to this regulation. As such, sustainable Assets under management now consist of holdings in funds that are article 8 (‘environmental and socially promoting’) or article 9 (products targeting sustainable investments) SFDR products. This information is based on SFDR information asset managers have shared with Morningstar. As products are still shifting between the classes of the SFDR, this may cause volatility in the reported sustainable AuM figure.

Financed Emissions	***The estimated absolute carbon footprint of our clients, attributed to Rabobank in megatonnes. This concerns scope 3 category 15 emissions.***
Methodology/ Terminology	We perform our estimations of financed emissions according to PCAF methodology. For further explanation on our methodology for the different portfolios in scope, we refer to appendix 3 of this report.

Availability of Mobile / Internet Banking	***We measure the availability of the Internet and Mobile banking services by dividing the net availability during prime-time by the total minutes in prime-time for the reporting period.***
Methodology/ Terminology	By availability we mean that users are able to log on during primetime (daily between 06.30h and 01.00h), they can access information on their balance and on their payment transactions, and that they are able to make payments. We used IT incident reports to measure the system availability of the internet and mobile banking services. We measure availability on all relevant incidents based on the actual number of minutes registered in the monitoring systems. The system availability statistics include all incidents involving a downtime of >3 minutes during prime-time. We determine if the service was fully (100%) or partially (50%) unavailable. This results in the net-unavailability of an incident expressed in minutes. The availability is reported as an average percentage for the whole year.

Availability of iDEAL	***We measure the availability of the IDEAL services by dividing the net availability during prime-time by the total minutes in prime-time for the reporting period.***
Methodology/ Terminology	Brand owner Currence has set specific availability standards for iDEAL. DNB has included these standards in the agreements it makes with banks on the availability of iDEAL. These agreements distinguish between primetime availability (06:30h-01:00h) and non-primetime availability (01:00h - 06:30h). The primetime availability standard is 99.88%, the non-primetime availability standard is 98.50%. The latter standard is lower since this period is regarded as a maintenance window. Banks are allowed to conduct necessary maintenance during non-primetime in order to safeguard service to customers and in order to comply with changing regulations. We used IT incident reports to measure system availability of the iDEAL services. We have included all availability incidents where Rabobank is the issuing bank lasting >1 minutes in the availability statistics. In measuring the unavailability we used the standard formulas set by the DNB, the availability is reported as an average percentage for the whole year.

Absenteeism	***Absenteeism is measured in a 12-month rolling period.***
Methodology/ Terminology	Absenteeism is measured based on the number of calendar days employees called in sick during a 12-month rolling period, divided by the total number of calendar days employees are employed during that same period taking into account a part-time or full-time employment contract and partial sickness. This concerns all persons who are actively employed in the Netherlands.

CO_2 reduction	***By increasing energy efficiency and by reducing and making mobility and other services more sustainable.***
Methodology/ Terminology	The climate footprint is calculated according to the most recent directives of the Greenhouse Gas Protocol (GHG) and the associated CO_2 conversion factors, originating from, amongst others, DEFRA and the IEA. The operating information for the climate footprint report is based on the period from October 1 to September 30. When we say we want to increase energy efficiency, we mean that we are committed to reduce our energy consumption as much as possible, for example by facilitating teleworking in order to reduce employee travel time. Moreover, we are as sustainable as possible in our purchasing policies: we attempt to use renewable raw materials and work with contracts based on circular economic principles wherever we can. The data regarding our internal business operations is mostly based on our automated central management information system and on invoices from our providers. In preparing the footprint, we made estimations, assumptions and extrapolations whenever data was unavailable or incomplete. Although we made these estimates and assumptions, based on the most careful assessment of current circumstances, activities, and available consumption data, the actual results may deviate from these estimates. The following occurences should be mentiod regarding the figures: - For the cooling emission we based our calculation on data from previous years which causes an uncertainty in the calculation for 2023. Cooling is approximately 4% of the total emissions. - As of 2023 we will use the Egencia data for the flight emissions. Egencia uses the DEFRA conversion factors and also includes the indirect effects. Between 2018-2022 Rabobank didn't include the indirect effects and therefore the comparing figure has been restated. For 2022 this has an impact of +6MT - Regarding the scope of our CO2 emissions are BPD, DLL and Obvion included.

Community funds and donations	***We invest part of our annual profit in social initiatives on a not-for-profit basis throughout the Rabobank Group.***
Methodology/ Terminology	We measure and report this key figure by calculating the financial donations made by Rabobank Group during the reporting period. The main component of the total amount is the amount of donations made by our local Rabobanks to local initiatives. We measure and monitor manpower and knowledge invested in local communities as well, but these are not included in the KPI report. Terminology: Cooperative dividend - based on Rabobank's cooperative identity, investments are made in local community initiatives in the Netherlands.

Gender Pay Gap	***Pay equality is measured as the difference in average compensation for men and women corrected for a number of characteristics***
Methodology/ Terminology	Pay equality is measured based on the adjusted and the unadjusted pay gap. - The non-adjusted pay gap is simply the difference in average hourly pay between men and women. - The adjusted pay gap on the other hand is a like-for-like comparison of hourly pay between employees where we control for various employee characteristics. The scope for the 2023 pay gap analysis is: - All active Rabobank employees worldwide, entities: RGO /WRR / LB / Obvion (excluded DLL, BPD) - Per worker an hourly tariff in Euro's is calculated based on Primary Compensation Basis (Year PR), scheduled weekly hours and average year to date rate as of date 31/12/23. - Where compensation of both groups is corrected for age, months in service, performance and perspective scores, months in salary scale, direct span, indirect span, country, state, domain (MB level), sub-domain (MB-1 level), type of contract (regular vs. fixed-term), salary extension, shift allowance, international assignment, the kind of job someone does (job profile) and salary scale we used a multilevel model (MLM) for the calculation. As of 2023 we changed from a calculation based on the employees in the Netherlands to a Worldwide calculation we also restated the figure of 2022. This has an impact of -/-0.1%

Training expenses	***The training expenses per FTE***
Methodology/ Terminology	The training expenses are based on the financial figures in the trial balance divided by the average FTE for the reporting year.

Number of countries	***The number of countries in which we are located***
Methodology/ Terminology	We define the number of countries as all the countries in which a subsidiary or branch office is established.

Number of local banks	***The number of local banks in the Netherlands***
Methodology/ Terminology	We define the total of local banks as all the local banks in the Netherlands.

Number of regions	***The number of regions in the Netherlands***
Methodology/ Terminology	The local banks in specific regions of the Netherlands are combined for working togehter on, for instance cooperative initiatives. The regions are measured as the number of regions that the local banks are divded in.

Number of clients	***The number of clients in the Netherlands (Local Banks and Obvion)***
Methodology/ Terminology	We define the total of clients as all the clients of the local banks and Obvion. The clients of the local banks are identified by all the natural persons for particular clients and all the commercial groups for business clients. The total of Obvion is based on the total loans of Obvion and pension fund ABP. Therefore it is possible that there are clients recorded twice in the population. That is the case if a person is registered with Rabobank and also has a loan with Obvion.

Number of employees	***The number of employees of Rabobank Group***
Methodology/ Terminology	The number of employees of Rabobank Group is based on the scheduled weekly hours / default weekly hours. The baseline is the last day of the month situation and the following variables are taken into consideration: • Workers with contracts that ended during the month are excluded. • Workers with contract end-date on the last day of the month are included. • The workers on leave and interns/apprentices are included.

Number of members	*The number of members in the Netherlands*
Methodology/ Terminology	We define the total number of members as all the members of the local banks.

Appendix 3: Annex Financed Emissions

In this annex we discuss the methodology used to estimate Rabobank's Scope 3, Categories 15 and 13 (for DLL) financed emissions as shown in the chapter: 'Act on Climate'. Additionally we reflect on the results for the different parts of the portfolio and, where possible, the drivers behind the developments compared to last year's estimates.

There are different ways to estimate and disclose financed emissions. In Rabobank we use the PCAF standard for accounting and disclosing financed emissions. Consequently, we use PCAF's Data Quality Scores (score 1-5) to qualify the level of precision of the estimates we disclose per PCAF asset class. Data quality scores are specific to each asset class. Data with PCAF scores 1/2 , company-level reported emissions data, represent the highest data quality and results in the most accurate emissions estimates. This is followed by physical activity-based emissions (PCAF score 3), and PCAF scores 4/5, given for an economic activity-based emissions approach. We strive to include the best data quality score based on data availability and feasibility.

To determine the financed emissions of our portfolio, we used a combination of internal and external information that is spread over multiple sources and categorized and reported in a variety of formats. In the absence of comprehensive and reliable "bottom up" GHG emissions data, which is unavailable for an estimated 88% of our portfolio at this stage, we use so-called "top-down" proxy indicators in line with PCAF recommendations. In the following paragraphs, we outline the proxies and data sources we used for our calculations.

Data and methodologies continuously change, improve and mature. Improved estimates or revised calculations may result in materially different outcomes. As we improve our calculations and methodologies, we will address changes in outcomes in future reports.

We have calculated the financed emissions for 89% of eligible assets, for the assets where methodologies and data were available. We base our scoping on the consolidated balance sheet of Rabobank, including its subsidiaries. In this report, we use our balance sheet assets of 31 December 2022 to determine the Rabobank's financing portion of the client's emissions. Where methodology requires a usage of data from client financial statements, we use 2022 client related information when available. PCAF requires to disclose Scope 3 emission for specific NACE sectors. Estimated Scope 3 emissions of Wholesale clients operating in those NACE sectors are included in this Appendix.

Rabobank's overall Scope 3 financed emissions are estimated at 48.8 Mt CO2e in 2022. The year-on-year decrease (-2.7Mt CO2e) comes despite a 2% increase in the size of our loan portfolio and is visible in both our Dutch and international financing activities.

Overview of Rabobank's absolute emissions per asset class and business unit

Balance sheet Dec 2022	Outstanding in EUR billion Dec 2022	Outstanding in EUR billion Dec 2021	Outstanding coverage Dec 2022	Outstanding coverage Dec 2021	Financed emissions in Mt CO2e 2022	Financed emissions in Mt CO2e 2021	Economic emission intensity in tCO2e/ EUR mln Dec 2022	Economic emission intensity in tCO2e/ EUR mln Dec 2021	PCAF data quality score 2022	PCAF data quality score 2021[1]
Loans to private individuals	194	193	99%	99%	1.9	2.0	10	11	3.5	3.6
Dutch business clients	81	81	100%	100%	11.9	13.2	145	155	4.7	4.7
Wholesale & Rural	119	109	89%	89%	31.4	32.5	296	336	3.0	3.5
Leasing international	38	35	24%	24%	2.0	1.9	218	229	3.2	3.2
Total lending in Scope	**431**	**417**	**90%**	**91%**	**47.2**	**49.6**	**121**	**130**	**3.6**	**3.7**
Financial & Other assets	14	38	48%	23%	1.6	1.9	241	127	1.5	1.3
Total assets in Scope	**445**	**455**	**89%**	**87%**	**48.8**	**51.5**	**123**	**132**	**3.6**	**3.7**
Assets out of Scope	183	185								
Total assets in Rabobank	**629**	**640**								

1 Total PCAF data quality score restated from 3.4 to 3.7, due to reassessment of score for RRE/CRE, please see below the chapter on Residential Real Estate

Loans to Private Individuals

Residential Real Estate (Including Obvion and Vista)

PCAF score: 3 (51%), 4 (49%), estimated financed emissions: 1.9 Mt CO2e.

Methodology

We calculated our Dutch residential real estate portfolio emissions using the PCAF standard for mortgages. We used the outstanding amounts and (most recently recorded) current property value to determine the attribution of emissions. Energy consumption at the building level was estimated based upon CBS-data (on gas and electricity usage based on building characteristics), BAG data with building characteristics such as floor areas and construction years and Calcasa's data base for Energy labels. Emission factors from CBS were applied to calculate the emissions of the estimated energy usage. This methodology was co-developed with other members within the PCAF NL working group Mortgages. Uncertainties remain concerning district heating emissions as well as challenges in linking the external datasets with our own internal data.

PCAF score was updated as the score 3 was differentiated into score 3 or score 4, as financed emissions calculated based on provisional labels have been classified as PCAF data quality score 4 by the PCAF Mortgages Working group NL

Results

The Financed Emissions decreased by 0.15 Mt CO2e (-7%) with a stable portfolio in terms of outstanding amount. Main drivers of the decrease were lower emissions per m2 caused by an improvement in average energy label, consumer behaviour due to increasing energy prices and a decrease of the loan to value.

Dutch Business Clients

For Dutch Business Clients we estimated the Financed Emissions using the PCAF standard for business loans and unlisted equity. All estimates cover our clients' Scope 1 and 2 emissions. We used sector emissions data of 2021 (last year estimates were based on 2020 data).

Food & Agriculture

PCAF score: 5 (99.7%), 2 (0.3%) carbon calculator, estimated financed emissions (AR5): 9.3 Mt CO2e.

Methodology

To calculate the Dutch F&A portfolio Financed Emissions we used national emissions statistics and mapped them to the sectors that we finance using a RaboResearch-developed approach. We determined an emission factor per Euro of assets based on publicly available data from the Statistics Netherlands (CBS) for agricultural sectors. Emissions source data comes from the National Institute for Public Health and the Environment (RIVM Emissieregistratie), Agrimatie (energy use), and CBS (herd size, and land-use data). Scope 2 emissions were calculated based on (gross) electricity consumption sector statistics provided by CBS, disaggregated to sub-sectors using data from Agrimatie. In line with the GHG protocol, we used the gross electricity consumption, excluding energy production in a sector and sold back to the grid, for instance from solar panels or Combined Heat and Power (CHP) generators.

122 of the Dutch Dairy clients shared primary physical activity data (from Kringloopwijzer) which made it possible to calculate the Financed Emissions via the Dairy Carbon Calculator.

Results

Overall, Financed Emissions decreased by 0.7 Mt CO2e year-on-year. This was primarily driven by declines in the Dairy (0.3 Mt CO2e) and Greenhouse Horticulture (0.4 Mt CO2e) sectors. These changes are mainly related to lower sector emissions: lower livestock numbers and lower production. Furthermore, in high-emitting sub-sectors our lending portfolio represents a decreasing share of our clients' balance sheets, which also results in a decrease in Financed Emissions.

Trade, Industry & Services

PCAF score: 5, estimated financed emissions: 2.3 Mt CO2e.

Methodology

We use economic activity as a proxy for estimating our clients' emissions. We determined an emission factor per Euro of assets based on publicly available data from CBS for non-agricultural sectors. Scope 2 emissions were calculated using (gross) electricity consumption per sector excluding produced electricity sold back to the grid. Please note that the listed figure is likely an overstatement as it includes some double counting due to the fact that the Scope 1 emissions for the electricity, gas, steam and air conditioning supply sector overlap with the Scope 2 emissions for the other sectors in the Dutch economy.

Results

The Financed Emissions decreased by 0.5 Mt CO2e (-17%). This decrease is widely spread over different sectors in the portfolio and is aligned with the decrease in national emission intensity in non-agricultural sectors (-16%). The decrease in intensity in the Netherlands is mainly a result of increase in balance sheet of the national sectors. This is caused by loosening of COVID restrictions while COVID support of the ECB and the government was still in place.

Commercial Real Estate

PCAF score: 3 (62%), 4 (38%), estimated financed emissions: 0.4 Mt CO2e.

Methodology

Our calculations of the Financed Emissions for companies with activities in Dutch Commercial Real Estate sector were performed in line with our calculations done for the mortgage portfolio (estimates of energy consumption from CFP Green Buildings). In case of unmatched data, extrapolations have been made based on average emissions per m2 per building type.

PCAF score updated from score 3 to score 3 or 4, as provisional labels have been classified as PCAF data quality score 4 by the PCAF Mortgages Working group NL.

Results

The Financed Emissions decreased by 0.04 Mt CO2e caused by a lower emission intensity per m2 of 39.7 kg per m2 as a result of improvement of energy labels and increasing energy prices.

Wholesale & Rural

Wholesale Clients

PCAF score (Scope 1&2): 1/2 (59%) / 4 (41%), estimated Financed Emissions: 12.2 Mt CO2e

Methodology

We estimated the Financed Emissions using the PCAF standard for business loans and unlisted equity. All estimates cover our clients' Scope 1 and 2 emissions. The calculation excludes clients in Markets departments (e.g. FIs). We used client's total assets for the attribution of Financed Emissions. We are aware that PCAF advises the use of enterprise value including cash. However, due to data limitations it is currently not possible to apply our attribution using this metric. We aim to improve our data availability moving forward. Self-reported client emissions data comes from the data provider ISS-ESG, which collects self-reported emissions from large companies and from information directly provided by our clients. For companies where self-reported data was not available, ISS-ESG made estimates based on company characteristics such as sector, total revenue and total assets. As per PCAF requirements, we have also included our clients' Scope 3 emissions for the Wholesale clients on Mining, oil & gas and chemical production (NACE 05-09, 19, 20).

Loans in the Finance and Insurance sector are not necessarily directly related to Financial and insurance activities. The self-reported emission data forms a better representation of the actual financed emissions for our wholesale portfolio within this sector. As such, we adjust the financed emissions to reflect this intensity for this sector, resulting in an addition of 0.5MT to our wholesale financed emissions.

Results Scope 1 & 2 of Wholesale clients

The Financed Emissions decreased by 0.6 Mt CO2e, mainly visible in the non-F&A sectors. Self-reported GHG emissions by clients has increased this year, providing better estimates for the Financed Emissions.

Results Scope 3 of Wholesale clients

We have estimated Scope 3 emissions of our Wholesale clients operating in particular sectors, as per PCAF requirements. Rabobank strives to expand its disclosure of client scope 3 emissions. Further PCAF required sectors will be disclosed as we become able to acquire and validate the needed scope 3 emission data across our portfolios. The total client Scope 3 Financed Emissions for the required sectors mentioned above is 7.8 Mt CO2e. This is mainly related to the manufacturing of chemicals or chemicals products and activities related to mining.

Wholesale portfolio NACE description	NACE	Outstanding in EUR billion Dec 2022	Scope 1&2 Financed Emissions in Mt CO2e	Scope 3 Financed Emissions in Mt CO2e
Manufacture of chemicals/ chemical products	20	3.2	0.9	3.8
Mining	07, 08, 09	0.7	0.4	3.3
Other petroleum and natural gas	06, 19	0.2	0.1	0.7
Total		**4.2**	**1.3**	**7.8**

Rural Clients

PCAF score: 4 (99.2%), 2 (0.8%) carbon calculator, estimated financed emissions (AR5): 19.2 Mt CO2e.

Methodology

We estimated the Financed Emissions using the PCAF standard for business loans and unlisted equity. All estimates cover our clients' Scope 1 and 2 emissions. We used sector emissions and revenue data from 2021 (last year's estimates used 2020 data). Our calculation covers our clients registered as agricultural primary production operations in Australia, Brazil, New Zealand and the United States, which represents 88% of our Rural exposure (I.e. excluding smaller exposures in other countries and non-primary production businesses). Attribution is based on client revenue and total assets data.

The table below lists the sources used for sector emissions and revenue data for our clients' Scope 1 emissions calculations. Agriculture-related emissions were allocated to agricultural sub-sectors using country-specific logic (based on National Inventory Report (NIR) methodology descriptions and country-specific background data, or directly from SEEG in the case of Brazil). We obtained fossil fuel combustion emissions in agriculture from the National Inventory Reports or, for Brazil, from the International Energy Agency (IEA), and allocated to sectors using Global Trade Analysis Project (GTAP) fossil fuel combustion data. Our calculations for Scope 2 emissions are based on IEA data on electricity use in agriculture. These were allocated to sectors according to GTAP energy consumption tables.

Where financial information from clients was missing, we made in-sector extrapolations based on Euros invested.

We note that the PCAF score of 4 leaves a large range of estimation uncertainty, due to limited data quality. In addition, limitations to this analysis include the custom mapping from IPCC process-based emissions to sectoral/commodity-level emissions. In terms of comparability, another limitation we encountered is that different countries use different methodologies to calculate their emissions (e.g. countries can choose a Tier 1, 2, or 3 approach for each sub-sector) and use different sources for revenue data. We did not include emissions from land-use change related to agricultural production in our analysis, as those emissions are reported under the IPCC/UNFCCC's LULUCF (Land Use, Land Use Change & Forestry) category.

Financed Emissions data

Country	Data source emissions (IPCC agriculture)	Data source sector revenues	Summary of approach
Australia	AU National Inventory report	Production value (Agricultural Commodities Statistics - ABARES)	Country-specific mapping from process-based emissions into agricultural sectors
Brazil	SEEG	Production value (Ministry of Agriculture)	SEEG has emissions allocated to agricultural sectors, used tailor-made sector allocation for other agriculture-relevant emissions
New Zealand	NZ National Inventory report	Agricultural sector revenues (StatsNZ)	Country-specific mapping from process-based emissions into agricultural sectors
United States	US National Inventory report	Cash receipts data (USDA)	Country-specific mapping from process-based emissions into agricultural sectors

This year the first bottom-up emission data from the Australian Beef Carbon Calculators has been added in the financed emissions calculations for 61 clients. The Greenhouse Accounting Framework (GAF) calculator is used, developed by Primary Industries Climate Challenge Centre (PICCC). The GAF tool was assessed for completeness, consistency, and correctness in collaboration with Blonk Consultants, an external consulting company specializing in food and agricultural Life Cycle Assessments (LCAs). The output was used in the overall results of our financed emissions calculations.

Rabobank is striving to collect more bottom-up data from farming clients. The results for the calculators in Australia show a significantly higher carbon intensity than the top-down estimations currently used. Based on the significance of the sample size we conclude that it is prudent to adjust the remainder of the clients in this sector/region towards the same intensity. This results in an increase in financed emissions of 0.5Mt.

Results

Overall Financed Emissions decreased by 0.4 Mt CO2e year-on-year. This is mainly due to a decrease of Financed Emissions in our F&A portfolio in the United States. This is driven by a lower share of our client revenue in sector revenue, as sector revenues steeply increased. Financed Emissions in Australia and New Zealand stayed stable.

Leasing international

DLL uses an asset-specific calculation methodology as the carbon intensity of assets within our overall portfolio varies significantly, driven primarily by asset type and asset use, irrespective of the underlying lessee sector. These assets, therefore, require a case-by-case examination of carbon intensity.

We have focused on two prevalent asset types: tractors and transportation, which are carbon-intensive assets. The calculation follows the PCAF Motor Vehicle Loans methodology. Determining the Financed Emissions requires a significant degree of judgement based on the estimation by management of expected emissions and expected utilization, for which third party validation of the methodology was obtained.

DLL Tractor Assets

PCAF Score: 3 (100%), estimated financed emissions: 1.6 Mt CO2e

Methodology

Assets within the DLL tractor portfolio are classified into one of six power-based categories based on a correlation between the horsepower range and usage intensity. We consulted external data to determine expected engine hours, taking the average for different models falling in the horsepower categories and averaging over the last seven years (2016-2022). Fuel consumption data has been sourced from publicly available sources. The fuel consumption has been consequently calculated using average values of the six different engine loads for each category.

Emissions attributable to DLL are incorporated in the attribution factor, which is the ratio between the outstanding amount and the total value at origination. We calculated the Financed Emissions as the multiplication of the attribution factor and vehicle emission in this manner.

Results

Financed emissions increased by 0.04Mt CO2, driven by growth in our portfolio. Relative emissions are decreasing, due to technological advances. During 2023, we updated our methodology, when comparing like for like, emissions intensity decreased from with 0.02 Kg CO2e per euro invested.

DLL Transport Assets

PCAF Score: 4 (80%), 5 (20%), estimated financed emissions: 0.4 Mt CO2e

Methodology

In the transportation sector, assets are allocated between various asset types (e. g., cars and trucks) and emissions are determined per type based on various external sources. The annual distance travelled was primarily retrieved directly from government statistics, specific to the country and vehicle type where available. Where data was not available estimations were made based on appropriate proxies.

Utilization of fossil or energy type and efficiency corresponded to the brand and model of each vehicle respectively, and it was aligned with diverse sources to obtain the average efficiency per vehicle type. We employed the most conservative number for the emission factor for fossil fuel vehicles. In the case of electric vehicles' emission factor, we used country specific information where availability of the electricity generation is influential.

Emissions attributable to DLL are incorporated in the attribution factor, which is the ratio between the outstanding amount and the total value at origination. We calculated the Financed Emissions as the multiplication of the attribution factor and vehicle emission in this manner.

Results

Financed emissions increased by 0.03Mt CO2, driven by growth in our portfolio. Relative emissions are decreasing, due to technological advances and changes in the asset mix. During 2023, we updated our methodology, when comparing like for like, emissions intensity decreased from with 0.01 Kg CO2e per euro invested.

Other Assets

Sovereign Bonds

PCAF Score: 1, estimated financed emissions: 1.4 Mt CO2e

Methodology

For sovereign bonds we estimated the Financed Emissions using the PCAF standard for sovereign debt. The attribution of sovereign emissions to Rabobank is based on the outstanding amount divided by the sovereigns PPP-adjusted GDP.

PCAF requires to report production emissions both with and without LULUCF. Financed Emissions of sovereign bonds have been calculated based on the production emissions only, as this information is readily available in a consistent way (GHG emissions by UNFCCC). Currently, consumption emissions are excluded as these face a data time lag, only cover CO2 emissions and are difficult to allocate to sovereigns.

At this moment only exposure in sovereign bonds have been included in the Financed Emissions calculations, as for these assets the PCAF methodology is available. Other sovereign exposures, (e.g. sub-sovereigns, supranational organization or central banks) and other type of assets like cash and derivative repo transactions have been excluded from the scope as no PCAF accounting methodology is available currently. Please note that double counting in these numbers is currently inevitable as some of the emissions in a country are also counted as emissions of our clients. The methodology and data sources are mostly unchanged from the last year.

Results

Financed Emissions on sovereign debt portfolio of EUR 5.4 billion are 1.4 Mt CO2e without LULUCF and 1.4 Mt CO2e with LULUCF. This only includes production emissions of sovereigns.

Rabo Investments

PCAF score: 1/2 (27%) / 4 (73%), estimated financed emissions: 0.2 Mt CO2e.

Methodology

We calculated the financed emissions of our Rabo Investment portfolio using the PCAF standard for business loans and unlisted equity. We used total assets value data or alternatively the equity stake (when current valuation/total assets > equity stake) for the attribution of financed emissions. We are aware that PCAF advises the use of enterprise value including cash. However, due to data limitations it is currently not possible to apply our attribution using this metric. We aim to improve our data availability moving forward. Company emissions data comes from the external rating agency and data provider ISS-ESG, which collects self-reported emissions from large companies. For companies where self-reported data was not available, ISS-ESG made estimates based on company characteristics such as sector, total revenue and total assets. Additionally, self-reported company reported information, e.g. provided by funds, is included when available.

Results

Financed Emissions on Rabo Investments are 0.2 Mt CO2e. Overall, the Financed Emissions for 2022 increased by 0.1Mt, linked to specific investments. Overall, the portfolio invested grew as well.

Avoided Emissions

Renewable energy portfolio

Methodology

On our renewable energy portfolio as part of project finance we estimate avoided emissions. Avoided Emissions have been estimated using the PCAF standard for project finance. Avoided emissions have only been calculated on projects with outstanding amounts which were in operation end of 2022. The attribution factor is calculated on the relative share of Rabobank financing in the overall financing of the projects. Avoided emissions have been calculated using the Renewable Energy GHG Accounting Approach from the International Finance Institutions Technical Working Group on Greenhouse Gas Accounting. Grid factor emissions were calculated using the IFI Harmonized Grid Emission factor dataset version 3.2 (published April 2022).

Results

Avoided emissions increased by 0.5Mt CO2e Mt (total 5.3Mt CO2e). This increase was due to projects moving from under construction to operational phase in 2022. Additionally, new operational projects in 2022 exceeded the run off of existing projects.

Appendix 4: Disclaimer Climate-related Disclosures

This report is published by Coöperatieve Rabobank UA (“Rabobank”) in the Netherlands and is written from a Dutch law perspective. Our climate-related disclosures are based on the current knowledge, the currently available data and the most suitable methodologies and methodological choices for disclosed elements. Harmonized standards and calculation methods are expected to be updated and/or developed and improve data quality in the future.

The climate-related disclosures in this Annual Report rely in part on 2022 data for emissions estimates. This two-year reporting gap differs from the standard one-year gap that is the norm in most financial reporting systems. This difference is due to the fact that the nationally reported GHG emissions data, used for the financed emissions estimates, were not disclosed in time in order to use previous years' data for most regions. Therefore, we used the data from two years ago and, in some cases, even older data. As the number of customers who report on their own GHG emissions increases, we will become less dependent on top-down calculations and national emissions data. Nonetheless, we anticipate that we will have to continue to work with a two-year gap for at least the next reporting cycles. Although Rabobank believes the statements and metrics have a reasonable basis and are stated to the best of Rabobank’s abilities and in good faith, they are not certain and involve various known and unknown risks and assumptions. Nothing that is stated or implied in this report, is intended to, or shall create or grant, any right of, or any cause of action to, by, or for any person or legal entity other than Rabobank.

Please note that where this report contains forward-looking statements, these only reflect the knowledge, views and intentions of Rabobank at the date of publishing this report. Some of the statements contained in the report are not historical facts, including without limitation, the forward-looking statements based on the current views and assumptions of Rabobank. Such statements may involve known and unknown risks and uncertainties that could cause results, performances or events to differ materially from those expressed or implied in statements in this report.

Forward-looking statements, actual impact on transitions, future results, performance of the bank and external events may be affected by a variety, or combination, of uncertainties and external factors, including but not limited to (in random order):

- changes in general economic or political conditions and customer behavior, globally or in the segments or regions Rabobank operates in;
- geopolitical risks, political instabilities and policies and actions of any governmental or regulatory authorities;
- changes in performance of financial markets;
- changes in government policies, regulations and laws and the interpretation and application thereof;
- the availability of reliable (emissions or customers) data;
- uncertainties in, and the use of, (emissions) calculation methodologies and models;
- new, or changed, scientific (based) insights in relation to the content of this report and any changes arising out of these insights;
- technological developments;
- changes arising out of market practices and standards, including emerging and developing ESG standards;
- our ability to meet minimum capital and other prudential regulatory requirements;
- operational, regulatory, reputational, transition, and other risks in connection with ESG-related matters;
- our ability to attract and retain key personnel for our daily operations and the execution of the plans set out in this report.

Appendix 5: EU Taxonomy Tables

1. Assets for the calculation of GAR - Turnover KPI

			Disclosure reference date 31-12-2023													
			Climate Change Mitigation (CCM)					***Climate Change Adaptation (CCA)***				***TOTAL (CCM + CCA)***				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*				*Of which environmentally sustainable (Taxonomy-aligned)*			
	Amounts in millions of euros	*Total (gross) carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	268,760	193,384	20,541	8	0	56	121	56	56	-	193,504	20,597	64	0	56
2	**Financial corporations**	59,859	260	19		0	15					260	19		0	15
3	Credit institutions	26,485	141									141				
4	Loans and advances	23,945	37									37				
5	Debt securities, including UoP	2,263	104									104				
6	Equity instruments	276														
7	Other financial corporations	33,374	119	19		0	15					119	19		0	15
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings	201	29									29				
17	Loans and advances	201	29									29				
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	3,144	314	104	8	0	41	121	56	56		435	160	64	0	41
21	Loans and advances	3,144	314	104	8	0	41	121	56	56		435	160	64	0	41
22	Debt securities, including UoP															
23	Equity instruments															
24	**Households**	204,446	192,809	20,419								192,809	20,419			
25	of which loans collateralised by residential immovable property	192,809	192,809	20,419								192,809	20,419			
26	of which building renovation loans															
27	of which motor vehicle loans															

1. Assets for the calculation of GAR - Turnover KPI (continued)

Disclosure reference date 31-12-2023

	Amounts in millions of euros	Total (gross) carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
28	**Local governments financing**	1,311														
29	Housing financing															
30	Other local government financing	1,311														
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	231,414														
33	**Non-financial corporations**	217,277														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	109,322														
35	Loans and advances	108,708														
36	of which loans collateralised by commercial immovable property	55,021														
37	of which building renovation loans															
38	Debt securities	272														
39	Equity instruments	342														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	107,955														
41	Loans and advances	107,603														
42	Debt securities	124														
43	Equity instruments	228														
44	**Derivatives**	721														
45	**On demand interbank loans**	874														
46	**Cash and cash-related assets**	372														
47	**Other assets (e.g. Goodwill, commodities etc.)**	12,170														
48	**Total GAR assets**	500,174														
49	**Other assets not covered for GAR calculation**	126,260														
50	**Sovereigns**	11,075														
51	**Central banks exposure**	90,167														
52	**Trading book**	25,017														
53	**Total assets**	626,433														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	Financial guarantees	113	7	1		0						7	1		0	
55	Assets under management	59,742	2,017	929								2,017	929			
56	Of which debt securities	23,706	525	222								525	222			
57	Of which equity instruments	34,321	1,491	707								1,491	707			

1. Assets for the calculation of GAR - Turnover KPI

Disclosure reference date 31-12-2022

			Climate Change Mitigation (CCM)					***Climate Change Adaptation (CCA)***				***TOTAL (CCM + CCA)***				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*				*Of which environmentally sustainable (Taxonomy-aligned)*			
	Amounts in millions of euros	*Total (gross) carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	248,390	194,713									194,713				
2	**Financial corporations**	38,196	1,688									1,688				
3	Credit institutions	9,801	637									637				
4	Loans and advances	8,548	627									627				
5	Debt securities, including UoP	999	11									11				
6	Equity instruments	254														
7	Other financial corporations	28,395	1,050									1,050				
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings	0														
17	Loans and advances	0														
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	3,461	256									256				
21	Loans and advances	3,385	243									243				
22	Debt securities, including UoP															
23	Equity instruments	76	13									13				
24	**Households**	205,590	192,770									192,770				
25	of which loans collateralised by residential immovable property	192,770	192,770									192,770				
26	of which building renovation loans															
27	of which motor vehicle loans															
28	**Local governments financing**	1,142														
29	Housing financing															
30	Other local government financing	1,142														
31	Collateral obtained by taking possession: residential and commercial immovable properties															

1. Assets for the calculation of GAR - Turnover KPI (continued)

Disclosure reference date 31-12-2022

			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*				*Of which environmentally sustainable (Taxonomy-aligned)*			
	Amounts in millions of euros	*Total (gross) carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	228,442														
33	**Non-financial corporations**	214,388														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	109,480														
35	Loans and advances	108,926														
36	of which loans collateralised by commercial immovable property	56,857														
37	of which building renovation loans															
38	Debt securities	290														
39	Equity instruments	264														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	104,908														
41	Loans and advances	104,747														
42	Debt securities	42														
43	Equity instruments	119														
44	**Derivatives**	595														
45	**On demand interbank loans**	907														
46	**Cash and cash-related assets**	395														
47	**Other assets (e.g. Goodwill, commodities etc.)**	12,157														
48	**Total GAR assets**	476,833														
49	**Other assets not covered for GAR calculation**	168,040														
50	**Sovereigns**	9,842														
51	**Central banks exposure**	129,185														
52	**Trading book**	29,012														
53	**Total assets**	644,872														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	Financial guarantees															
55	Assets under management															
56	Of which debt securities															
57	Of which equity instruments															

1. Assets for the calculation of GAR - CAPEX KPI

Disclosure reference date 31-12-2023

			Climate Change Mitigation (CCM)					*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*				*Of which environmentally sustainable (Taxonomy-aligned)*			
	Amounts in millions of euros	*Total (gross) carrying amount*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	268,760	193,490	20,802	5	16	86	117	6	6		193,607	20,807	11	16	86
2	**Financial corporations**	59,859	115	62		0	13					115	62		0	13
3	Credit institutions	26,485	16									16				
4	Loans and advances	23,945	5									5				
5	Debt securities, including UoP	2,263	11									11				
6	Equity instruments	276														
7	Other financial corporations	33,374	100	62		0	13					100	62		0	13
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings	201														
17	Loans and advances	201														
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	3,144	565	298	5	16	72	117	6	6		682	304	11	16	72
21	Loans and advances	3,144	565	298	5	16	72	117	6	6		682	304	11	16	72
22	Debt securities, including UoP															
23	Equity instruments															
24	**Households**	204,446	192,809	20,441								192,809	20,441			
25	of which loans collateralised by residential immovable property	192,809	192,809	20,441								192,809	20,441			
26	of which building renovation loans															
27	of which motor vehicle loans															
28	**Local governments financing**	1,311														
29	Housing financing															
30	Other local government financing	1,311														
31	Collateral obtained by taking possession: residential and commercial immovable properties															

1. Assets for the calculation of GAR - CAPEX KPI (continued)

Disclosure reference date 31-12-2023

	Amounts in millions of euros	*Total (gross) carrying amount*	*Climate Change Mitigation (CCM)*					*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*				*Of which environmentally sustainable (Taxonomy-aligned)*			
					Of which specialised lending	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	231,414														
33	**Non-financial corporations**	217,277														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	109,322														
35	Loans and advances	108,708														
36	of which loans collateralised by commercial immovable property	55,021														
37	of which building renovation loans															
38	Debt securities	272														
39	Equity instruments	342														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	107,955														
41	Loans and advances	107,603														
42	Debt securities	124														
43	Equity instruments	228														
44	**Derivatives**	721														
45	**On demand interbank loans**	874														
46	**Cash and cash-related assets**	372														
47	**Other assets (e.g. Goodwill, commodities etc.)**	12,170														
48	**Total GAR assets**	500,174														
49	**Other assets not covered for GAR calculation**	126,260														
50	**Sovereigns**	11,075														
51	**Central banks exposure**	90,167														
52	**Trading book**	25,017														
53	**Total assets**	626,433														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	Financial guarantees	113	22	13		1						22	13		1	
55	Assets under management	59,742														
56	Of which debt securities	23,706														
57	Of which equity instruments	34,321														

1. Assets for the calculation of GAR - CAPEX KPI

Disclosure reference date 31-12-2022

			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
	Amounts in millions of euros	Total (gross) carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	248,390	193,383									193,383				
2	**Financial corporations**	38,196	84									84				
3	Credit institutions	9,801														
4	Loans and advances	8,548														
5	Debt securities, including UoP	999														
6	Equity instruments	254														
7	Other financial corporations	28,395	84									84				
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings	0														
17	Loans and advances	0														
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	3,461	530									530				
21	Loans and advances	3,385	530									530				
22	Debt securities, including UoP															
23	Equity instruments	76														
24	**Households**	205,590	192,770									192,770				
25	of which loans collateralised by residential immovable property	192,770	192,770									192,770				
26	of which building renovation loans															
27	of which motor vehicle loans															
28	**Local governments financing**	1,142														
29	Housing financing															
30	Other local government financing	1,142														
31	Collateral obtained by taking possession: residential and commercial immovable properties															

1. Assets for the calculation of GAR - CAPEX KPI (continued)

Disclosure reference date 31-12-2022

	Amounts in millions of euros	*Total (gross) carrying amount*	***Climate Change Mitigation (CCM)***					***Climate Change Adaptation (CCA)***				***TOTAL (CCM + CCA)***				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				*Of which towards taxonomy relevant sectors (Taxonomy-eligible)*				
				Of which environmentally sustainable (Taxonomy-aligned)					*Of which environmentally sustainable (Taxonomy-aligned)*				*Of which environmentally sustainable (Taxonomy-aligned)*			
					Of which specialised lending	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	228,442														
33	**Non-financial corporations**	214,388														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	109,480														
35	Loans and advances	108,926														
36	of which loans collateralised by commercial immovable property	56,857														
37	of which building renovation loans															
38	Debt securities	290														
39	Equity instruments	264														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	104,908														
41	Loans and advances	104,747														
42	Debt securities	42														
43	Equity instruments	119														
44	**Derivatives**	595														
45	**On demand interbank loans**	907														
46	**Cash and cash-related assets**	395														
47	**Other assets (e.g. Goodwill, commodities etc.)**	12,157														
48	**Total GAR assets**	476,833														
49	**Other assets not covered for GAR calculation**	168,040														
50	**Sovereigns**	9,842														
51	**Central banks exposure**	129,185														
52	**Trading book**	29,012														
53	**Total assets**	644,872														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	Financial guarantees															
55	Assets under management															
56	Of which debt securities															
57	Of which equity instruments															

2. GAR sector information - Turnover KPI

		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] Carrying Amount		[Gross] Carrying Amount		[Gross] Carrying Amount		[Gross] Carrying Amount		[Gross] Carrying Amount		[Gross] Carrying Amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (Taxonomy-aligned)	Mn EUR	Of which environmentally sustainable (Taxonomy-aligned)	Mn EUR	Of which environmentally sustainable (Taxonomy-aligned)	Mn EUR	Of which environmentally sustainable (Taxonomy-aligned)	Mn EUR	Of which environmentally sustainable (Taxonomy-aligned)	Mn EUR	Of which environmentally sustainable (Taxonomy-aligned)
1	77.11 - Renting and leasing of cars and light motor vehicles	74	5							74	5		
2	41.1 - Development of building projects	52	8							52	8		
3	26.51 - Manufacture of instruments and appliances for measuring, testing and navigation	36	36							36	36		
4	29.32 - Manufacture of other parts and accessories for motor vehicles	25	0							25	0		
5	42.11 - Construction of roads and motorways	21	5							21	5		
6	20.15 - Manufacture of fertilizers and nitrogen compounds	19								19	-		
7	46.61 - Wholesale of agricultural machinery, equipment and supplies	16								16	-		
8	27.4 - Manufacture of electric lighting equipment	15	2							15	2		
9	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	10	2							10	2		
10	10.39 - Other processing and preserving of fruit and vegetables	7	4							7	4		
11	10.81 - Manufacture of sugar	**7**	**1**							**7**	**1**		
12	71.11 - Architectural activities	6	0							6	0		
13	58.19 - Other publishing activities	5								5	-		
14	68.2 - Renting and operating of own or leased real estate	3	1			121	56			124	57		
15	45.11 - Sale of cars and light motor vehicles	3	0							3	0		
16	46.21 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	3	3							3	3		
17	10.86 - Manufacture of homogenised food preparations and dietetic food	3	3							3	3		
18	Other	11	35							11	35		
19	Total	314	104			121	56			435	160		

2. GAR sector information - CAPEX

		Climate Change Mitigation (CCM)				*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*			
		Non-Financial corporates (Subject to NFRD)		*SMEs and other NFC not subject to NFRD*		*Non-Financial corporates (Subject to NFRD)*		*SMEs and other NFC not subject to NFRD*		*Non-Financial corporates (Subject to NFRD)*		*SMEs and other NFC not subject to NFRD*	
		[Gross] Carrying Amount		*[Gross] Carrying Amount*		*[Gross] Carrying Amount*		*[Gross] Carrying Amount*		*[Gross] Carrying Amount*		*[Gross] Carrying Amount*	
	Breakdown by sector - NACE 4 digits level (code and label)	*Mn EUR*	*Of which environmentally sustainable (Taxonomy-aligned)*	*Mn EUR*	*Of which environmentally sustainable (Taxonomy-aligned)*	*Mn EUR*	*Of which environmentally sustainable (Taxonomy-aligned)*	*Mn EUR*	*Of which environmentally sustainable (Taxonomy-aligned)*	*Mn EUR*	*Of which environmentally sustainable (Taxonomy-aligned)*	*Mn EUR*	*Of which environmentally sustainable (Taxonomy-aligned)*
1	46.38 - Wholesale of other food, including fish, crustaceans and molluscs	94	10							94	10		
2	77.11 - Renting and leasing of cars and light motor vehicles	50	11							50	11		
3	41.1 - Development of building projects	50	5							50	5		
4	47.11 - Retail sale in non-specialized stores with food, beverages or tobacco predominating	43	1							43	1		
5	10.39 - Other processing and preserving of fruit and vegetables	37	30							37	30		
6	46.21 - Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	29	27							29	27		
7	10.86 - Manufacture of homogenised food preparations and dietetic food	29	27							29	27		
8	26.51 - Manufacture of instruments and appliances for measuring, testing and navigation	29	29							29	29		
9	20.15 - Manufacture of fertilizers and nitrogen compounds	24								24	-		
10	46.71 - Wholesale of solid, liquid and gaseous fuels and related products	22	19							22	19		
11	46.61 - Wholesale of agricultural machinery, equipment and supplies	**20**								**20**	**-**		
12	46.31 - Wholesale of fruit and vegetables	20	19							20	19		
13	42.11 - Construction of roads and motorways	19	12							19	12		
14	27.4 - Manufacture of electric lighting equipment	15	2							15	2		
15	29.32 - Manufacture of other parts and accessories for motor vehicles	13	9							13	9		
16	95.29 - Repair of other personal and household goods	10	9							10	9		
17	46.11 - Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semifinished goods	9	9							9	9		
18	58.19 - Other publishing activities	8								8	-		
19	10.81 - Manufacture of sugar	7	1							7	1		
20	71.11 - Architectural activities	6	0							6	0		
21	23.13 - Manufacture of hollow glass	4	1							4	1		
22	10.12 - Processing and preserving of poultry meat	4								4	-		
23	61.9 - Other telecommunications activities	4	2							4	2		
24	26.2 - Manufacture of computers and peripheral equipment	3	3							3	3		
25	46.33 - Wholesale of dairy products, eggs and edible oils and fats	3	3							3	3		
26	68.2 - Renting and operating of own or leased real estate	3	0			117	6			120	6		
27	Other	10	68							10	68		
28	Total	565	298			117	6			682	304		

3. GAR KPI stock - Turnover KPI

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					***Climate Change Adaptation (CCA)***				***TOTAL (CCM + CCA)***					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total assets covered*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	38.66%	4.11%	0.00%	0.00%	0.01%	0.02%	0.01%	0.01%		38.69%	4.12%	0.01%	0.00%	0.01%	42.90%
2	**Financial corporations**	0.05%	0.00%		0.00%	0.00%					0.05%	0.00%		0.00%	0.00%	9.56%
3	Credit institutions	0.03%									0.03%					4.23%
4	Loans and advances	0.01%									0.01%					3.82%
5	Debt securities, including UoP	0.02%									0.02%					0.36%
6	Equity instruments															0.04%
7	Other financial corporations	0.02%	0.00%		0.00%	0.00%					0.02%	0.00%		0.00%	0.00%	5.33%
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings	0.01%									0.01%					0.03%
17	Loans and advances	0.01%									0.01%					0.03%
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	0.06%	0.02%	0.00%	0.00%	0.01%	0.02%	0.01%	0.01%		0.09%	0.03%	0.01%	0.00%	0.01%	0.50%
21	Loans and advances	0.06%	0.02%	0.00%	0.00%	0.01%	0.02%	0.01%	0.01%		0.09%	0.03%	0.01%	0.00%	0.01%	0.50%
22	Debt securities, including UoP															
23	Equity instruments															
24	**Households**	38.55%	4.08%								38.55%	4.08%				32.64%
25	of which loans collateralised by residential immovable property	38.55%	4.08%								38.55%	4.08%				30.78%
26	of which building renovation loans															
27	of which motor vehicle loans															

3. GAR KPI stock - Turnover KPI (continued)

Disclosure reference date 31-12-2023

	% (compared to total covered assets in the denominator)	**Climate Change Mitigation (CCM)** Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialised lending	Of which transitional	Of which enabling	**Climate Change Adaptation (CCA)** Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialised lending	Of which enabling	**TOTAL (CCM + CCA)** Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialised lending	Of which transitional	Of which enabling	proportion of total assets covered
28	**Local governments financing**															0.21%
29	Housing financing															
30	Other local government financing															0.21%
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Total GAR assets**															42.90%

3. GAR KPI stock - Turnover KPI

Disclosure reference date 31-12-2022

		Climate Change Mitigation (CCM)					*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total assets covered*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	38.93%									38.93%					38.52%
2	**Financial corporations**	0.34%									0.34%					5.92%
3	Credit institutions	0.13%									0.13%					1.52%
4	Loans and advances	0.13%									0.13%					1.33%
5	Debt securities, including UoP	0.00%									0.00%					0.15%
6	Equity instruments															0.04%
7	Other financial corporations	0.21%									0.21%					4.40%
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															0.00%
17	Loans and advances															0.00%
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	0.05%									0.05%					0.54%
21	Loans and advances	0.05%									0.05%					0.52%
22	Debt securities, including UoP															
23	Equity instruments	0.00%									0.00%					0.01%
24	**Households**	38.54%									38.54%					31.88%
25	of which loans collateralised by residential immovable property	38.54%									38.54%					29.89%
26	of which building renovation loans															
27	of which motor vehicle loans															

3. GAR KPI stock - Turnover KPI (continued)

Disclosure reference date 31-12-2022

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	proportion of total assets covered
28	**Local governments financing**															0.18%
29	Housing financing															
30	Other local government financing															0.18%
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Total GAR assets**															38.52%

3. GAR KPI stock - CAPEX KPI

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total assets covered*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	38.68%	4.16%	0.00%	0.00%	0.02%	0.02%	0.00%	0.00%		38.71%	4.16%	0.00%	0.00%	0.02%	42.90%
2	**Financial corporations**	0.02%	0.01%		0.00%	0.00%					0.02%	0.01%		0.00%	0.00%	9.56%
3	Credit institutions	0.00%									0.00%					4.23%
4	Loans and advances	0.00%									0.00%					3.82%
5	Debt securities, including UoP	0.00%									0.00%					0.36%
6	Equity instruments															0.04%
7	Other financial corporations	0.02%	0.01%		0.00%	0.00%					0.02%	0.01%		0.00%	0.00%	5.33%
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															0.03%
17	Loans and advances															0.03%
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	0.11%	0.06%	0.00%	0.00%	0.01%	0.02%	0.00%	0.00%		0.14%	0.06%	0.00%	0.00%	0.01%	0.50%
21	Loans and advances	0.11%	0.06%	0.00%	0.00%	0.01%	0.02%	0.00%	0.00%		0.14%	0.06%	0.00%	0.00%	0.01%	0.50%
22	Debt securities, including UoP															
23	Equity instruments															
24	**Households**	38.55%	4.09%								38.55%	4.09%				32.64%
25	of which loans collateralised by residential immovable property	38.55%	4.09%								38.55%	4.09%				30.78%
26	of which building renovation loans															
27	of which motor vehicle loans															

3. GAR KPI stock - CAPEX KPI (continued)

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total assets covered*
28	**Local governments financing**															0.21%
29	Housing financing															
30	Other local government financing															0.21%
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Total GAR assets**															42.90%

3. GAR KPI stock - CAPEX KPI

Disclosure reference date 31-12-2022

		Climate Change Mitigation (CCM)					*Climate Change Adaptation (CCA)*				*TOTAL (CCM + CCA)*					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to total covered assets in the denominator)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total assets covered*
0	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	38.66%									38.66%					38.52%
2	**Financial corporations**	0.02%									0.02%					5.92%
3	Credit institutions															1.52%
4	Loans and advances															1.33%
5	Debt securities, including UoP															0.15%
6	Equity instruments															0.04%
7	Other financial corporations	0.02%									0.02%					4.40%
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															0.00%
17	Loans and advances															0.00%
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	0.11%									0.11%					0.54%
21	Loans and advances	0.11%									0.11%					0.52%
22	Debt securities, including UoP															
23	Equity instruments															0.01%
24	**Households**	38.54%									38.54%					31.88%
25	of which loans collateralised by residential immovable property	38.54%									38.54%					29.89%
26	of which building renovation loans															
27	of which motor vehicle loans															

3. GAR KPI stock - CAPEX KPI (continued)

		Disclosure reference date 31-12-2022														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling	proportion of total assets covered
28	**Local governments financing**															0.18%
29	Housing financing															
30	Other local government financing															0.18%
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Total GAR assets**															38.52%

4. GAR KPI Flow - Turnover KPI

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to flow of total eligible assets)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total new assets covered*
0	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-0.27%									-0.24%					
2	**Financial corporations**	-0.29%									-0.29%					
3	Credit institutions	-0.10%									-0.10%					
4	Loans and advances	-0.12%									-0.12%					
5	Debt securities, including UoP	0.02%									0.02%					
6	Equity instruments															
7	Other financial corporations	-0.19%									-0.19%					
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															
17	Loans and advances															
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	0.01%									0.04%					
21	Loans and advances	0.01%									0.04%					
22	Debt securities, including UoP															
23	Equity instruments															
24	**Households**	0.01%									0.01%					
25	of which loans collateralised by residential immovable property	0.01%									0.01%					
26	of which building renovation loans															
27	of which motor vehicle loans															

4. GAR KPI Flow - Turnover KPI (continued)

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					***Climate Change Adaptation (CCA)***				***TOTAL (CCM + CCA)***					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to flow of total eligible assets)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total new assets covered*
28	**Local governments financing**															
29	Housing financing															
30	Other local government financing															
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Total GAR assets**															

4. GAR KPI Flow - CAPEX KPI

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to flow of total eligible assets)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total new assets covered*
0	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.02%									0.04%					
2	**Financial corporations**	0.01%									0.01%					
3	Credit institutions															
4	Loans and advances															
5	Debt securities, including UoP															
6	Equity instruments															
7	Other financial corporations	0.00%									0.00%					
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															
17	Loans and advances															
18	Debt securities, including UoP															
19	Equity instruments															
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	0.01%									0.03%					
21	Loans and advances	0.01%									0.03%					
22	Debt securities, including UoP															
23	Equity instruments															
24	**Households**	0.01%									0.01%					
25	of which loans collateralised by residential immovable property	0.01%									0.01%					
26	of which building renovation loans															
27	of which motor vehicle loans															

4. GAR KPI Flow - CAPEX KPI (continued)

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				
	% (compared to flow of total eligible assets)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*	*proportion of total new assets covered*
28	**Local governments financing**															
29	Housing financing															
30	Other local government financing															
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	**Total GAR assets**															

5. KPI off-balance sheet exposures - Turnover KPI

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*			
	% (compared to total eligible off-balance sheet assets)			*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
1	Financial guarantees (FinGuar KPI)	5.87%	0.97%		0.01%						5.87%	0.97%		0.01%	
2	Assets under management (AuM KPI)	3.38%	1.55%								3.38%	1.55%			

5. KPI off-balance sheet exposures - Turnover KPI

Disclosure reference date 31-12-2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*				*Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)*			
% (compared to flow of total eligible assets)				*Of which specialised lending*	*Of which transitional*	*Of which enabling*			*Of which specialised lending*	*Of which enabling*			*Of which specialised lending*	*Of which transitional*	*Of which enabling*
1	Financial guarantees (FinGuar KPI)	19.77%	11.87%		1.09%						19.77%	11.87%		1.09%	
2	Assets under management (AuM KPI)														

Template 1 Nuclear and fossil gas related activities

Row	*Nuclear energy related activities*	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 2 Taxonomy-aligned economic activities (denominator) CAPEX

Row	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	500,174	100%	500,174	100%	500,174	100%
8	**Total applicable KPI**	500,174	100%	500,174	100%	500,174	100%

Template 2 Taxonomy-aligned economic activities (denominator) TURNOVER

Row	Economic activities	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	500,174	100%	500,174	100%	500,174	100%
8	**Total applicable KPI**	500,174	100%	500,174	100%	500,174	100%

Template 3 Taxonomy-aligned economic activities (numerator) CAPEX

Row	Economic activities	(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	20,597	100%	20,541	99.73%	56	0.27%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	20,597	100%	20,541	99.73%	56	0.27%

Template 3 Taxonomy-aligned economic activities (numerator) TURNOVER

Row	Economic activities	(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	20,597	100%	20,541	99.73%	56	0.27%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	20,597	100%	20,541	99.73%	56	0.27%

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities CAPEX

Row	Economic activities	(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.00%	1	0.00%	_	_
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	_	_
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	172,906	34.57%	172,841	34.56%	65	0.01%
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	172,907	34.57%	172,842	34.56%	65	0.01%

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities TURNOVER

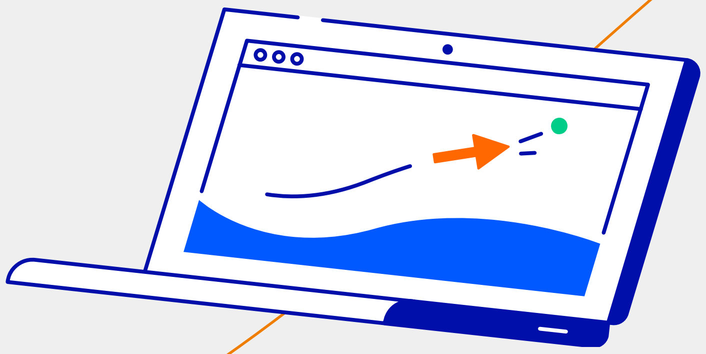
Row	Economic activities	(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	_	_	_	_	_	_
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.00%	2	0.00%	_	_
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	_	_
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	_	_
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	172,904	34.57%	172,839	34.56%	65	0.01%
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	172,907	34.57%	172,842	34.56%	65	0.01%

Template 5 Taxonomy non-eligible economic activities CAPEX

Row	*Economic activities*	*Amount*	*Percentage*
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	306,669	61.31%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	306,669	61.31%

Template 5 Taxonomy non-eligible economic activities TURNOVER

Row	*Economic activities*	*Amount*	*Percentage*
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	306,669	61.31%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	306,669	61.31%



Consolidated Financial Statements

Contents

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position

Amounts in millions of euros	*Note*	*December 31 2023*	*December 31 2022*
Assets			
Cash and cash equivalents	6	90,539	129,580
Loans and advances to credit institutions	7	26,456	11,121
Financial assets held for trading	8	3,747	2,742
Financial assets mandatorily at fair value	9	2,514	2,302
Derivatives	10	21,992	26,865
Loans and advances to customers	11	439,262	428,861
Financial assets at fair value through other comprehensive income	12	14,180	11,495
Investments in associates and joint ventures	13	1,793	1,679
Goodwill and other intangible assets	14	737	847
Property and equipment	15	3,976	4,265
Investment properties	16	703	562
Current tax assets		114	105
Deferred tax assets	26	923	800
Other assets	17	6,590	7,039
Non-current assets held for sale	18	270	250
Total assets		**613,796**	**628,513**

Amounts in millions of euros	*Note*	*December 31 2023*	*December 31 2022*
Liabilities			
Deposits from credit institutions	19	15,823	31,543
Deposits from customers	20	391,380	396,472
Debt securities in issue	21	122,519	112,307
Financial liabilities held for trading	22	475	1,543
Financial liabilities designated at fair value	23	2,810	2,599
Derivatives	10	15,434	20,198
Other liabilities	24	5,525	5,850
Provisions	25	612	885
Current tax liabilities		561	433
Deferred tax liabilities	26	198	229
Subordinated liabilities	28	8,817	10,096
Liabilities held for sale		1	-
Total liabilities		**564,155**	**582,155**
Equity			
Reserves and retained earnings	30	36,242	33,029
Equity instruments issued by Rabobank			
- Rabobank Certificates	31	7,825	7,825
- Capital Securities	32	4,975	4,971
		12,800	**12,796**
Non-controlling interests	33	599	533
Total equity		**49,641**	**46,358**
Total equity and liabilities		**613,796**	**628,513**

Consolidated Statement of Income

Consolidated Statement of Income

Amounts in millions of euros	Note	For the year ended December 31 2023	2022[1]
Interest income from financial assets using the effective interest method	35	25,532	15,538
Other interest income	35	271	455
Interest expense	35	14,091	6,844
Net interest income	**35**	**11,712**	**9,149**
Fee and commission income	36	2,432	2,432
Fee and commission expense	36	341	326
Net fee and commission income	**36**	**2,091**	**2,106**
Income from other operating activities	37	1,955	2,350
Expenses from other operating activities	37	1,653	1,789
Net income from other operating activities	**37**	**302**	**561**
Income from investments in associates and joint ventures	38	298	(169)
Gains/ (losses) arising from the derecognition of financial assets measured at amortised cost		18	(20)
Gains/ (losses) on financial assets and liabilities at fair value through profit or loss	39	813	111
Gains/ (losses) on financial assets at fair value through other comprehensive income		-	(159)
Other income	40	171	221
Income		**15,405**	**11,800**
Staff costs	41	5,858	5,023
Other administrative expenses	42	1,851	1,689
Depreciation and amortization	43	348	337
Operating expenses		**8,057**	**7,049**
Impairment charges on investments in associates and joint ventures		105	204
Impairment charges on financial assets	44	727	344
Regulatory levies	45	554	667
Operating profit before tax		**5,962**	**3,536**
Income tax	46	1,585	1,133
Net profit for the year		**4,377**	**2,403**

Amounts in millions of euros	Note	For the year ended December 31 2023	2022[1]
Of which attributed to Rabobank		3,575	1,628
Of which attributed to Rabobank Certificates		509	509
Of which attributed to Capital Securities issued by Rabobank		203	190
Of which attributed to non-controlling interests	33	90	76
Net profit for the year		**4,377**	**2,403**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

Amounts in millions of euros	*Note*	*2023*	*2022*[1]
Net profit for the year		**4,377**	**2,403**
Other comprehensive income transferred to profit or loss if specific conditions are met, net of tax:			
Exchange differences on translation of foreign operations	30	(317)	277
Increase/ (decrease) in the fair value of debt instruments at fair value through other comprehensive income	30	6	(140)
Costs of hedging	30	13	25
Cash flow hedges	30	(37)	(8)
Share of other comprehensive income of associates and joint ventures	30	(9)	2
Other comprehensive income not to be transferred to profit or loss, net of tax:			
Remeasurements of post-employee benefit obligations	30	(4)	54
Increase/ (decrease) in the fair value of equity instruments at fair value through other comprehensive income	30	(2)	(5)
Share of other comprehensive income of associates and joint ventures	30	(26)	49
Decrease/ (increase) in the fair value due to own credit risk on financial liabilities designated at fair value	30	10	68
Other comprehensive income		**(366)**	**322**
Total comprehensive income		**4,011**	**2,725**
Of which attributed to Rabobank		3,215	1,936
Of which attributed to Rabobank Certificates		509	509
Of which attributed to Capital Securities issued by Rabobank		203	190
Of which attributed to non-controlling interests		84	90
Total comprehensive income		**4,011**	**2,725**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

Amounts in millions of euros	*Note*	*Reserves and retained earnings*	*Equity instruments issued by Rabobank*	*Non-controlling interests*	*Total*
Balance on January 1, 2023		**33,029**	**12,796**	**533**	**46,358**
Net profit for the year		4,287	-	90	4,377
Other comprehensive income	30	(360)	-	(6)	(366)
Total comprehensive income		**3,927**	**-**	**84**	**4,011**
Payments on Rabobank Certificates		(509)	-	-	(509)
Payments on Capital Securities issued by Rabobank		(203)	-	-	(203)
Other		(2)	4	(18)	(16)
Balance on December 31, 2023		**36,242**	**12,800**	**599**	**49,641**
Balance on January 1, 2022		**31,097**	**11,803**	**502**	**43,402**
Net profit for the year[1]		2,327	-	76	2,403
Other comprehensive income	30	308	-	14	322
Total comprehensive income		**2,635**	**-**	**90**	**2,725**
Payments on Rabobank Certificates		(509)	-	-	(509)
Payments on Capital Securities issued by Rabobank		(190)	-	-	(190)
Issue of Capital Securities	32	-	1,000	-	1,000
Cost of issue of Capital Securities		-	(5)	-	(5)
Other		(4)	(2)	(59)	(65)
Balance on December 31, 2022		**33,029**	**12,796**	**533**	**46,358**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

		For the year ended December 31	
Amounts in millions of euros	Note	2023	2022[1]
Cash flows from operating activities			
Operating profit before tax		5,962	3,536
Adjusted for:			
Non-cash items recognised in operating profit before tax			
Depreciation and amortization	43	348	337
Depreciation of operating lease assets and investment properties	15, 16	840	869
Impairment charges on investments in associates and joint ventures	13	105	204
Impairment charges on financial assets	44	727	344
(Reversal) Impairment losses on property and equipment	15	(1)	(32)
(Reversal) Impairment losses on other intangible assets	14	5	64
Gains/ (losses) on disposal of property and equipment		28	3
Income from investments in associates and joint ventures	38	(298)	169
Income from disposal of subsidiaries		(3)	(13)
Gains/ (losses) on financial assets and liabilities at fair value through profit or loss	39	(813)	(111)
Gains/ (losses) on derecognition of debt instruments at fair value through other comprehensive income	40	-	159
Gains/ (losses) arising from the derecognition of financial assets measured at amortised cost		(18)	20
Provisions	25	(22)	100
Capitalised costs self-developed software and other assets		(36)	(72)
Loans and advances to and deposits from credit institutions	7, 19, 44	(31,056)	(30,189)
Financial assets held for trading	8, 39	(191)	(141)
Financial assets mandatorily at fair value	9	(211)	204
Derivatives	10	4,873	(3,894)
Loans and advances to customers	11, 44	(11,110)	7,776
Acquisition of financial assets at fair value through other comprehensive income	12	(11,395)	(11,227)
Proceeds from the sale and repayment of financial assets at fair value through other comprehensive income	12	8,885	12,280
Acquisition of operational lease assets	15	(1,219)	(1,014)
Proceeds from the disposal of operational lease assets	15	437	189
Dividends received from associates and financial assets	13	41	116
Deposits from customers	20	(5,092)	24,091
Financial liabilities held for trading	22	(1,068)	119
Financial liabilities designated at fair value	23	211	(1,241)
Derivatives	10	(4,764)	1,488
Other liabilities	24	(323)	526
Income tax paid		(1,502)	(1,543)
Other assets	17	449	2,219
Other changes		(643)	(4,634)
Net cash flow from/ (used in) operating activities		**(46,854)**	**702**
Cash flows from investing activities			
Acquisition of investments in associates	13	(34)	(15)
Proceeds from disposal of investments in associates	13	15	63
Proceeds from disposal of subsidiaries net of cash and cash equivalents		-	-
Acquisition of property, equipment and investment properties	15, 16	(99)	(144)
Proceeds from the disposal of property, equipment and investment properties	15, 16	13	17
Net cash flow from/ (used in) investing activities		**(105)**	**(79)**
Cash flows from financing activities			
Proceeds from debt securities in issue	21, 34	63,765	58,235
Redemption of debt securities in issue	21, 34	(53,486)	(50,296)
Proceeds from the issue of subordinated liabilities	34	136	1,221
Redemption of subordinated liabilities	34	(1,186)	(1,372)
Purchase of Rabobank Certificates	31	(109)	(116)
Sale of Rabobank Certificates	31	109	116
Issue of Capital Securities (including cost of issue)		-	995
Payments on Rabobank Certificates and Capital Securities		(712)	(699)
Net cash flow from/ (used in) financing activities		**8,517**	**8,084**
Net change in cash and cash equivalents		**(38,442)**	**8,707**
Cash and cash equivalents at the beginning of the year		129,580	120,534
Exchange rate differences on cash and cash equivalents		(599)	339
Cash and cash equivalents at the end of the year		90,539	129,580
The cash flows from interest are included in the net cash flow from operating activities			
Interest received		25,497	15,261
Interest paid		(13,826)	(6,114)

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Notes to the Consolidated Financial Statements

1. Corporate Information

Rabobank is an international financial services provider operating on the basis of cooperative principles. Our focus is on delivering all-finance services in the Netherlands and on serving our Food & Agri customers internationally. We create value with our strategy and the products and services we offer customers in Retail Banking, Wholesale Banking, Rural Banking, Private Banking, Vendor Finance, Leasing, and Property Development. Rabobank's Consolidated Financial Statements include the financial information of Coöperatieve Rabobank U.A. and its consolidated subsidiaries in the Netherlands and abroad. Coöperatieve Rabobank U.A. is a cooperation and has its registered seat in Amsterdam and registered office at Croeselaan 18, 3521 CB in Utrecht, The Netherlands. Coöperatieve Rabobank U.A. is registered under Chamber of Commerce number 30046259 and its principal place of business is the Netherlands. The name of the ultimate parent of the group is Coöperatieve Rabobank U.A..

2. Accounting Policies

2.1 Basis of Preparation

Rabobank's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.) and the applicable articles of Part 9 of Book 2 of the Dutch Civil Code. The consolidated financial statements have been prepared on the basis of the accounting policies set out in this section.

New and Amended Standards Issued by the International Accounting Standards Board (IASB) and Adopted by the European Union Which Apply in the Current Financial Year

IFRS 17 Insurance Contracts
IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The IASB also published amendments to IFRS 17, including a scope exclusion for credit card contracts and similar contracts that provide insurance coverage, and an optional scope exclusion for loans with death waivers. Other than small reinsurance subsidiaries, Rabobank does not have an insurance business, but sells insurance products as a broker, in which case it does not run the insurance risk.

Therefore, the adoption of IFRS 17 primarily affected Rabobank's accounting for its associate Achmea that also applied IFRS 9 for the first time. The initial application of these standards has a significant impact on Achmea's consolidated financial statements, because the valuation and determination of results for both insurance contracts and a large portion of the financial instruments changed. Implementation of the new standards leads to more volatility in the valuation of financial instruments and insurance liabilities. The retrospective implementation of both standards led to a decrease in Achmea's equity on the transition date, January 1, 2022 of EUR 999 million.

As the changes in accounting for the associate Achmea are resulting from the adoption of new accounting policies, Rabobank has restated its comparative figures. There was no impact on the carrying value of Rabobank's investment in Achmea as Rabobank measures its investment at the recoverable amount and subsequently the change in the gross carrying amount is compensated by a corresponding change in the cumulative impairment. The main change in Rabobank's comparable figures relates to changes in the allocation of the movement in the carrying amount of Achmea between OCI and profit or loss. See below the changes in the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of comprehensive income.

Movements in prior year figures as a result of the retrospective application of IFRS 9/ 17

Amounts in millions of euros

	Jan 1, 2022	*Dec 31, 2022*
Consolidated statement of financial position prior to restatement		
Reserves	(990)	(1,065)
Retained earnings	32,087	34,094
Consolidated statement of financial position after restatement		
Reserves	(1,143)	(836)
Retained earnings	32,240	33,865
Movements in consolidated statement of financial position		
Reserves	(153)	229
Retained earnings	153	(229)
Consolidated statement of income prior to restatement		
Income from investments in associates and joint ventures		115
Impairment charges on investments in associates and joint ventures		105
Consolidated statement of income after restatement		
Income from investments in associates and joint ventures		(169)
Impairment charges on investments in associates and joint ventures		204
Movements in consolidated statement of income		
Income from investments in associates and joint ventures		(284)
Impairment charges on investments in associates and joint ventures		99
Consolidated statement of comprehensive income (OCI) prior to restatement		
Share of OCI of associates and joint ventures transferable to profit or loss		(415)
Share of OCI of associates and joint ventures non-transferable to profit or loss		83
Consolidated statement of comprehensive income (OCI) after restatement		
Share of OCI of associates and joint ventures transferable to profit or loss		2
Share of OCI of associates and joint ventures non-transferable to profit or loss		49
Movements in consolidated statement of comprehensive income (OCI)		
Share of OCI of associates and joint ventures transferable to profit or loss		417
Share of OCI of associates and joint ventures non-transferable to profit or loss		(34)

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development ('OECD') published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two). The rules are designed to ensure that large multinational enterprises within the scope of the rules pay a minimum level of tax on the income arising in a specific period in each jurisdiction where they operate. In general, the rules apply a system of top-up taxes that brings the total amount of taxes paid on an entity's excess profit in a jurisdiction up to the minimum rate of 15%. The rules need to be passed into national legislation based on each country’s approach. In the Netherlands, the Pillar Two legislation is effective as of January 1, 2024.

The rules will impact current income tax when the legislation comes into effect. Applying the OECD Pillar Two model rules and determining their impact on the financial statements is complex and poses a number of practical challenges. Having considered all of the potential challenges, the IASB made narrow-scope amendments to IAS 12 in May 2023. The amendments (a) provide a temporary exception from accounting for deferred taxes arising from legislation enacted to implement the OECD’s Pillar Two model rules, and (b) introduce additional disclosure requirements. The amendments related to deferred tax must be applied immediately and retrospectively in accordance with IAS 8. Entities must further disclose the fact that they have applied the exception. Disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are included in Section 46 Income Tax.

Other Amendments to IFRS

Minor amendments have been made to IAS 1, IAS 8 and IAS 12 that relate to the disclosure of accounting policies, the definition of accounting estimates, and deferred tax related to assets and liabilities arising from a single transaction. The implementation of these amendments did not affect profit or equity.

Amended Standards Issued by the IASB and adopted by the E.U. which Do Not yet Apply in the Current Financial Year

Minor amendments have been made to IAS 1 and IFRS 16 which will be effective for annual periods beginning on or after January 1, 2024. The amendments relate to the classification of liabilities as current or non-current, non-current liabilities with covenants, and lease liabilities in a sale and leaseback transaction. Although these new requirements are currently being analyzed and their impact is not yet known, Rabobank does not expect the implementation of these amendments to affect profit or equity.

Amended Standards Issued by the IASB but not yet adopted by the E.U. which Do Not yet Apply in the Current Financial Year

Minor amendments have been made to IAS 7 which will be effective for annual periods beginning on or after January 1, 2024. The amendments relate to disclosure requirements around supplier finance arrangements. Minor amendments have also been made to IAS 21 regarding the lack of exchangeability between currencies which will be effective for annual periods beginning on or after January 1, 2025. Although these new requirements are currently being analyzed and their impact is not yet known, Rabobank does not expect the implementation of these amendments to affect profit or equity.

Going Concern

The Managing Board considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements. This is based on Rabobank's medium-term planning (MTP) and budget process which supports the going concern assumption.

Judgments and Estimates

In preparing the consolidated financial statements management applied judgment with respect to estimates and assumptions that affects the amounts reported for assets and liabilities, the reporting of contingent assets and liabilities on the date of the consolidated financial statements, and the amounts reported for income and expenses during the reporting period. The accounting principles listed below require critical estimates that are based on assessments and assumptions. Although management estimates are based on the most careful assessment of current circumstances and activities on the basis of available financial data and information, the actual results may deviate from these estimates.

Impairment Allowances on Financial Assets

Rabobank applies three-stage expected credit loss impairment models for measuring and recognizing expected credit losses which involve management judgment. Rabobank uses estimates and management judgment to determine the expected credit losses for the model-based impairment allowances. In certain circumstances Rabobank applies Top Level Adjustments (TLAs) in addition to the model outcomes, these are described in this section. The TLAs often require a significant degree of management judgment.

Further information regarding the model-based impairment allowances is included in Section 4.3.6 "Judgments and estimates on Model Based Impairment Allowances on Financial Assets". For credit-impaired financial assets that are assessed on an individual basis, a discounted cash flow calculation is performed. In many cases, judgment is required for the estimation of the expected future cash flows and the weighting of used scenarios (three).

TLA Second Order Effect

Due to the Russia-Ukraine war, Rabobank decided to wind down all its activities in Russia. In the first half of 2023 all exposures are externalized and the TLA decreased to nil (December 31, 2022: EUR 19 million).

Substantial uncertainties due to the geo-political issues (war in Ukraine, conflict between Israel and Hamas and other geo-political tensions), increased interest rates and high inflation drives additional credit risks. In the Netherlands, delayed tax payments and repayments of government support related to the Covid-19 period, will additionally hamper the payment capacity of clients. Rabobank assessed that these second order effects are not sufficiently captured by the IFRS 9 models and that defaults will occur, especially in the portfolio of business loans to clients with already limited or reduced payment capacity. As a result, Rabobank recognized a TLA of EUR 185 million (December 31, 2022: EUR 181 million).

TLA Interest Only Mortgages

The performance of the mortgage portfolio in the Netherlands is holding up well. The changing macroeconomic environment adds relevance to closely monitoring the portfolio. In the past year, Rabobank expanded this monitoring to detect changes in the portfolio at an earlier stage. Although the NPL percentage and the Stage 2 percentage increased during 2023, this was not caused by worsening of the credit portfolio. The main causes are a more stringent risk approach, a change in definition of default and changes in the thresholds for delta PD SICR triggers.

The TLA for Interest Only Mortgages (IOM) have been adjusted and increased to EUR 66 million (December 31, 2022: EUR 47 million) and is recognized for the risk of future unaffordability. Going forward Rabobank will expand its risk-based and focused client outreach to closely monitor repayment capabilities. Ongoing supervisory scrutiny of IOM may affect future capital requirements and impairment levels in alignment with this enhanced, more risk based approach.

TLA Climate Risk: Extreme Weather

On December 31, 2023 a TLA of EUR 4 million (December 31, 2022: EUR 2 million) for the effects of current extreme weather is recognized. The majority of this amount relates to El Niño and mainly affected exposures in Brazil.

TLA Climate Risk: Nitrogen

Nitrogen emissions are no longer allowed without a permit for projects such as housing development, construction and highway expansion since the ruling of the highest administrative court in the Netherlands in May 2019. These nitrogen reduction targets have impacted the whole of society, and the impact is particularly significant for farmers. Rabobank has acknowledged that the current agricultural system in the Netherlands has reached its limits and that change is needed. Sector visions have been updated incorporating goals in the areas of nature, water, climate, biodiversity and animal welfare during the period 2023-2040. As Rabobank finances a significant part of the agricultural sector, Rabobank is committed to support its agricultural clients through this transition towards a more sustainable sector. The Dutch government announced Nitrogen Plans for the Netherlands in June 2022, including emission reduction goals and prospects for farmers in view of the desired acceleration of the major transition within the agricultural sector. Despite extensive negotiations involving numerous stakeholders - including an active contribution from Rabobank - an “Agricultural Agreement” has yet to be reached. The outcome of recent elections will likely result in a prolongation of uncertainties for the sector. The assessment of this uncertainty resulted in a top level management adjustment. Farmers in the livestock sector are scored on the profitability and sustainability of their business model in combination with their distance to Natura 2000 areas, which determines the associated additional expected credit loss. As a result, a TLA of EUR 47 million (December 31, 2022: EUR 84 million) is recognized.

TLA Climate Risk: New

Previously Rabobank did not have any provisions for a chronic increase of future Climate & Environmental (C&E) risks. Both transition and physical risks are expected to mainly materialize in the future as regulation becomes more stringent and the climate warms and becomes more extreme, increasing the probability and intensity of events (such as droughts and floods). This C&E risk TLA covers this chronic increase in future (forward looking) C&E risks for which a new TLA of EUR 14 million is recognized as at December 31, 2023.

The TLA covers the mortgage portfolio and sectors defined as climate risk sensitive in the non-mortgage portfolio. The scope of the climate risk sensitive sectors is based on the C&E Risks Heatmaps, where the five most relevant climate risk events (drought, wildfire, heavy precipitation, water scarcity and flooding) with a 5-10 year time-horizon are used. Based on December figures, EUR 27.6 billion exposure on corporate clients is classified as climate risk sensitive.

Other TLAs

The total of the remainder of the TLAs is EUR 12 million (December 31, 2022: EUR 166 million).

Fair Value of Financial Assets and Liabilities

Information regarding the determination of the fair value of financial assets and liabilities is included in Section 4.9 "Fair Value of Financial Assets and Liabilities" and Section 11 "Derivatives".

Impairment of Goodwill, Other Intangible Assets and Investments in Associates and Joint Ventures

The other intangible assets and the investments in associates and joint ventures are tested for impairment when specific triggers are identified, goodwill is tested at least once a year. When the recoverable value is lower than the carrying amount, an impairment loss is recognized. Determining the recoverable amount in an impairment assessment of these assets requires estimates based on quoted market prices, prices of comparable businesses, present value, or other valuation techniques, or a combination thereof, which necessitate management to make subjective judgments and assumptions. Because these estimates and assumptions could result in significant differences to the amounts reported if the underlying circumstances were to change, these estimates are considered to be critical. The important assumptions for determining recoverable value of goodwill are set out in Section 15 "Goodwill and Other Intangible Assets"; the assumptions for investments in associates and joint ventures are set out in Section 14 "Investments in Associates and Joint Ventures".

Taxation

Estimates are used when determining the income tax charge and the related current and deferred tax assets and liabilities. The tax treatment of transactions is not always clear or certain and, in a number of countries, prior year tax returns often remain open and subject to approval by the tax authorities for lengthy periods. The tax assets and liabilities reported here are based on the best available information, and where applicable, on external advice. Differences between the final outcome and the original estimates are accounted for in the current and deferred tax assets and liabilities in the period in which reasonable certainty is obtained.

Provisions

Judgment is involved in the application of IAS 37 when determining whether a present obligation exists and in estimating the probability, timing, and amount of any outflows. More information on judgments regarding provisions is included in Section 25 "Provisions" and for legal and arbitration proceedings in Section 4.9, “Legal and Arbitration Proceedings”.

2.2 Consolidated Financial Statements

2.2.1 Subsidiaries

The participating interests over which Rabobank has control are its subsidiaries (including structured entities) and these are consolidated. Control is exercised over a participating interest if the investor is entitled to receive variable returns from its involvement in the participating interest and has the ability to influence these returns through its power over the participating interest. The assets, liabilities and profit and loss of these companies are fully consolidated.

Subsidiaries are consolidated as from the date on which Rabobank acquires effective control and subsidiaries are deconsolidated as of the date on which this control is ceded. Transactions, balances and unrealized gains and losses on transactions between and among Rabobank and its subsidiaries are eliminated.

A list of principal subsidiaries is included in Section 50 "Principal subsidiaries".

2.2.2 Investments in Associates and Joint Ventures

Investments in associates and joint ventures are initially recognized at cost (including goodwill) and subsequently accounted for using the equity method of accounting. Rabobank's share of post-acquisition profits and losses is recognized in the income statement and its share of post-acquisition movements in reserves is recognized directly in other comprehensive income. The cumulative post-acquisition movements are included in the carrying amount of the investment.

Associates are entities over which Rabobank can exercise significant influence and in which it generally holds between 20% and 50% of the voting rights but does not have control. A joint venture is an agreement between one or more parties under which the parties jointly have control and are jointly entitled to the net assets under the agreement. Unrealized profits on transactions between Rabobank and its associates and joint ventures are eliminated in proportion to Rabobank’s interest in the respective associates and joint ventures. Unrealized losses are also eliminated unless the transaction indicates that an impairment loss should be recognized on the asset(s) underlying the transaction.

2.3 Derivatives and Hedging

Derivatives generally comprise foreign exchange contracts, currency and interest rate futures, forward rate agreements, currency and interest rate swaps and currency and interest rate options (written or acquired). Derivatives are recognized at fair value (excluding transaction costs) determined on the basis of listed market prices (with mid-prices being used for EUR, USD and GBP derivatives that have a bid-ask range), prices offered by traders, discounted cash flow models and option valuation models based on current market prices and contract prices for the underlying instruments and reflecting the time value of money, yield curves and the volatility of the underlying assets and liabilities. Derivatives are included under assets if their fair value is positive and under liabilities if their fair value is negative.

Derivatives Not Used for Hedging

Realized and unrealized gains and losses on derivatives held for trading are recognized in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss".

Derivatives Used for Hedging

Derivatives are used for asset and liability management of interest rate risks, credit risks and foreign currency risks. Rabobank applies IFRS 9 for non-portfolio hedge accounting. IFRS 9 does not offer a solution for fair value hedge accounting for a portfolio hedge of interest rate risk. Rabobank opted to use the EU policy choice of IFRS 9 to continue to apply the IAS 39 for such portfolio hedge accounting (EU carve out).

At the time of inception of a hedge accounting relationship, derivatives are designated as one of the following: (1) a hedge of the fair value of an asset, a group of assets or a liability in the statement of financial position (fair value hedge); (2) a hedge of future cash flows allocable to an asset or liability in the statement of financial position, an expected transaction or a firm commitment (cash flow hedge); or (3) a hedge of a net investment in a foreign operation (net investment hedge). Hedge accounting is applied for derivatives designated in this manner provided that certain criteria are met, including the following:

- Formal documentation of the hedging instrument, the hedged item, the objective of the hedge, the hedging strategy, and the hedge relationship;
- Documentation of the assessment and analysis of the sources of hedge ineffectiveness and how the hedges ratio is determined (IFRS 9);
- Effectiveness of 80% to 125% (IAS 39), in covering changes in the hedged item’s fair value to the hedged risks during the entire reporting period;
- Continuous effectiveness from the moment of the hedge's inception; and
- An economic relationship between the hedged item and hedging instrument (IFRS 9).

1. Derivatives Used for Fair Value Hedge Accounting

Changes in the fair value of derivatives that are designated as fair value hedges and are effective in terms of the hedged risks are recognized in the statement of income in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss’" together with the corresponding changes in the fair values of the assets or liabilities hedged.

As and when the hedge no longer meets the criteria for hedge accounting (applying the fair value hedge model), the cumulative adjustment to the fair value of a hedged interest-bearing financial instrument is amortized through profit and loss over the relevant interest repricing period.

2. Derivatives Used for Cash Flow Hedge Accounting

Changes in the fair value of derivatives that are designated (and qualify) as cash flow hedges and that are effective in relation to the hedged risks are recognized in other comprehensive income. Ineffective elements of the changes in the fair value of derivatives are recognized in the statement of income. Deferred amounts included in other comprehensive income are taken to the statement of income in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss" in the periods during which the hedged expected cash flows affect the statement of income.

3. Derivatives Used for Net Investment Hedge Accounting

The hedging instruments used to hedge net investments in foreign operations are measured at fair value, with changes in the fair value being recognized in other comprehensive income for the portion that is determined to be an effective hedge. Changes in the hedged equity instrument resulting from exchange-rate fluctuations are also recognized in other comprehensive income. Gains and losses accumulated in other comprehensive income are reclassified to profit or losses when the equity instrument is disposed of.

4. Costs of Hedging

The cross currency basis spreads of cross currency interest rate swaps in hedge accounting relationships designated with issued bonds in foreign currency is excluded from designation. The cross currency basis spread volatility is taken through other comprehensive income as costs of hedging and is reclassified to profit or loss in the same periods as when the hedged expected future cash flows affect profit or loss until maturity of the issued bond.

Although derivatives are used as economic hedges under Rabobank's managed risk positions, certain derivative contracts do not qualify for hedge accounting under the specific IFRS rules. Interest on derivatives held for economic hedging purposes are shown under interest expense, both the receive and pay leg of the derivative.

2.4 Financial Assets and Liabilities Held for Trading

Financial assets held for trading are financial assets acquired with the objective of generating profit from short-term fluctuations in prices or trading margins or they are financial assets that form part of portfolios characterized by patterns of short-term profit participation. Financial assets held for trading are recognized at fair value based on listed bid prices and all realized and unrealized results therefrom are recognized in"Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss'. Interest earned on financial assets is recognized as interest income. Dividends received from financial assets held for trading are recognized in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss'.

Financial liabilities held for trading are mainly negative fair values of derivatives and delivery obligations that arise on the short selling of securities. Securities are sold short to realize gains from short-term price fluctuations. The securities needed to settle short sales are acquired through securities lending and repurchasing agreements. Securities sold short are recognized at fair value on the reporting date.

2.5 Financial Assets and Financial Liabilities Designated at Fair Value

On initial recognition, financial assets and financial liabilities may be classified as "Financial Assets and Liabilities designated at Fair Value" if this accounting eliminates or significantly reduces any inconsistent treatment that would otherwise have arisen upon measurement of the assets or liabilities or recognition of profits or losses on the basis of different accounting policies.

Interest earned and due on such assets and liabilities is recognized as interest income and expense, respectively. Other realized and unrealized gains and losses on the revaluation of these financial instruments to fair value are recognized in "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss" except for fair value changes due to own credit risk of financial liabilities designated at fair value. These fair value changes after tax are presented in other comprehensive income (OCI) under line item "Fair Value Changes Due to Own Credit Risk on Financial Liabilities Designated at Fair Value". Presenting these effects of changes in credit risk in OCI does not create or enlarge an accounting mismatch in profit or loss.

2.6 Day One Gains/ Losses

When using fair value accounting at the inception of a financial instrument, any positive or negative difference between the transaction price and the fair value (referred to as "day one gain/ loss") is accounted for immediately under "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss" where the valuation method is based on observable inputs from active markets. In all other cases, the entire day one gain/loss is deferred and accounted for as "Other liabilities" or "Other assets". After initial recognition the deferred day one gain/ loss is recognized as a gain/ loss to the extent it results from a change in a factor (including time effects).

2.7 Financial Assets at Fair Value Through Other Comprehensive Income

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows solely represent payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income and presented as "Financial Assets at Fair Value through Other Comprehensive Income".

Financial assets at fair value through other comprehensive income are initially recognized at fair value, including transaction costs. The fair values of unlisted equity instruments are estimated on the basis of appropriate price/earnings ratios and adjusted to reflect the specific circumstances of the respective issuer.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest from these financial assets is included in net interest income using the effective interest rate method.

Impairment losses are included in "Impairment Charges on Financial Assets" in the statement of income.

Where Rabobank has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when Rabobank’s right to receive payments is established.

2.8 Repurchase Agreements and Reverse Repurchase Agreements

Financial assets that are sold subject to related sale and repurchase agreements are included in the consolidated statement of financial position under "Financial Assets Held for Trading" or "Financial Assets at Fair Value through Other Comprehensive Income", as applicable. The liability to the counterparty is included under "Deposits from Credit Institutions" or "Deposits from Customers", as applicable.

Financial assets acquired under reverse sale and reverse repurchase agreements are not recognized in the consolidated statement of financial position. The consideration paid to purchase financial assets is recognized as "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers", as applicable. The difference between the sales and repurchasing prices is recognized as interest income or expense over the term of the agreement using the effective interest method.

2.9 Securitizations and (De)Recognition of Financial Assets and Liabilities

Recognition of Financial Assets and Liabilities

Purchases and sales of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which are required to be delivered within a regulatory-prescribed period or in accordance with market conventions are recognized on the transaction date. Financial instruments carried at amortized cost are recognized on the settlement date.

Securitizations and Derecognition of Financial Assets and Liabilities

Rabobank securitizes and sells various financial assets. These assets are sometimes sold to a special purpose entity (SPE) which then issues securities to investors. Rabobank has the option of retaining an interest in these assets in the form of subordinated interest-only strips, subordinated securities, spread accounts, servicing rights, guarantees, put and call options or other constructions.

A financial asset (or a portion thereof) is derecognized where:

- The rights to the cash flows from the asset expire;
- The rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset are transferred;
- A contractual obligation is assumed to transfer the cash flows from the asset and substantially all the risks and rewards have been transferred; or
- Substantially all the risks and rewards are neither transferred nor retained but where control over the asset is not retained.

Continuing involvement is recognized if Rabobank neither retains nor transfers substantially all the risks and rewards and control is retained. The asset is recognized to the extent of Rabobank's continuing involvement in it. A financial liability or a part thereof is derecognized if it ceases to exist, i.e. after the contractual obligation has been fulfilled or cancelled or after it has expired.

Where a transaction does not meet these conditions for derecognition, it is recognized as a loan for which security has been provided. To the extent that the transfer of a financial asset does not qualify for derecognition, Rabobank’s contractual rights are not separately recognized as derivatives if recognition of these instruments and the transferred asset, or the liability arising from the transfer, were to result in the double recognition of the same rights and obligations.

Profits and losses on securitizations and sale transactions depend partly on the carrying amounts of the assets transferred. The carrying amounts of these assets are allocated to the interests sold and retained using the relative fair values of these interests on the date of sale. Any gains and losses are recognized through profit and loss at the time of transfer. The fair value of the interests sold and retained is determined based on listed market prices or as the present value of the future expected cash flows based on pricing models that involve several assumptions regarding credit losses, discount rates, yield curves, payment frequency or other factors.

2.10 Cash and Cash Equivalents

Cash equivalents are highly liquid short-term assets held at central banks to meet current cash obligations rather than for investments or other purposes. These assets have terms of less than 90 days from inception. Cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.11 Offsetting Financial Assets and Liabilities

Where there is legal right to offset recognized amounts and it is intended to settle the expected future cash flows on a net basis or to realize the asset and settle the liability simultaneously, financial assets and liabilities are offset and the net amount is recognized in the statement of financial position. This relates predominantly to derivatives and reverse repurchase agreements. The offsetting of taxes is addressed in Section 2.26 "Tax".

2.12 Foreign Currency

Foreign Entities

Transactions and balances included in the financial statements of individual entities within Rabobank are reported in the currency that best reflects the economic reality of the individual entity's underlying operating environment (the functional currency).

The consolidated financial statements are presented in euros, which is the parent company's functional currency. The statements of income and cash flows of foreign operations are translated into Rabobank's presentation currency at the exchange rates prevailing on the transaction dates, which approximate the average exchange rates for the reporting period, and the statements of financial position are translated at the rates prevailing at the end of the reporting period. Exchange differences arising on net investments in foreign operations and on loans and other currency instruments designated as hedges of these investments are recognized in other comprehensive income. Upon the sale of a foreign operation, these translation differences are transferred to the statement of income as part of the profit or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recognized as the assets and liabilities of the foreign entity, and are translated at the prevailing rate at the end of the reporting period.

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Differences arising on the settlement of transactions or on the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income as foreign exchange gains and losses and differences that qualify as net investment hedges are recognized in other comprehensive income. Translation differences on non-monetary items measured at fair value through profit or loss are recognized as part of the fair value gains or losses. Translation differences on non-monetary assets at fair value through other comprehensive income are included in the revaluation reserves for equity instruments at fair value through other comprehensive income.

2.13 Interest

Interest income and expense are recognized in the statement of income using the effective interest method. This method is used for calculating the amortized cost of a financial asset or a financial liability and for allocating the interest income or interest expense to the relevant period. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for credit-impaired financial assets. For those financial assets, Rabobank applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods. Interest income on financial assets using the effective interest method includes interest income on "Cash and Cash Equivalents", "Loans and Advances to Credit Institutions", "Loans and Advances to Customers", "Financial Assets at Fair Value through Other Comprehensive Income" and "Derivatives used for Fair Value Hedge-Accounting". Interest on derivatives held for economic hedging purposes are shown under interest expense, both the receive and pay leg of the derivative. Interest on financial liabilities with a negative interest rate are presented as interest income. Interest on financial assets with a negative interest are presented as interest expense.

2.14 Fees and Commission

Rabobank earns fee and commission income from a diverse range of services it provides to its customers. Commission earned for the provision of services such as payment services, insurance intermediation, and advisory fees are generally recognized as the service is provided. Commission received for negotiating a transaction or for involvement in negotiations on behalf of third parties (for example the acquisition of a portfolio of loans, shares or other securities or the sale or purchase of companies) is recognized upon completion of the underlying transaction. Fee and commission expenses mainly relate to payment services and are recognized over the period in which the services were received.

2.15 Loans and Advances to Customers and Loans and Advances to Credit Institutions

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are measured at amortized cost and presented as "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers". At initial recognition, Rabobank measures these financial assets at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income from these financial assets is included in net interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "Gains/ (Losses) Arising from the Derecognition of Financial Assets Measured at Amortized Cost".

Impairment losses are included in "Impairment Charges on Financial Assets" in the statement of income.

2.16 Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities

Impairment allowances apply to financial assets at amortized cost and financial assets at fair value through OCI, as well as to lease receivables, contract assets, trade receivables, certain loan commitments and financial guarantees. At initial recognition, an allowance is formed for the amount of the expected credit losses from possible defaults in the coming 12 months (stage 1). If credit risk increased significantly since origination (but remains non-credit impaired), an allowance will be required for the amount that equals the expected credit losses stemming from possible defaults during the expected lifetime of the financial asset (stage 2). If the financial instrument becomes credit-impaired the allowance will remain at the Lifetime ECL (stage 3). For these instruments the interest income will be recognized by applying the effective interest rate on the net carrying amount (including the impairment allowance). Financial instruments become credit-impaired when one or more events have occurred that had a detrimental impact on estimated future cash flows. Rabobank does not use the low credit risk exemption for any financial instrument.

Two fundamental drivers of the IFRS 9 impairments requirements are a) the methodology for the measurement of 12-Month and Lifetime Expected Credit Losses and b) the criteria used to determine whether a 12-month ECL, Lifetime ECL non-credit-impaired, or Lifetime ECL credit-impaired should be applied (also referred to as stage determination criteria).

a) Methodology to Determine Expected Credit Losses

In order to determine ECLs Rabobank utilizes point-in-time Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD) models for the majority of the portfolio in scope. Three macro-economic scenarios are incorporated into these models and probability weighted in order to determine the expected credit losses. When unexpected external developments or data quality issues are not sufficiently covered by the outcome of the ECL models, an adjustment will be made.

b) Stage Determination Criteria

In order to allocate financial instruments in scope between stage 1, stage 2 and stage 3 Rabobank has a framework of qualitative and quantitative factors. The criteria for allocating a financial instrument to stage 3 are aligned with the criteria for assigning a defaulted status, for example 90 days past due status, or if a debtor is likely to become unable to pay its credit obligations without liquidation of collateral by the bank. In order to allocate financial instruments between stages 1 and 2, Rabobank uses criteria, such as days past due status, special asset management status, deterioration of the PD since origination, vulnerable sectors and forbearance.

For portfolios without individual PDs or with PDs that are not updated on a frequent basis such that an assessment of the change in PD is not possible, a collective assessment on groups of financial instruments with shared credit risk characteristics is made.

Significant Increases in Credit Risk (SICR)

At each reporting date, Rabobank assesses whether the credit risk on financial instruments has increased significantly since initial recognition. The main parameter taken into account in the SICR assessment for financial instruments is the lifetime probability of default and its development from origination to reporting date. A relative change that is above a certain threshold in combination with an absolute threshold are considered to be indicators for a significant increase in credit risk. For loan commitments, Rabobank considers changes in the lifetime probability of default occurring on the loan to which a loan commitment relates. For financial guarantee contracts, Rabobank considers the changes in the risk that the specified debtor will default on the contract. The assessment of changes in credit risk analysis is a multifactor and holistic analysis. Whether a specific factor is relevant (and its weight compared to other factors) depends on the type of product, characteristics of the financial instruments and the borrower as well as the geographical region. Refer to paragraph 4.5 ‘Criteria for identifying a significant increase in credit risk’ for more information on relative and absolute PD thresholds.

Rabobank also relies on a number of qualitative indicators to identify and assess SICR. These include:

- Internal credit rating: Financial difficulties

- Vulnerable sector
- Forbearance status for non-defaulted exposures
- 30 days past due as a backstop

Default Definition
Rabobank's definition of default is entirely based on external EU regulation (CRR and EBA). This means that a default is assigned when i) an exposure is more than 90 days materially past due, or when ii) Rabobank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the institution to actions such as realizing security.

Collective Versus Individual Assessment
Some factors or indicators may not be identifiable on an individual instrument level. In that case, the factors or indicators are assessed for appropriate portfolios, groups of portfolios or a portion of a portfolio to determine whether the requirements for recognition of lifetime ECL have been met. The aggregation of financial instruments to assess whether there are changes in credit risk on a collective basis may change over time when new information becomes available on groups of, or individual, financial instruments.

Depending on the nature of the financial instruments and the credit risk information available for particular groups of financial instruments, Rabobank may not be able to identify SICR for an individual instrument before that instrument becomes past due. This may be the case for financial assets (such as retail loans) for which there is little or no updated credit risk information routinely obtained and monitored on an individual instrument level until a customer breaches the contractual terms. If changes in the credit risk for an individual instrument are not captured before it becomes past due, a loss allowance based solely on credit information at an individual instrument level would not faithfully represent the changes in credit risk since initial recognition.

In some circumstances, Rabobank has no reasonable and supportable information available without undue cost or effort to measure lifetime ECL on an individual instrument basis. Lifetime ECL is then recognized by collectively considering comprehensive credit risk information, which not only incorporates past due information but also all relevant credit information (including forward-looking macro-economic information) to approximate the result of recognizing lifetime ECL when there has been a SICR since initial recognition.

For the purpose of determining SICR and recognizing a loss allowance on a collective basis, Rabobank may group financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis designed to enable SICR to be identified in a timely fashion. However, when Rabobank is unable to group those financial instruments for which the credit risk is considered to have increased significantly since initial recognition based on shared credit risk characteristics, it recognizes lifetime ECL on a portion of the financial instruments for which credit risk is deemed to have increased significantly.

Shared credit risk characteristics may include but are not limited to: instrument types, credit risk ratings, collateral types, initial recognition dates, remaining terms to maturity, industries, geographic location, collateral value relative to the financial instrument if it has an impact on the PD (e.g. non-recourse loans in some jurisdictions or LTV ratios).

2.17 Modifications

The contractual terms of a financial asset may be modified for a commercial reason or due to a forbearance measure. A commercial modification is a change to the previous terms and conditions of a contract (financial asset) that alters the timing or amount of the contractual cash flows of the financial asset. Rabobank typically considers a modification as non-substantial if it does not impact multiple aspects of the contract at the same time, for example a change in the fixed interest period, repayment type or obligors. At Rabobank, forbearance measures are normally non-substantial modifications.

Substantial modifications lead to a derecognition of the financial asset and non-substantial modifications lead to modification accounting. In the event of modification accounting, Rabobank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

2.18 Goodwill and Other Intangible Assets

Goodwill
Goodwill is the amount by which the acquisition price paid for a subsidiary exceeds the fair value on the date on which the share of net assets and contingent liabilities of the entity was acquired. With each acquisition, the other non-controlling interests are recognized at fair value or at its share of the identifiable assets and liabilities of the acquired entity. Tests are performed annually, or more frequently if indications so dictate, to determine whether there has been an impairment.

Other Intangible Assets, including software development costs
Costs directly incurred in connection with identifiable and unique software products over which Rabobank has control and which will likely provide economic benefits exceeding the costs for longer than one year are recognized as other intangible assets. Direct costs include the personnel costs of the software development team, financing costs and an appropriate portion of the relevant overhead.

Expenditures that improve the performance of software as compared with their original specifications are added to the original cost of the software. Software development costs are recognized as other intangible assets and are amortized on a straight-line basis over a period not exceeding five years. Costs related to the maintenance of software are recognized as an expense at the time they are incurred.

Impairment Losses on Goodwill

Goodwill is allocated to cash-generating units for the purpose of impairment testing, which is undertaken at the lowest level of assets that generate largely independent cash inflows. During the fourth quarter of each financial year, or more frequently if there are indications of impairment, goodwill is tested for impairment and any excess of carrying amount over recoverable amount is provided. The recoverable amount is the higher of the value in use and the fair value less selling costs.

The value in use of a cash flow generating unit is determined as the present value of the expected future pre-tax cash flows of the cash flow generating unit in question. The key assumptions used in the cash flow model depend on the input data and they reflect various judgmental financial and economic variables, such as risk-free interest rates and premiums reflecting the risk inherent in the entity concerned. Impairments of goodwill are included in "Impairment losses on goodwill" in the statement of income, if applicable.

Impairment Losses on Other Intangible Assets

At each reporting date, an assessment is made as to whether there are indications of impairment of other intangible assets. If there are such indications, impairment testing is carried out to determine whether the carrying amount of the other intangible assets is fully recoverable. The recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Impairment losses and impairment reversals are included in "Other Administrative Expenses" in the statement of income.

Regardless of any indication of impairment, intangible assets not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable amount.

2.19 Property and Equipment

Property and Equipment for Own Use

Property for own use consists mainly of office buildings and is recognized at cost less accumulated depreciation and impairment, as is equipment for own use. Assets are depreciated to their residual values over the following estimated useful lives on a straight-line basis:

Property	
- Land	Not depreciated
- Buildings	25 - 40 years
Equipment	
- Computer equipment	1 - 5 years
- Other equipment and vehicles	3 - 8 years

An annual assessment is made as to whether there are indications of impairment of property and equipment. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down to the recoverable amount. Impairment losses and impairment reversals are included in "Other Administrative Expenses" in the statement of income. Gains and losses on the disposal of property and equipment are determined on the basis of their carrying amounts and are included in "Other Administrative Expenses".

Repair and maintenance work is charged to the statement of income at the time the costs are incurred. Expenditures to extend the economic life or increase the economic value of land and buildings as compared with their original economic value are capitalized and subsequently depreciated.

2.20 Investment Properties

Investment properties, primarily office buildings and housing units, are held for their long-term rental income and are not used by Rabobank or its subsidiaries. Investment properties are recognized as long-term investments and included in the statement of financial position at cost net of accumulated depreciation and impairment. Investment properties are depreciated on a straight-line basis to their residual values over an estimated useful life of 40 years.

2.21 Other Assets

Structured Inventory Products
Rabobank offers several products that relate to financing commodities. Some of these products are recognized as loans with commodities as collateral, others as loans with embedded derivatives and others as commodities. The classification is mainly dependent on the transfer of risk and rewards of the commodity from the client to Rabobank.

Building Sites
Building sites are carried at cost, including allocated interest and additional expenses for purchasing the sites and making them ready for construction or, if lower, the net realizable value. Interest is not recognized in the statement of financial position for land which has not been zoned for a particular purpose if there is no certainty that the land will be built on. Possible decreases in value as a result of future change of designated use of the relevant land are not included in the cost of land, but are included in the determination of the net realizable value.

The net realizable value of all building sites is reviewed at least once a year or earlier, in case of any indications of impairment. The net realizable value for building sites is the direct realizable value or, if higher, the indirect realizable value. The direct realizable value is the estimated value upon sale less the estimated costs for achieving the sale. The indirect realizable value is the estimated sale price within the context of normal operations less the estimated costs of completion and the estimated costs necessarily incurred to realize the sale. The calculation of the indirect realizable value is based on an analysis of scenarios that includes as many site-specific aspects and company-specific parameters and conditions as possible. A write-down is recognized if the carrying value exceeds the net realizable value.

Properties on building sites are classified as investment property if the current use of Rabobank is leasing them out under one or more operating leases.

Work in Progress
Work in progress concerns unsold residential projects under construction or in preparation, as well as unsold commercial property projects. Work in progress is carried at the costs incurred plus allocated interest or, if lower, the net realizable value. Revenues from projects for the construction of real estate are recognized when the related performance obligations are satisfied. Expected losses on projects are immediately deducted from the work in progress. If Rabobank transfers (parts of) a project to a customer before the customer pays instalments, Rabobank recognizes a contract asset. If a customer pays instalments, or if Rabobank has an unconditional right to instalments, Rabobank recognizes a contract liability, before transferring (parts of) a project to a customer.

The carrying amount of unsold work in progress is reviewed annually for indications of a decline in value. If there is such an indication, the indirect realizable value of the work in progress is estimated; in most cases this is done by means of an internal or external appraisal. The indirect realizable value is the estimated sale price within the context of normal operations less the estimated costs of completion and the estimated costs necessarily incurred to realize the sale. A downward value adjustment is recognized if the carrying value exceeds the expected indirect net realizable value, to the extent that this difference must be borne by Rabobank.

Finished Properties
Unsold residential and commercial properties developed in-house are carried at cost or, if lower, the net realizable value. The net realizable value of finished properties is reviewed at least once a year or if there are any indications for a decline in value. For finished properties, the net realizable value is generally equal to the direct realizable value, which is mostly determined by means of an internal or external appraisal. A downward value adjustment is recognized if the carrying value exceeds the expected direct net realizable value, to the extent that the difference is for Rabobank's account.

2.22 Leasing

Rabobank as Lessee
As a lessee, Rabobank recognizes a right-of-use asset representing its right to use the underlying leased asset and a corresponding liability representing its obligation to make lease payments at the date on which the leased asset is available for use. Each lease payment is allocated between the lease liability and interest expense. The interest expenses are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the lease term on a straight-line basis. The lease liability is measured at the present value of the lease payments. The lease payments comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- Fixed payments less any lease incentives received;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The present value of the lease payments is determined by using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Rabobank defines the incremental borrowing rate as the internal funding rate (Funds Transfer Pricing (FTP) rate) plus an asset-specific premium. By using the FTP rate as a basis the discount rate is defined for each time bucket and consists of the following elements:

- Base rate: the risk-free rate;
- Credit spread: based on credit risk of the group company;
- Country specific risk: based on location of the group company; and
- Currency risk: based on the functional currency of the group company;

The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and restoration costs. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Rabobank recognizes the right-of-use assets as part of the line-item Property and Equipment and the lease liability as part of line-item Other Liabilities in the Consolidated Statement of Financial Position.

Rabobank as Lessor

Finance Leases
A finance lease is recognized as a receivable under "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers", as applicable, at an amount equal to the net investment in the lease. The net investment in the lease is the present value of the nominal minimum lease payments and the unguaranteed residual value. The difference between the gross investment and the net investment in the lease is recognized as unearned finance income. Lease income is recognized as interest income over the term of the lease using the net investment method, which results in a constant rate of return on the investment.

Operating Leases
Assets leased under operating leases are included in the statement of financial position under "Property and Equipment". The assets are depreciated over their expected useful lives in line with those of comparable items of property and equipment.

Rental income (fewer write-offs and discounts granted to lessees) is recognized under "Net Income from Other Operating Activities" on a straight-line basis over the term of the lease.

2.23 Provisions and Contingent Liabilities

Provisions
Provisions are recognized for obligations (both legal and constructive) arising as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. If Rabobank expects a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognized as a separate asset but only if the reimbursement is virtually certain. The provisions are carried at the discounted value of the expected future cash flows. The additions to and releases of provisions are recognized in the statement of income under "Other Administrative Expenses".

Restructuring
Restructuring provisions comprise payments under redundancy schemes and other costs directly attributable to restructuring programs. These costs are recognized during the period in which the legal or actual payment obligation arises, a detailed plan has been prepared for redundancy pay and there are realistic expectations among the affected parties that the restructuring will be implemented.

Legal Issues
The provision for legal issues is based on the best estimates available at the end of the reporting period, taking legal advice into account. The timing of the cash outflow of these provisions is uncertain because the outcome of the disputes and the time involved are unpredictable.

Other Provisions
Other provisions include provisions for onerous contracts, potential settlements, and credit related contingent liabilities. See Section 2.16 for the accounting policy of impairment allowances on credit related contingent liabilities.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Rabobank; or a present obligation that arises from past events but is not recognized because it is either not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably. Contingent

liabilities are not recognized in the statement of financial position, but are rather disclosed in the notes unless the possibility of the outflow of economic benefits is remote.

2.24 Employee Benefits

Rabobank has various pension plans in place based on the local conditions and practices of the countries in which it operates. In general, the plans are financed by payments to insurance companies or to trustee administered funds determined by periodic actuarial calculations. A defined benefit pension plan is one that incorporates an obligation to pay an agreed amount of pension benefit, which is usually based on several factors such as age, number of years' service and remuneration. A defined contribution plan is one in which fixed contributions are paid to a separate entity (a pension fund) with no further legal or constructive obligation on the part of the employer should the fund have insufficient assets to settle its obligations to employee-members of the plan.

Pension Obligations

The obligation under defined benefit pension plans is the present value of the defined benefit pension obligation at the end of the reporting period reduced by the fair value of the fund investments. The defined benefit obligation is calculated annually by independent actuaries based on the projected unit credit method. The present value of the defined benefit obligation is determined as the estimated future outflow of cash funds based on the interest rates of high-quality corporate bonds with terms that approximate those of the corresponding obligation. The majority of pension plans are career-average plans. The costs of these plans (being the net pension charge for the period after deducting employee contributions and interest) are included under 'Staff costs'. Net interest expense/income is determined by applying the discount rate at the beginning of the reporting period to the asset or liability of the defined benefit pension plan.

Actuarial gains and losses arising from events and/or changes in actuarial assumptions are recognized in the statement of comprehensive income.

Defined Contribution Plans

Under defined contribution plans, contributions are paid into publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. These regular contributions are recognized as expense in the year in which they are due and they are included under "Staff costs".

Other Post-Employment Obligations

Some of Rabobank's business units provide other post-employment benefits. To become eligible for such benefits, the usual requirement is that the employee remains in service until retirement and has been with the company for a minimum number of years. The expected costs of these benefits are accrued during the years of service, based on a system similar to that for defined benefit pension plans. The obligations are calculated annually by independent actuaries.

Variable Remuneration

Variable remuneration payable unconditionally and in cash is recognized in the year in which the employee renders the service. Conditional cash remuneration is included, on a straight line basis, in staff costs in the statement of income over the period of the year in which the employee's services are received and the remaining three years of the vesting period (i.e. over four years). The liability is recognized in "Other liabilities". The accounting treatment of payments based on equity instruments is disclosed in Section 2.25.

2.25 Variable Remuneration Based on Equity Instruments

For certain identified staff, remuneration for services rendered is settled in the form of cash payments based on equity instruments that are similar to, and have the same characteristics as, Rabobank Certificates. The costs of the services received are based on the fair value of the equity instruments on the award date and are restated annually to fair value. The costs related to the award of equity instruments during the period of the employee's contract are included in staff costs in the statement of income over the period of the year of award and the remaining three years of the vesting period of the equity instruments (i.e. over four years). The liability is recognized in "Other liabilities".

2.26 Tax

Current tax receivables and payables are offset where there is a legally enforceable right to offset and where simultaneous treatment or settlement is intended. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and where they relate to the same tax authority and arise within the same taxable entity.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. These temporary differences arise primarily on depreciation of tangible fixed assets, revaluation of certain financial assets and liabilities (including derivatives), employee benefits, loan impairment allowances and other impairments, tax losses and fair value adjustments to net assets acquired in business combinations. Deferred tax assets and liabilities are also recognized on the revaluation of financial assets at fair value through other comprehensive income and cash flow hedges that are taken directly to other comprehensive income. When realized, they are recognized in the income statement at the same time as the respective deferred gain or loss is recognized. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the losses can be utilized and are measured at the tax rates that have been enacted or substantively enacted as at the reporting date. Rabobank considers all deferred taxes to be non-current.

Taxes on profit are calculated in accordance with the tax legislation of the relevant jurisdictions in which Rabobank operates and are recognized as an expense in the period in which the profit is realized. The tax effects of loss carry forwards are recognized as an asset if it is probable that future taxable profits will be available against which the losses can be utilized.

2.27 Deposits from Credit Institutions, Deposits from Customers and Debt Securities in Issue

These liabilities are initially recognized at fair value, which is the issue price minus transaction costs that are directly attributable to the issue, and thereafter at amortized cost. The TLTRO funding from the European Central Bank is initially recognized at fair value and is subsequently classified as deposits from credit institution and measured at amortized cost.

Own issued debt securities that are repurchased are derecognized, and the difference between the carrying amount and the consideration paid is recognized in the income statement.

2.28 Rabobank Certificates

The proceeds of the issue of Rabobank Certificates are available to Rabobank in perpetuity and are subordinate to all liabilities and to the Capital Securities. As there is no formal obligation to (re)pay the principal or to pay dividend, the Rabobank Certificates are classified as equity. As the payment of distributions is wholly discretionary, the proceeds received and dividends paid on them are recognized directly in equity.

2.29 Capital Securities

As there is no formal obligation to (re)pay the principal or to pay dividend, the Capital Securities are classified as "Equity" and dividends paid on these instruments are recognized directly in equity.

2.30 Financial Guarantees

Financial guarantee contracts require the issuer to compensate the holder for losses incurred when the debtor fails to meet its obligations under the terms of the related debt instrument. The guarantees are initially recognized at fair value and subsequently measured at the higher amount of the impairment allowance and the amount initially recognized less cumulative amortization.

2.31 Segmented Information

An operating segment is a component of Rabobank that engages in business activities from which it may earn revenues and incur expenses. The operating segments' operating results are regularly reviewed by Rabobank's Managing Board to make decisions about resources to be allocated to the segment and assess its performance, and discrete financial information is available about them.

2.32 Government Grant

Government grants are assistance from the government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants will not be recognized until there is reasonable assurance that i) the entity will comply with the conditions attaching to them; and ii) the grants will be received. Rabobank recognizes government grants in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are presented in the statement of financial position as “Other assets”.

2.33 Cash Flow Statement

Cash and cash equivalents include cash resources, money market deposits and deposits at central banks. The cash flow statement is prepared using the indirect method and provides details of the source of the cash and cash equivalents that became available during the year as well as their application during the year. The net pre-tax cash flow from operating activities is adjusted for non-cash items in the statement of income and for non-cash changes in items in the statement of financial position.

The Consolidated Statement of Cash Flows presents the cash flows from operating, investing and financing activities separately. Cash flows from operating activities include net changes in loans and advances, interbank deposits, deposits from customers and acquisitions, disposals and repayment of financial investments. Investment activities include acquisitions and disposals of subsidiaries, investments in associates and property and equipment. Financing activities include issues and repayments of Rabobank Certificates, Capital Securities, subordinated liabilities and debt securities in issue.

The difference between the net change presented in the statement of cash flows and the change in cash and cash equivalents included in the statement of financial position is due to exchange differences.

3. Solvency and Capital Management

Rabobank aims to maintain a proper level of solvency. For this purpose a number of capital ratios are utilized. The principal ratios are the common equity tier 1 ratio (CET1), the tier 1 ratio, the total capital ratio and the equity capital ratio. Rabobank uses its own internal objectives that extend beyond the minimum requirements of the supervisors. It takes market expectations and developments in legislation and regulations into account. Rabobank manages its solvency position based on policy documents. The solvency position and the objectives are periodically reviewed by the Risk Management Committee and the Asset Liability Committee of the Managing Board and the Supervisory Board.

The "Capital Requirements Regulation (CRR)" and "Capital Requirements Directive (CRD V)" together constitute the European implementation of the Basel Capital and Liquidity Accord of 2010 which are applied by Rabobank.

Rabobank must comply with a number of minimum solvency positions as stipulated under law. The solvency position is determined on the basis of ratios. These ratios compare the qualifying capital (total capital ratio), the tier 1 capital (tier 1 ratio) and the core capital (common equity tier 1 ratio) with the total of the risk-adjusted assets. The minimum percentages are determined on the basis of CRD V/ CRR and reflect the application of Article 104a of the CRR to partly fulfil the pillar 2 requirement with additional tier 1 and tier 2 capital.

Minimum Capital Buffer

	CET 1	*AT 1*	*Tier 1*	*Tier 2*	*Overall capital requirement*
Pillar 1 requirement	4.5%	1.50%	6.0%	2.0%	8.0%
Pillar 2 requirement	1.07%	0.36%	1.43%	0.47%	1.90%
Capital conservation buffer	2.5%	-	2.5%	-	2.5%
Systemic buffer	2.01%	-	2.01%	-	2.01%
Countercyclical buffer	0.67%	-	0.67%	-	0.67%
Total required	**10.75%**	**1.86%**	**12.61%**	**2.47%**	**15.08%**

Risk-weighted assets are determined based on separate and distinct methods for each of the credit, operational and market risks. For credit risk purposes, the risk-weighted assets are determined in several ways dependent on the nature of the asset. For the majority of assets the risk weighting is determined by reference to internal ratings and a number of characteristics specific to the asset concerned. For off-balance sheet items the balance sheet equivalent is calculated firstly on the basis of internal conversion factors and the resulting equivalent amounts are then also assigned risk-weightings. For operational risk purposes, an Advanced Measurement Approach model is used to determine the amount of risk-weighted assets. For market risk purposes, the Internal Model Approach is applied on the majority of the exposures in scope, with very small exposures following standardized methods. On December 31, 2023, Common Equity Tier 1 (CET1) ratio amounted to17.1% (2022: 16.0%). The main driver of the CET1 ratio development was an increase in CET1 capital due to the addition of net profit to retained earnings. This was partly compensated by an increase in RWA of EUR 2.4 billion (from EUR 240.4 billion to EUR 242.8 billion). The CET1 capital requirement at year-end was 10.7%, on the basis that the Pillar 2 Requirement is partly met by available additional tier 1 and tier 2 capital in accordance with article 104a of CRD V.

Capital Ratios

Amounts in millions of euros	*2023*	*2022[1]*
Reserves and Retained earnings	36,242	33,029
Expected dividends	(2)	(2)
Rabobank Certificates	7,825	7,825
Part of non-controlling interest treated as qualifying capital	-	-
Regulatory adjustments	(2,449)	(2,496)
Transition guidance - IFRS 9 transitional arrangements	6	16
Common Equity Tier 1 capital	**41,622**	**38,372**
Capital Securities	4,975	4,971
Grandfathered instruments	-	-
Non-controlling interests	-	-
Regulatory adjustments	(100)	(96)
Transition guidance	-	-
Additional Tier 1 capital	**4,875**	**4,875**
Tier 1 capital	**46,497**	**43,247**
Part of subordinated debt treated as qualifying capital	6,309	7,671
Non-controlling interests	-	-
Regulatory adjustments	(100)	(88)
Transition guidance - IFRS 9 transitional arrangements	-	-
Tier 2 capital	**6,209**	**7,583**
Qualifying capital	**52,706**	**50,830**
Risk-weighted assets	**242,763**	**240,376**
Common Equity Tier 1 ratio	17.1%	16.0%
Tier 1 ratio	19.2%	18.0%
Total capital ratio	21.7%	21.1%
Equity capital ratio[2]	18.6%	17.3%

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

2 The equity/ capital ratio is calculated by comparing the items Retained earnings and Rabobank Certificates to the risk-weighted assets.

Elements in the regulatory adjustments are NPL prudential backstop, goodwill, other intangible fixed assets, deferred tax assets which depend on future profit, the IRB shortfall for credit risk adjustments and adjustments relating to cumulative results due to changes in the bank's credit risk on instruments designated at fair value.

4. Risk Exposure on Financial Instruments

4.1 Risk Organization

The Managing Board is responsible for overseeing the development and operations of risk management at various levels within the organization. This includes the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models and reports wherever necessary to ensure the bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk-taking activities. The Supervisory Board is responsible for the supervision of the Managing Board with regard to their execution of risk profile, risk policies and risk management activities. The Supervisory Board's Risk Committee consists of members of the Supervisory Board and supports the Supervisory Board in preparing its decision making in relation to its supervision.

Risk Appetite

Identifying and managing risks for its organization is an ongoing process at Rabobank. For this purpose, Rabobank has an integrated risk management strategy. The risk management cycle includes determining risk appetite, preparing integrated risk analyses, and measuring and monitoring risk. Throughout this process Rabobank follows a risk strategy aimed at continuity and designed to protect profitability, maintain solid balance-sheet ratios and protect its identity and reputation.

4.2 Strategy for the Use of Financial Instruments

Rabobank's activities are inherently related to the use of financial instruments, including derivatives. As part of the services it offers, Rabobank accepts deposits from customers at varying terms and at both fixed and variable interest rates. Rabobank earns interest income by investing these deposits in high-quality assets and by providing loans to commercial and retail borrowers. Rabobank aims to increase the margin on these activities by actively managing the interest rate positions of the banking book balance within risk boundaries while maintaining sufficient cash resources to meet obligations as they fall due. Rabobank is exposed to credit risk on the on-balance sheet loans and on the off-balance sheet guarantees it provides, such as letters of credit, letters of performance, and other guarantee documents.

4.3 Credit Risk

Credit risk is defined as the risk of the bank facing an economic loss because the bank's counterparties cannot fulfil their contractual obligations.

Credit risk management within the bank is governed by the bank-wide central credit risk policy and further detailed in underlying specific credit risk standards and procedures. The primary responsibility for managing and monitoring credit risk lies with the business as the first line of defense. The business is required to identify, assess and manage, monitor and report potential weaknesses in the credit risk portfolios. Monitoring takes place on an ongoing basis to limit credit risk exposures to a level in line with the business line's risk appetite.

In addition, risk in the credit portfolio is measured and monitored at bank-wide level and on entity level on a monthly basis and by quarterly and ad-hoc portfolio reporting and analysis, with specific attention to risk developments and concentrations.

4.3.1 Credit Risk Management

Credit Acceptance

Rabobank's credit acceptance policy is typified by a prudent assessment of customers and their ability to repay the loan that was granted (continuity perspective). As a result, the loan portfolio has an acceptable risk profile even in less than favorable economic circumstances. Rabobank aims to have long-term relationships with customers that are beneficial for both the client and the bank. An important starting point in acceptance policy for business loans is the "know your customer" principle. This means that the bank only grants loans to business customers whose management Rabobank considers to be ethical and competent. In addition, Rabobank closely monitors developments in the business sectors in which its customers operate and in which it can properly assess the financial performance of its customers. Corporate sustainability also means sustainable financing. Furthermore, sustainability guidelines have been established for use in the credit process.

Although credit is usually granted on the cash flow generating potential of the client or project, collateral will improve the position of the bank in case a client defaults. Collateral can be independent of the client's business and/or obtained from the client's business. Rabobank has outlined its policies for collateral valuation and collateral management in the Global Standard on Credit Risk Mitigation. The valuation method depends on the type of collateral. For asset collateral, the valuation sources can be the customer's balance sheet (e.g. equipment, machinery and stock), nominal value (e.g. cash and receivables), market value (e.g. securities and commodities), independent valuations (commercial immovable property) and market indices (residential immovable property). All (eligible) collateral is valued at market value or less than market value and the collateral value is monitored regularly. The collateral must be sufficiently liquid and its value over time should be sufficiently stable to provide appropriate credit protection. Each type of collateral is addressed separately within the Rabobank policy framework.

The main types of collateral that Rabobank recognizes are residential and commercial immovable property, inventory (such as equipment, machinery, stock etc.), commodities, receivables and guarantees. With a substantial domestic mortgage portfolio, residential immovable property is considered a concentration risk within the credit risk mitigation that is taken. The quality of the collateral is assessed in the initial credit request, and is monitored within the credit revision process (see table below for the Rabobank policy concerning revaluation and monitoring of collateral). The frequency of revaluation depends on the client's credit quality (performing or non-performing) and on the type of collateral and is in line with the requirements set out in the CRR. The main types of guarantors are governments, local authorities, (central) banks and corporate entities. A minimum rating is required for institutions, insurance undertakings and export credit agencies.

Immovable property exposure/ immovable property collateral	**Revaluation at least**	**Monitoring at least**
Non-performing exposures	every year	every 6 months; exposure < EUR 1 million: every year
Performing exposures		
a) exposure > EUR 3 million/ all types of collateral	every three years	every year
b) all commercial immovable property with exposure <= EUR 3 million	as defined by business unit	every year
c) residential immovable property with exposure <= EUR 3 million	as defined by business unit	every three years

Credit Committees and Credit Approval

Within the boundaries set by the Risk Management Committee, the Managing Board has mandated decision-making authority to transactional committees and to credit decision approval officers that operate on an entity level, regional level or central level at Rabobank. Credit committees review all significant risks in credit proposals to arrive at a systematic judgment and a balanced decision. Rabobank has various levels of credit committees. Applications exceeding authority level of a credit committee are complemented with a recommendation and submitted to a 'higher' credit committee for decision-making.

- **Central Credit Committee Rabobank Group** (CCCRG) - The CCCRG takes credit decisions on credit applications subject to the 'corporate credit approval route' exceeding:

  - The authority of **Credit Approvals Local Banks** (CA LB) - This department is responsible for decisions on requests for non-classified (CRC Good or Early Warning; formerly known as LQC Good or OLEM) obligors exceeding the authority of Local Banks in the Netherlands.
  - The authority of **Credit Approvals Wholesale & Rural** (CA W&R) - This department is responsible for decisions on requests for non-classified (CRC Good or Early Warning; formerly known as LQC Good or OLEM) obligors exceeding the authority of DLL or a Wholesale & Rural (W&R) office/region.
  - The authority of the **Credit Committee Financial Restructuring & Recovery** (CC-FR&R) - This credit committee takes credit decisions on proposals for classified (CRC Financial Difficulties or Default; formerly known as LQC Substandard, Doubtful or Loss) obligors exceeding the authority of local credit committees and the FR&R department.

- **Country & Financial Institutions Committee** (CFIC) - The CFIC takes credit decisions on proposals exceeding the authority of Country & Financial Institutions Risk which is responsible for the risk management of exposure on financial institutions and sovereigns/countries.

- **Loan Loss Provision Committee** (LLPC) - The Loan Loss Provision Committee is responsible for determining the level of expected credit loss (ECL) provisions for Rabobank. This responsibility is delegated by the Managing Board. The Committee approves the setting of provisioning levels for both model-based (stage 1, stage 2 and stage 3a) and individually assessed exposures (stage 3b) in the loan book (business and private individuals/ mortgages) as well as top level adjustments (technical and business). For individually assessed Stage 3b exposures as well as top level adjustments, estimates based on individual assessments and expert judgment are used. With regard to these top level adjustments, the Management Adjustment Committee (MAC) has been established in 2023 which operates under the delegation of the LLPC. The MAC is responsible for the top level adjustments for ECL provisions and the related TLA process and evaluates all TLAs on topics such as consistent application of methodology, consistency with the MES and sector assessments, expert judgements used, and quality of the substantiation amongst other factors. In addition, the LLPC considers relevant internal and external information in its decisions. This includes the outcomes of the backstop process and forward-looking elements such as budget forecasts, scenario analyses or stress test outcomes, and for individually assessed Stage 3b exposures estimates based on individual assessments and expert judgment. Following such considerations, the LLPC may approve deviations from the provisioning estimates and/or provide strategic recommendations to the Managing Board.

The Terms of Reference (ToR) for these credit committees provide the mandate, responsibilities & scope, hierarchical relationships, membership, authority levels and modalities of these approval bodies. Credit committees take decisions on the basis of consensus, unless local regulation requires majority voting. Consensus is reached when there is a general agreement or when none of the members have fundamental objections to the decision. When no consensus can be reached, an application is considered declined. In case of majority voting, the representative(s) from the Risk domain has a veto right. If a veto is used, the Managing Board decides.

For efficiency reasons credit committees can delegate part of their authority. A single person may not take a credit decision solely based on their own opinion. This means that Rabobank applies a four-eyes principle or decisions are system supported. In such cases, one person may take a decision as long as the credit is assessed as acceptable by an expert system or meets predefined criteria (the credit complies with decision tools). Fully IT supported assessments and approvals are allowed under strict conditions.

The credit committees play a key role in ensuring consistency among Rabobank standards of credit analysis, compliance with the overall Rabobank credit policy and consistent use of the rating models. The credit policy sets the parameters and remit of each committee, including the maximum amount they are allowed to approve for limits or transactions. Policies are also in place which restrict or prohibit certain counterparty types or industries. As a rule, all counterparty limits and internal ratings are reviewed at least once a year (corporate clients). Where counterparties are assigned a low credit risk classifier (formerly known as loan quality classification), they are reviewed on a more frequent basis. Credit committees may request for more frequent reviews as well.

4.3.2 Loan portfolio composition

Rabobank has a significant market share in residential mortgages lending. These loans have a low risk profile and the net addition in 2023 to loan impairment allowances is 3 basis points. In 2023, the proportion of the private sector lending allocable to the food and agricultural sectors was 26% and the proportion of private sector lending allocable to trade, industry and services was 27%. Loans to trade, industry and services and loans to the food and agricultural sectors are spread over a wide range of industries in many different countries. None of these individual sector shares represents more than 10% of the total private sector lending.

Amounts in millions of euros	*2023*		*2022*	
Total loans and advances to customers	**439,262**		**428,861**	
Of which:				
Loans to government clients	1,374		1,437	
Reverse repurchase transactions, securities borrowing agreements and settlement accounts	15,259		8,439	
Hedge accounting adjustment	(11,378)		(13,136)	
Loans to private sector clients	**434,007**		**432,121**	
This can be broken down geographically as follows:				
The Netherlands	290,176	67%	293,781	67%
Rest of Europe	40,660	9%	38,215	9%
North America	48,283	11%	47,691	11%
Latin America	17,143	4%	16,425	4%
Asia	6,845	2%	7,269	2%
Oceania	30,619	7%	28,439	7%
Africa	281	0%	301	0%
Total loans to private sector clients	**434,007**	**100%**	**432,121**	**100%**
Breakdown of loans by business sector				
Private individuals	203,635	47%	204,459	47%
Trade, industry and services (TIS)	115,542	27%	114,357	26%
Food & agri	114,830	26%	113,305	26%
Total loans to private sector clients	**434,007**	**100%**	**432,121**	**100%**

The loans to private individuals are almost all incorporated in the business segment Domestic Retail Banking and geographically in the Netherlands. The loans to TIS and Food & Agri are categorized by sector and business segment as follows:

Trade, Industry and Services Loan Portfolio Analyzed by Business sector

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2023						
Manufacturing (Non-F&A)	4,199	5,660	2,794	-	-	12,653
Energy	830	9,350	177	-	-	10,356
Construction	3,082	1,019	2,078	146	-	6,326
Wholesale and retail trade (non-F&A and energy)	6,723	3,086	5,646	-	-	15,455
Transportation and storage	3,471	1,864	1,604	-	-	6,939
Accommodation and food service activities	2,714	2,278	217	-	-	5,209
Information and communication	949	984	867	-	1	2,801
Financial and insurance activities	4,229	11,321	838	-	-	16,387
Real estate activities	13,449	5,302	337	1	-	19,088
Professional, scientific and technical activities	1,596	627	1,302	-	-	3,525
Administrative and support service activities	1,619	1,300	3,130	-	-	6,049
Education	131	2	523	-	-	656
Human health and social work activities	2,947	46	2,991	-	-	5,984
Arts, entertainment and recreation	639	212	435	-	-	1,286
Other Non F&A	433	1,144	1,251	-	-	2,828
Total	**47,010**	**44,195**	**24,190**	**147**	**1**	**115,542**

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2022						
Manufacturing (Non-F&A)	4,558	6,855	2,469	-	-	13,882
Energy	886	8,673	151	-	-	9,710
Construction	3,371	1,249	1,910	99	-	6,629
Wholesale and retail trade (non-F&A and energy)	7,137	3,849	4,486	-	-	15,472
Transportation and storage	3,696	1,515	1,515	-	-	6,726
Accommodation and food service activities	2,717	1,996	176	-	-	4,889
Information and communication	1,131	688	792	-	1	2,612
Financial and insurance activities	3,966	10,177	860	-	543	15,546
Real estate activities	13,599	4,964	311	1	-	18,875
Professional, scientific and technical activities	1,775	790	1,227	-	-	3,792
Administrative and support service activities	1,623	1,099	2,739	-	-	5,461
Education	116	7	535	-	-	658
Human health and social work activities	3,110	47	2,991	-	-	6,148
Arts, entertainment and recreation	654	195	416	-	-	1,265
Other Non F&A	521	947	1,224	-	-	2,692
Total	**48,860**	**43,051**	**21,802**	**100**	**544**	**114,357**

Food & Agri Loan Portfolio Analyzed by Business Sector

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2023						
Commodities	2,458	19,005	5,495	-	-	26,957
Animal Protein	3,269	17,906	2,256	-	-	23,431
Beverages	82	4,269	130	-	-	4,481
Consumer Foods	2,112	9,487	392	-	-	11,991
Dairy	7,647	11,819	1,422	-	-	20,888
Farm Inputs	1,108	5,701	3,898	-	-	10,706
Fresh Produce	5,074	8,051	2,212	-	-	15,337
Other F&A	30	571	438			1,038
Total	**21,780**	**76,808**	**16,242**	**-**	**-**	**114,830**

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Total*
On December 31, 2022						
Commodities	3,772	21,645	4,921	-	-	30,338
Animal Protein	3,521	16,534	2,182	-	-	22,237
Beverages	77	3,520	137	-	-	3,734
Consumer Foods	1,990	8,856	400	-	-	11,246
Dairy	7,858	11,844	1,300	-	-	21,002
Farm Inputs	1,214	6,584	3,385	-	-	11,183
Fresh Produce	4,034	6,722	1,861	-	-	12,617
Other F&A	27	499	422	-	-	948
Total	**22,493**	**76,204**	**14,608**	**-**	**-**	**113,305**

Derivatives

Rabobank sets strict limits for open positions, in amounts as well as in terms. If ISDA (International Swaps and Derivatives Association) standards apply or a master agreement including equivalent terms has been concluded with the counterparty, and if the jurisdiction of the counterparty permits offsetting, the net open position is monitored and reported. This credit risk is managed as part of the general lending limits for clients. Where needed, Rabobank obtains collateral or other credit enhancements to mitigate credit risks inherent in these transactions. The credit risk exposure represents the current fair value of all open derivative contracts showing a positive market value, taking into account master netting agreements enforceable under law.

Credit Related Contingent Liabilities

The financial guarantees and standby letters of credit that Rabobank provides to third parties in the event of a client being unable to fulfill their obligations to these third parties, are exposed to credit risk. Rabobank provides documentary and commercial letters of credit and written undertakings on behalf of clients that authorize third parties to draw bills against Rabobank up to a fixed amount and subject to specific conditions. As these transactions are secured by the delivery of the underlying goods to which they relate, the risk exposure of such an instrument is lower than that of a direct loan. From the moment that the documents have been accepted under the terms of the letters of credit, Rabobank recognizes an asset and a liability until payment.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Rabobank is exposed to credit risk when it promises to grant loans. The amount of any losses is likely to be lower than the total of the unused commitments because the commitments are subject to the clients meeting certain loan conditions. Rabobank monitors the term to the expiry of loan commitments because long-term commitments generally involve higher risk than short-term commitments.

4.3.3 Credit Risk Exposure and Credit Quality

In its financing approval process, Rabobank uses the Rabobank Risk Rating, which reflects the risk of failure or the probability of default (PD) of the loan relation over a period of one year. The loan-quality categories are determined on the basis of the internal Rabobank Risk Rating. The Rabobank Risk Rating consists of 21 performance ratings (R0-R20) and four default ratings (D1-D4). The performance ratings assess the probability of default within a period of one year and the rating is determined, in principle, on a cyclically neutral basis. D1-D4 ratings refer to default classifications. D1 represents more than 90 days past due on a material contractual payment; D2 indicates that it is unlikely that the obligor will pay its debt in full, without recourse by the bank to actions such as realizing security; D3 indicates that a distressed sale or a distressed restructuring has occurred that is likely to result in a credit-related economic loss; and D4 indicates bankruptcy status. The default ratings make up the total credit-impaired exposure. The table below shows the credit quality of the financial assets subject to impairment disclosed in ranges of rating grades that is consistent with the number that is reported to key management personnel for credit risk management purposes. The gross carrying amount of the financial assets below also represent the maximum exposure to credit risk on these assets.

Credit Risk Profile per Internal Rating Grade of Loans and Advances to Credit Institutions

Amounts in millions of euros

On December 31, 2023	*Gross carrying amount*			
	Non credit-impaired		*Credit-impaired*	*Total*
	Subject to 12-month ECL	*Subject to lifetime ECL*	*Subject to lifetime ECL*	
R0-R1 (AAA)	122	-	-	122
R2-R4 (AA)	465	-	-	465
R5-R7 (A)	19,678	16	-	19,694
R8-R10 (BBB)	5,076	-	-	5,076
R11-R13 (BB)	160	2	-	162
R14-R16 (B+)	507	3	-	510
R17-R19 (B-)	293	3	-	296
R20 (CCC+)	9	1	-	10
Default ratings (D)	-	-	-	-
Non-rated	122	-	-	122
Total	**26,432**	**25**	**-**	**26,457**
On December 31, 2022				
R0-R1 (AAA)	588	-	-	588
R2-R4 (AA)	447	-	-	447
R5-R7 (A)	6,822	24	-	6,846
R8-R10 (BBB)	1,568	-	-	1,568
R11-R13 (BB)	450	2	-	452
R14-R16 (B+)	842	3	-	845
R17-R19 (B-)	201	2	-	203
R20 (CCC+)	-	1	-	1
Default ratings (D)	-	-	1	1
Non-rated	170	-	-	170
Total	**11,088**	**32**	**1**	**11,121**

Credit Risk Profile per Internal Rating Grade of Loans and Advances to Customers

Amounts in millions of euros

On December 31, 2023	*Gross carrying amount*			
	Non credit-impaired		*Credit-impaired*	*Total*
	Subject to 12-month ECL	*Subject to lifetime ECL*	*Subject to lifetime ECL*	
R0-R1 (AAA)	298	1	-	299
R2-R4 (AA)	8,728	38	-	8,766
R5-R7 (A)	86,481	476	-	86,957
R8-R10 (BBB)	137,876	5,111	-	142,987
R11-R13 (BB)	104,765	15,964	-	120,729
R14-R16 (B+)	48,421	16,569	-	64,990
R17-R19 (B-)	7,423	7,399	-	14,822
R20 (CCC+)	420	2,089	-	2,509
Default ratings (D)	-	-	8,997	8,997
Non-rated	2,467	27	-	2,494
Total	**396,879**	**47,674**	**8,997**	**453,550**
On December 31, 2022				
R0-R1 (AAA)	907	35	-	942
R2-R4 (AA)	9,682	25	-	9,707
R5-R7 (A)	81,895	491	-	82,386
R8-R10 (BBB)	134,467	4,438	-	138,905
R11-R13 (BB)	106,621	11,223	-	117,844
R14-R16 (B+)	51,871	13,244	-	65,115
R17-R19 (B-)	8,400	7,151	-	15,551
R20 (CCC+)	224	2,133	-	2,357
Default ratings (D)	39	164	8,462	8,665
Non-rated	3,376	11	-	3,387
Total	**397,482**	**38,915**	**8,462**	**444,859**

Credit Risk Profile per External Rating Grade of Financial Assets at Fair Value through Other Comprehensive Income

Amounts in millions of euros

On December 31, 2023	*Gross carrying amount*			
	Non credit-impaired		*Credit-impaired*	*Total*
	Subject to 12-month ECL	*Subject to lifetime ECL*	*Subject to lifetime ECL*	
AAA-A	13,463	-	-	13,463
BBB-B	580	-	-	580
CCC-C	-	-	-	-
D	-	-	-	-
Non-rated	-	-	-	-
Total	**14,043**	**-**	**-**	**14,043**
On December 31, 2022				
AAA-A	10,833	-	-	10,833
BBB-B	493	-	-	493
CCC-C	-	-	-	-
D	-	-	-	-
Non-rated	-	-	-	-
Total	**11,326**	**-**	**-**	**11,326**

Credit Risk Profile per Internal Rating Grade of Loan Commitments and Financial Guarantees

Amounts in millions of euros

On December 31, 2023	*Exposure to credit risk*			
	Non credit-impaired		*Credit-impaired*	
	Subject to 12-month ECL	*Subject to lifetime ECL*	*Subject to lifetime ECL*	*Total*
R0-R1 (AAA)	1,779	-	-	1,779
R2-R4 (AA)	4,006	1	-	4,007
R5-R7 (A)	19,705	451	-	20,156
R8-R10 (BBB)	20,132	2,257	-	22,389
R11-R13 (BB)	16,097	1,985	-	18,082
R14-R16 (B+)	5,176	1,599	-	6,775
R17-R19 (B-)	236	506	-	742
R20 (CCC+)	11	46	-	57
Default ratings (D)	1	13	735	749
Non-rated	16,400	24	-	16,424
Total	**83,543**	**6,882**	**735**	**91,160**
On December 31, 2022				
R0-R1 (AAA)	2,086	-	-	2,086
R2-R4 (AA)	2,531	272	-	2,803
R5-R7 (A)	16,847	204	-	17,051
R8-R10 (BBB)	21,523	1,017	-	22,540
R11-R13 (BB)	16,024	1,604	-	17,628
R14-R16 (B+)	5,366	1,579	-	6,945
R17-R19 (B-)	436	618	-	1,054
R20 (CCC+)	19	77	-	96
Default ratings (D)	18	8	478	504
Non-rated	12,074	4	-	12,078
Total	**76,924**	**5,383**	**478**	**82,785**

4.3.4 Impairment Allowances on Financial Assets and Credit Related Contingent Liabilities

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

Impairment Allowances on Loans and Advances to Credit Institutions

Amounts in millions of euros

	Subject to 12-month ECL	**Subject to lifetime ECL non-credit impaired**	**Subject to lifetime ECL credit impaired**	**Total**
Balance on January 1, 2023	**1**	**-**	**-**	**1**
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	-	-	-	-
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2023	**1**	**-**	**-**	**1**
Balance on January 1, 2022	**2**	**-**	**-**	**2**
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	(1)	-	-	(1)
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2022	**1**	**-**	**-**	**1**

Impairment Allowances on Loans and Advances to Customers

Amounts in millions of euros

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	**Total**
Balance on January 1, 2023	**393**	**717**	**1,752**	**2,862**
Increases due to origination and acquisition	134	32	135	301
Decreases due to derecognition	(61)	(37)	(210)	(308)
Changes due to change in credit risk	(60)	21	700	661
Write-off of defaulted loans during the year	(11)	(4)	(549)	(564)
Other changes	(2)	(23)	(18)	(43)
Balance on December 31, 2023	**393**	**706**	**1,810**	**2,909**
Balance on January 1, 2022	**372**	**890**	**2,235**	**3,497**
Increases due to origination and acquisition	119	37	100	256
Decreases due to derecognition	(49)	(245)	(146)	(440)
Changes due to change in credit risk	(44)	24	434	414
Write-off of defaulted loans during the year	(13)	(3)	(864)	(880)
Other changes	8	14	(7)	15
Balance on December 31, 2022	**393**	**717**	**1,752**	**2,862**

Impairment Allowances on Financial Assets at Fair Value through Other Comprehensive Income

Amounts in millions of euros

	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	**Total**
Balance on January 1, 2023	**2**	**-**	**-**	**2**
Increases due to origination and acquisition	2	-	-	2
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	(2)	-	-	(2)
Write-off of defaulted loans during the year	-	-	-	-
Other changes	(1)	-	-	(1)
Balance on December 31, 2023	**1**	**-**	**-**	**1**
Balance on January 1, 2022	**2**	**-**	**-**	**2**
Increases due to origination and acquisition	1	-	-	1
Decreases due to derecognition	-	-	-	-
Changes due to change in credit risk	(1)	-	-	(1)
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	-	-	-
Balance on December 31, 2022	**2**	**-**	**-**	**2**

Impairment Allowances on Loan Commitments and Financial Guarantees

Amounts in millions of euros	Subject to 12-month ECL	Subject to lifetime ECL non-credit impaired	Subject to lifetime ECL credit impaired	Total
Balance on January 1, 2023	**32**	**24**	**76**	**132**
Increases due to origination and acquisition	6	-	-	6
Decreases due to derecognition	(30)	(17)	(157)	(204)
Changes due to change in credit risk	18	25	204	247
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	(5)	2	(3)
Balance on December 31, 2023	**26**	**27**	**125**	**178**
Balance on January 1, 2022	**30**	**16**	**62**	**108**
Increases due to origination and acquisition	7	-	2	9
Decreases due to derecognition	(40)	(18)	(91)	(149)
Changes due to change in credit risk	35	24	103	162
Write-off of defaulted loans during the year	-	-	-	-
Other changes	-	2	-	2
Balance on December 31, 2022	**32**	**24**	**76**	**132**

The following table provides an overview of the significant changes in the gross carrying amount of loans and advances to customers during the period that contributed to changes in the total impairment allowance.

Changes in the Gross Carrying Amount of Loans and Advances to Customers

Amounts in millions of euros	*Gross carrying amount*			
	Non-credit-impaired		Credit-impaired	
	Subject to 12-month ECL	Subject to lifetime ECL	Subject to lifetime ECL	Total
Balance on January 1, 2023	**397,482**	**38,915**	**8,462**	**444,859**
Transfers of financial assets	(18,978)	16,694	2,284	-
New financial assets originated or acquired	134,035	5,188	1,627	140,850
Financial assets that have been derecognized	(113,384)	(12,881)	(2,918)	(129,183)
Write-offs	(11)	(4)	(499)	(514)
Other changes	(2,265)	(238)	41	(2,462)
Balance on December 31, 2023	**396,879**	**47,674**	**8,997**	**453,550**
Balance on January 1, 2022	**398,666**	**29,294**	**9,130**	**437,090**
Transfers of financial assets	(19,648)	17,347	2,301	-
New financial assets originated or acquired	138,134	6,132	1,186	145,452
Financial assets that have been derecognized	(122,964)	(13,566)	(2,770)	(139,300)
Write-offs	(13)	(3)	(823)	(839)
Other changes	3,307	(289)	(562)	2,456
Balance on December 31, 2022	**397,482**	**38,915**	**8,462**	**444,859**

As a consequence of the vulnerable sector SICR approach newly originated non-credit-impaired financial assets in vulnerable sectors are directly subject to lifetime ECL. This explains the relatively high amount in row 'New financial assets originated or acquired' in the non-credit-impaired column 'Subject to lifetime ECL'.

4.3.5 Criteria for identifying a significant increase in credit risk (SICR)

The parameter taken into account in the quantitative SICR assessment is the lifetime probability of default and its development from origination to reporting date. A relative change which is above a certain threshold in combination with an absolute threshold are considered to be indicators for a significant increase in credit risk. The comparison between the lifetime PD at origination and the lifetime PD at reporting date is made by translating both the rating at the start of the financial instrument and the rating at reporting date into (point-in-time) PD curves. The threshold is 2.0 (2022: 1.6) and represents the multiplier by which the lifetime PD needs to be increased to migrate from stage 1 to stage 2. In addition, an absolute delta PD of 0.5% (2022: 3%) should be reached as a minimum to migrate from stage 1 to stage 2. The thresholds are the same for all frameworks. Due to the changes in thresholds the volume of stage 2 especially for mortgages increased.

4.3.6 Judgments and Estimates on Model Based Impairment Allowances on Financial Assets

Rabobank applies the three-stage expected credit loss impairment models for measuring and recognizing expected credit losses which involve a significant degree of management judgment. The impairment methodology results in the recognition of allowances measured at an amount equal to 12 month expected credit losses (stage 1); allowances measured at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired (stage 2); and financial assets that are credit-impaired (stage 3). Rabobank uses estimates and management judgment in determining the expected credit loss in model-based impairment allowances for the elements disclosed below and expert judgment resulting in top level adjustments for those described in Section 2.1.

SICR Sensitivity

Transferring assets from stage 1 to stage 2 requires judgment. To assess the sensitivity of the ECL to the PD thresholds, an analysis was run, which assumed all assets were below the PD thresholds and apportioned a 12 month ECL. On the same asset base, an analysis was run which assumed all assets were above the PD thresholds and apportioned a lifetime ECL. Both analyses were run without taking into account the impact of top-level adjustments and resulted in ECLs of EUR 580 million (2022: 610 million) and EUR 1,670 million (2022: EUR 2,047 million) respectively.

Forward-looking Information and Macro-economic Scenarios

Estimating expected credit losses for each stage and assessing significant increases in credit risk uses information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions (forward looking information). Rabobank uses three, probability-weighted, macro-economic scenarios (consisting of a baseline scenario, a baseline minus scenario and a baseline plus scenario) in its ECL models to determine the expected credit losses. The baseline macro-economic scenario is considered the most likely at a 60% (December 31, 2022: 60%) likelihood, compared to 20% likelihood for the minus (December 31, 2022: 30%) and 20% for the plus scenarios (December 31, 2022: 10%).

Determination of Plus and Minus Scenarios

Rabobank uses a statistical simulation method from the National Institute Global Econometric Model (NiGEM) to generate its plus and minus scenarios. The procedure for the determination involves two steps:

1. Application of the stochastic function of NiGEM to run 1,000 scenarios starting in the third quarter where the plus and minus scenarios may differ from the baseline. NiGEM uses historical residuals (randomly chosen) from the model equations that results in shocks during the forecast period (Monte Carlo simulation). The result is a distribution of possible macroeconomic outcomes. The impact of these scenarios on the volume of world trade is used in step 2.

2. Look up the two scenarios which represent the 20% plus scenarios and the 20% minus scenarios of the distribution

Most important Macro-economic Variables

Important variables are gross domestic product growth, unemployment rates, and private sector investment. These forward-looking macro-economic forecasts require judgment and are largely based on internal Rabobank research. An analysis of the sensitivity of key forward-looking macro-economic inputs used in the ECL modelling process for stage 1, stage 2, and the model-based stage 3 provisioning and the probability-weights applied to each of the three scenarios is presented below without taking into account the impact of top-level adjustments. The countries included in the analysis are the most significant in terms of gross contribution to reportable ECL. Accordingly, Rabobank considers these portfolios to present the most significant risk of resulting in an adjustment to the carrying amount of financial assets.

Key macro-economic inputs and related ECL pre TLAs

Netherlands		***2024***	***2025***	***2026***	***ECL unweighted***	***Probability***	***Weighted ECL in millions of euro per December 31, 2023***	***Weighted ECL in millions of euro per December 31, 2022***
Plus	GDP per capita	1.18%	1.34%	0.25%				
	Unemployment	3.68%	3.51%	3.35%	1,115	20%		
	Private Sector Investment	7.24%	-1.03%	-0.30%				
Baseline	GDP per capita	0.18%	0.73%	0.89%				
	Unemployment	4.08%	4.53%	4.60%	1,197	60%	1,199	1,125
	Private Sector Investment	6.90%	-1.52%	-0.30%				
Minus	GDP per capita	-0.75%	0.20%	1.54%				
	Unemployment	4.46%	5.52%	5.83%	1,290	20%		
	Private Sector Investment	6.56%	-2.02%	-0.24%				

United States		***2024***	***2025***	***2026***	***ECL unweighted***	***Probability***		***Weighted ECL in millions of euro per December 31, 2022***
Plus	GDP per capita	1.16%	2.80%	1.37%				
	Unemployment	4.74%	4.69%	3.35%	125	20%		

							Weighted ECL in millions of euro per	*Weighted ECL in millions of euro per*
	Private Sector Investment	0.70%	0.37%	-0.55%				
Baseline	GDP per capita	0.18%	1.55%	1.48%				
	Unemployment	5.13%	5.70%	4.61%	146	60%	147	167
	Private Sector Investment	0.44%	-0.14%	-0.67%				
Minus	GDP per capita	-0.74%	0.37%	1.59%				
	Unemployment	5.50%	6.68%	5.82%	173	20%		
	Private Sector Investment	0.19%	-0.61%	-0.78%				

Brazil		*2024*	*2025*	*2026*	*ECL unweighted*	*Probability*		*Weighted ECL in millions of euro per December 31, 2022*
Plus	GDP per capita	1.94%	1.74%	1.14%				
	Unemployment	4.74%	4.69%	3.35%	56	20%		
	Private Sector Investment	-0.15%	-0.05%	-0.86%				
Baseline	GDP per capita	1.04%	1.15%	1.48%				
	Unemployment	5.13%	5.70%	4.61%	61	60%	61	56
	Private Sector Investment	-0.40%	-0.39%	-1.13%				
Minus	GDP per capita	0.15%	0.63%	1.79%				
	Unemployment	5.50%	6.68%	5.82%	67	20%		
	Private Sector Investment	-0.66%	-0.71%	-1.31%				

Australia		*2024*	*2025*	*2026*	*ECL unweighted*	*Probability*	*Weighted ECL in millions of euro per*	*Weighted ECL in millions of euro per December 31, 2022*
Plus	GDP per capita	0.90%	1.85%	1.35%				
	Unemployment	3.41%	3.04%	2.70%	24	20%		
	Private Sector Investment	2.49%	0.75%	0.51%				
Baseline	GDP per capita	0.36%	1.21%	1.35%				
	Unemployment	3.98%	4.50%	4.50%	27	60%	27	19
	Private Sector Investment	2.24%	0.15%	0.19%				
Minus	GDP per capita	-0.14%	0.62%	1.37%				
	Unemployment	4.54%	5.96%	6.29%	30	20%		
	Private Sector Investment	2.02%	-0.40%	-0.10%				

A probability weighting of 15% (2022: 15%) for both the minus and plus scenario and a probability weighting of 70% (2022: 70%) for the baseline scenario, would decrease the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by EUR 1million (2022: EUR 28 million). If the probability weighting for both the minus and plus scenario was 25% (2022: 25%) and 50% (2022: 50%) for the baseline scenario, it would increase the total weighted ECL for stage 1, stage 2, and model-based stage 3 exposures by EUR 1 million (2022: EUR 25 million).

Gross carrying amount of loans to customers in stage 1 and stage 2

Amounts in millions of euros	*2023*	*2022*
Netherlands	287,396	291,421
United States	47,577	45,262
Brazil	11,591	10,813
Australia	20,787	18,847

Measurement of Expected Credit Losses

The probability of default (PD), loss given default (LGD) and the exposure at default (EAD) are used to estimate expected credit losses as inputs for the ECL models. When unexpected external developments or data quality issues are not sufficiently covered by these ECL models, an adjustment will be made based on judgments and estimates. The inputs also require estimates as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.

- LGD – The loss given default is an estimate of the loss arising when a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that Rabobank would expect to receive, including cash flows expected from collateral and other credit enhancements.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date due to prepayment.

The table below shows the impact on the ECL in the baseline scenario resulting from changes in probability of default (PD), collateral value and full prepayment rate.

Impact on ECL

	2023	*2022*
PD rating 1 notch deterioration (PD)	376	321
PD rating 1 notch improved (PD)	(245)	(226)
Collateral value down by 10 % (LGD)	112	138
Collateral value up by 10% (LGD)	(90)	(94)
Full prepayment rate down by 50% (EAD)	54	52
Full prepayment rate up by 50% (EAD)	(46)	(43)

4.3.7 Credit Risk Mitigation

Rabobank's credit risk exposure is partly mitigated by obtaining collateral and other credit enhancements where necessary. The amount and nature of the collateral required depends partly on the assessment of the credit risk of the loan to the counterparty. Rabobank has guidelines in place for the purpose of accepting and valuing different types of collateral. The major types of collateral are:

- Mortgage collateral on residential immovable property;
- Mortgage collateral on commercial immovable property, pledges on movable property, inventories and receivables (mainly for corporate loans); and
- Cash and securities, mainly for derivatives, securities lending activities and reverse repurchase transactions.

Rabobank also uses credit derivatives to manage credit risks and enters into master netting arrangements with counterparties for a significant volume of transactions. In general, master netting arrangements do not lead to the offsetting of assets and liabilities included in the statement of financial position because transactions are usually settled gross except for transactions that meet the offsetting criteria as mentioned in Section 2.11. Credit risk is limited by master netting arrangements, but only to the extent that if an event or cancellation occurs, all amounts involving the counterparty are frozen and settled net. The total credit risk exposure from derivatives to which offsetting arrangements apply is sensitive to the closure of new transactions, the expiration of existing transactions and fluctuations in market interest and exchange rates.

Offsetting of Financial Instruments

	Offset in the statement of financial position			Not offset in the statement of financial position					Net exposure
Amounts in millions of euros	*Amount before offsetting*	*IAS 32 Offsetting*	*Net carrying amount*	*Master netting agreements*	*Securities and cash collateral*	*Immovable property collateral*	*Other collateral*	*Financial guarantees*	
On December 31, 2023									
Loans and advances to credit institutions	26,464	(8)	26,456	-	(20,281)	-	-	-	6,175
Derivatives	154,912	(132,920)	21,992	(9,518)	(6,731)	-	-	-	5,743
Loans and advances to customers	441,673	(2,411)	439,262	-	(15,132)	(294,792)	(96,253)	(5,113)	27,972
Other assets	6,590	-	6,590	-	-	-	-	-	6,590
Total	**629,639**	**(135,339)**	**494,300**	**(9,518)**	**(42,144)**	**(294,792)**	**(96,253)**	**(5,113)**	**46,480**
Deposits from credit institutions	20,159	(4,336)	15,823	-	(178)	-	-	-	15,645
Deposits from customers	394,276	(2,896)	391,380	-	(100)	-	-	-	391,280
Derivatives	143,541	(128,107)	15,434	(9,518)	(3,025)	-	-	-	2,891
Other liabilities	5,525	-	5,525	-	-	-	-	-	5,525
Total	**563,501**	**(135,339)**	**428,162**	**(9,518)**	**(3,303)**	**-**	**-**	**-**	**415,341**
On December 31, 2022									
Loans and advances to credit institutions	11,121	-	11,121	-	(5,151)	-	-	-	5,970
Derivatives	192,106	(165,241)	26,865	(11,339)	(9,036)	-	-	-	6,490
Loans and advances to customers	431,747	(2,886)	428,861	-	(8,205)	(295,893)	(80,167)	(6,234)	38,362
Other assets	7,039	-	7,039	-	-	-	-	-	7,039
Total	**642,013**	**(168,127)**	**473,886**	**(11,339)**	**(22,392)**	**(295,893)**	**(80,167)**	**(6,234)**	**57,861**
Deposits from credit institutions	32,067	(524)	31,543	-	(206)	-	-	-	31,337
Deposits from customers	404,728	(8,256)	396,472	-	(638)	-	-	-	395,834
Derivatives	179,545	(159,347)	20,198	(11,339)	(3,202)	-	-	-	5,657
Other liabilities	5,850	-	5,850	-	-	-	-	-	5,850
Total	**622,190**	**(168,127)**	**454,063**	**(11,339)**	**(4,046)**	**-**	**-**	**-**	**438,678**

The next table shows the credit-impaired financial assets in relation to the collateral that is held as security to mitigate credit risk. In some cases, Rabobank did not recognize a loan impairment allowance for individually assessed exposures because of a surplus of collateral.

Collateral Held as Security and Other Credit Enhancements for Credit-impaired Financial Assets

Amounts in millions of euros	*Gross carrying amount credit impaired financial assets*	*Impairment allowances*	*Carrying amount after deduction impairment allowance*	*Collateral held as security and other credit enhancements*
On December 31, 2023				
Loans and advances to credit institutions	-	-	-	-
Loans and advances to customers	8,997	1,810	7,187	5,944
Financial assets at fair value through other comprehensive income	-	-	-	-
Total	**8,997**	**1,810**	**7,187**	**5,944**
On December 31, 2022				
Loans and advances to credit institutions	1	-	1	-
Loans and advances to customers	8,462	1,752	6,710	5,528
Financial assets at fair value through other comprehensive income	-	-	-	-
Total	**8,463**	**1,752**	**6,711**	**5,528**

The next table sets out the maximum exposure to credit risk to which Rabobank is exposed for financial instruments not subject to the IFRS 9 impairment requirements, without taking into account any collateral or other measures for restricting credit risk. It also shows the financial effect of any collateral provided or other types of credit risk reduction. In some cases the amounts stated deviate from the carrying amounts as presented in the statement of financial position because outstanding equity instruments are included in the carrying amounts but not included in the maximum exposure to credit risk as presented below.

Maximum Exposure to Credit Risk of Financial Assets Not Subject to Impairment

Amounts in millions of euros

	Maximum exposure to credit risk	*Collateral held as security and other credit enhancements*
On December 31, 2023		
Financial assets held for trading	3,463	-
Financial assets mandatorily at fair value	571	16
Derivatives	21,992	5,953
Total	**26,026**	**5,969**
On December 31, 2022		
Financial assets held for trading	2,491	-
Financial assets mandatorily at fair value	574	42
Derivatives	26,865	8,159
Total	**29,930**	**8,201**

Write-off Policy

Rabobank writes off loans when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. Rabobank may write-off loans that are still subject to enforcement activity. The outstanding contractual amounts of partly or wholly written off assets during 2023 was EUR 2,942 million (2022: EUR 1,304 million).

Rabobank acquired financial and non-financial assets during the year by taking possession of collateral with an estimated value of EUR 20 million as at December 31, 2023 (2022: EUR 18 million). It is Rabobank policy to sell these assets in the reasonably foreseeable future. Yields are allocated to repaying the outstanding amount.

4.3.8 Modified Assets

The risk of default of modified assets is assessed at the reporting date and compared with the risk under the original terms at initial recognition. Rabobank monitors the subsequent performance of these forborne modified assets and may determine that the credit risk has significantly improved, so that the assets are moved from stage 3 or stage 2 (Lifetime ECL) to stage 1 (12-month ECL). The gross carrying amount of such assets held as at December 31, 2023 was EUR 47 million (2022: EUR 162 million).

The following table includes summary information for financial assets with lifetime ECL whose cash flows were modified during the period and their respective effect on financial performance:

Financial Assets Modified While Loss Allowance Measured at Lifetime ECL

Amounts in millions of euros	*2023*	*2022*
Amortized cost before modification	2,040	1,087
Net modification gain/ loss	32	1
Financial assets modified since initial recognition	**2,072**	**1,088**

4.3.9 External Developments potentially affecting Credit Risk

Environmental Risks

The consequences (physical risk) of climate and nature change (such as rising average temperatures, extreme weather events and biodiversity loss) and the risks related to a shift towards a climate-neutral economy (e.g. transition risk) are high on Rabobank's agenda. We are committed to the Paris Agreement goals; we are a signatory to the Net Zero Banking Alliance, Finance for Biodiversity Pledge and Organisation for Economic Cooperation and Development's (OECD), and consider it a shared responsibility to act on climate, value nature and enable people in the transition.

Significant sustainability related regulations and guidance for banks were issued in the last few years. The denominator of the guidelines is the focus on environmental, social and governance (ESG) aspects. The EU adopted the Corporate Sustainability Reporting Directive (CSRD) in 2022. CSRD requires companies to disclose ESG impact. On these topics, retrospective and forward-looking information needs to be provided on how performance, actions and resources are deployed, allowing for an assessment of targets and indicators set by companies and progress towards achieving them. The first annual report in line with CSRD is to be published in 2025 on reporting year 2024. Preparations of the implementation of the Directive started in January 2023.

Rabobank adopts a full end-to-end approach to ESG risks embedded across every aspect of the bank. We continued to mature our approach on integrating the risk of climate change by developing climate risk management tools, processes and capabilities and implement these in our policy framework and business processes. An environmental risk roadmap and ESG risk model vision has been developed and updated in line with our aspiration and approach to enable an integrated approach on climate alignment, business strategy and risk management.

The focus is on (1) ESG risk assessment, through environmental risk heat maps, double materiality assessment, scenario analysis and client risk scoring; (2) sector strategy, including vulnerable sector assessment; (3) credit risk assessment, including provisioning modelling and stress testing; and (4) portfolio strategy, including pricing. The implementation of both the environmental risk roadmap and the roadmap on ESG risk model vision is a continuous journey with a risk-based approach. Please refer to the chapter Climate and Nature-related Financial Disclosure in the Annual Report where we disclose our governance, strategy and risk management related to climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

ESG risks mainly affect credit risk and the ESG risks are translated into the IFRS provisions through multiple channels. (1) It is captured in the IFRS9 models through macroeconomic developments; (2) It is embedded in individual client assessments; (3) It is included in the sector vulnerability assessments, and (4) Management adjustments are made for sectors or regions directly affected by climate. As of December 2023, Rabobank also holds a provision for an increase in future ESG risks, in relation to chronic climate events (floods, droughts, etc.) that have not yet materialized.

4.4 Market Risk in the Banking Book

Rabobank manages its balance sheet in order to protect the asset & liability positions against interest rate risk in the banking book (IRRBB), credit spread risk in the banking book (CSRBB) and FX & Commodity (Price) Risk in the banking book.

4.4.1 Interest Rate Risk in the Banking Book

Interest rate risk in the banking book refers to the risk that the financial results and/or the economic value of the banking book could be adversely affected by changes in market interest rates.

Interest rate risk at Rabobank arises because of repricing and maturity mismatches between loans and funding, and optionality in client products. Customer behavior is an important determining factor with respect to interest rate risk in the banking book. The modeling of customer behavior is therefore one of the core elements of the interest rate risk framework. Behavioral models and assumptions are in place for mortgage prepayments, savings accounts and current accounts.

Rabobank accepts a certain amount of interest rate risk in the banking book; this is a fundamental part of banking. But at the same time the bank also aims to avoid unexpected material fluctuations in the financial result and the economic value because of interest rate fluctuations. The Managing Board, overseen by the Supervisory Board, therefore annually approves the interest rate risk appetite and the corresponding interest rate risk limits.

At group level, Rabobank's interest rate risk is governed by the Asset and Liability Committee Group chaired by the Chief Financial Officer. Treasury is responsible for implementing the decisions of this committee, while Risk Management is responsible for monitoring the interest rate risk position independently from a second line of responsibility.

Economic value of equity as a measure for managing interest rate risk differs from the accounting value of equity. For interest rate risk management, the economic value of equity is defined as the present value of the assets minus the present value of the liabilities together with the present value of the off-balance-sheet items. Through the use of hedge accounting and as a large proportion of the balance sheet is carried at amortized cost (in IFRS terms), a loss in economic value does not automatically equate with accounting losses.

As part of its interest rate risk policy, Rabobank uses among others the following indicators for managing and controlling interest rate risk:

- Earnings at risk: the EaR is the largest deviation in negative terms of the expected net interest income in the next 12 months as a result of different interest rates scenarios;
- Modified duration of equity (MDoE);
- Basis point value (BPV);
- Delta profile (BPV per tenor); and
- Supervisory Outlier Test (SOT).

The next sections provide further details on "Earnings at risk" and "Modified duration and BPV" developments.

Earnings at Risk

Earnings at risk is calculated once a month based on a standard interest-rate-sensitivity analysis. This analysis shows the main reduction of the projected interest income over the next 12 months triggered by a set of scenarios: one in which all market interest rates gradually increase by two percentage points, by a scenario in which all market interest rates gradually decrease by a maximum of two percentage points (interest rates in this scenario are floored at levels deemed as realistic), by two scenarios in which interest rates increase and decrease instantaneously by 1 percentage point and by two scenarios in which the yield curve steepens or flattens.

In 2023, Rabobank's net interest income was most sensitive to the interest rate down scenario. Earnings at Risk amounted to EUR -526 million on December 31, 2023, which was a decrease of Earnings at Risk compared to December 31, 2022 (EUR -874 million). This was driven by a combination of an improved risk measurement framework and strategic positioning, both mainly achieved in the first half of 2023.

Earnings at Risk

	December 31, 2023	*December 31, 2022*
Earnings at Risk	-526	-874
Split by main currencies		
Earnings at Risk – EUR	-492	-826
Earnings at Risk – USD	-4	-33

Modified Duration

Modified duration (MD) of equity indicates the reduction of economic value of equity in percentage points if money market and capital market interest rates increase by one percentage point. For 2023, the Managing Board has set an upper MD limit of 6.2%. Additional limits applied for the basis point value (BPV) of equity, the delta profile (BPV per tenor) of equity and the Supervisory Outlier Test.

During 2023 Modified Duration had decreased from 4.4% as at December 31, 2022, to 3.2% as at December 31, 2023. This change was mainly related to risk measurement framework improvements as well as strategic positioning in the first half of 2023. BPV has changed from EUR -14.3 million to EUR -14.2 million.

Modified Duration (%) and BPV

(in million EUR)	*December 31, 2023*	*December 31, 2022*
Modified Duration (%)	3.2%	4.4%
BPV	-14.2	-14.3
Split by main currencies		
BPV – EUR	-11.3	-12.4
BPV– USD	-1.8	-1.1

4.4.2 Credit Spread Risk in the Banking Book

Rabobank has updated its CSRBB framework in line with the introduction of new EBA guidelines (EBA/GL/2022/14) with applicability as of December 31, 2023, which serve to ensure that CSRBB exposures are identified and assessed adequately, monitored, and controlled.

Rabobank uses Credit Spread Value of a Basis Point ("CS01") for managing and controlling credit spread risk in the banking book. Additionally, as part of the extension of the CSRBB Framework in line with EBA/GL/2022/14, has extended its risk measures to further cover both value and earnings aspects of CSRBB as of 2024.

CS01 measures the change in the market value of assets as a result of a one basis point upward shock in the credit spreads. Over the course of the year, the size of the liquidity portfolio increased leading to an increase in the CS01 indicator.

CS01

	December 31, 2023	*December 31, 2022*
CS01	7.05	4.78

4.4.3 FX and Commodity (Price) Risk in the Banking Book

FX risk (foreign exchange risk)(or currency risk) is the risk that exchange rate movements lead to volatility in Rabobank's cash flows, assets and liabilities, net profit and/ or equity. Rabobank distinguishes two types of non-trading FX risks: (i) FX risk in the banking books and (ii) FX translation risk.

Foreign Exchange Risk in the Banking Books

FX risk in the banking books (or currency risk in the banking books) is the risk where known and/ or ascertainable currency cash flow commitments and receivables in the banking books are unhedged. As a result, movements in exchange rates could have an adverse impact on Rabobank's financial results and/ or financial position.

Foreign Exchange Translation Risk

FX translation risk is the risk that FX fluctuations will adversely affect the translation of assets and liabilities of operations – denominated in foreign currency – into the functional currency of the parent company. Translation risk pertains to Rabobank's equity position, risk weighted assets and capital ratios. Rabobank manages its FX translation risk with regard to the Rabobank Consolidated CET1 ratio by deliberately taking and/or maintaining FX positions. As a result of these structural FX positions, the impact of exchange rate fluctuations on Rabobank's Consolidated CET1 ratio is mitigated.

FX translation risk management is covered by the Global Standard on FX Translation Risk which outlines Rabobank's global policy towards FX Translation risk to achieve and ensure a prudent and sound monitoring and controlling system, in order to manage these risks. Rabobank uses a pillar 2 framework for those areas where Rabobank is of the opinion that the regulatory framework (i.e. pillar 1) does not (adequately) address the risks. FX translation risk is one of these risks.

Commodity (Price) Risk in the Banking Books

Commodity Price Risk is the risk that commodity price fluctuations adversely affect the value of assets and liabilities. Rabobank aims not to be exposed to commodity price risk in its banking book.

4.5 Market Risk in the Trading Book

Market risk in the trading environment arises from the risk of losses on the trading book positions, affected by movements in interest rates, equities, credit spreads, currencies and commodities. Risk positions acquired from clients can either be redistributed to other clients or dynamically managed by hedging. The trading desks act as a market-maker for secondary markets (by providing liquidity and pricing) in interest rate derivatives and issued debt, including Rabobank bonds and Rabobank Certificates.

Market risk in the trading environment is monitored daily within the market risk framework, which was put in place to measure, monitor and manage market risk in the trading books. This framework contains all derivatives in trading books, bond trading books, and loan syndication books. An important part of the framework are appropriate limit and trading control structures. The Managing Board determines Rabobank's risk appetite on an annual basis. A cascading limit structure with increasing granularity is then put in place from Rabobank's consolidated level down to the business unit Markets and to trading controls at underlying portfolios.

Due to Rabobank's strategy of client risk redistribution, risk hedging and the low secondary market activity, the risk appetite for market risk is relatively modest. The risk position is reported to senior management on a weekly basis and discussed in the various risk management committees on a monthly basis. Risk developments that require ad hoc attention are communicated accordingly outside the regular reporting cycle. In case of any limit breaches, remedial actions will be stipulated to bring the risk back within the appetite.

At consolidated level, the risk appetite is defined for a number of risk measures. Event risk trading book and stress test loan underwriting are the most important ones. Additional indicators in the risk appetite statement relate to VaR, interest rate delta and regulatory capital for market risk in the trading book, as well as notional loan and bridge loan syndication limits and stress testing limits for (highly) leveraged underwriting transactions.

Event Risk trading book is instrumental in gauging the impact of extreme, yet plausible predefined moves in market risk factors on the P&L of individual trading portfolios. These moves are reflected in scenarios which capture risk drivers such as interest rates, tenor basis swap spreads, foreign exchange, credit spreads and commodities. Depending on the scenario, individual risk factors or multiple risk factor categories will be stressed.

The event risk, which is measured by taking the worst loss among all predefined scenarios was EUR 32 million on December 31, 2023, well within the set limit. It fluctuated between EUR 25 million and EUR 67 million with an average of EUR 49 million.

Outside the trading environment a stress test limit is applied to the underwriting business. The test is based on internal credit risk scores that mirror debt ratings and the market's categorization of the debt. The event risk result was EUR 65 million on December 31, 2023, and EUR 43 million on December 31, 2022, well within the set limit.

The VaR indicates the maximum loss for a given confidence level and horizon under 'normal' market conditions, based on one year of historical market movements. Rabobank uses a confidence level of 97.5% and a horizon of 1 day for its daily risk management. The table below presents the composition of the VaR and its range of movements. In 2023, the VaR fluctuated between EUR 3.0 million and EUR 8.9 million, with average being EUR 5.6 million. The VaR amounted to EUR 4.5 million on December 31, 2023.

VAR (1 day, 97.5%) (amounts in millions of euros)

	Interest	*Credit*	*Currencies*	*Shares*	*Commodities*	*Diversification*	*Total*
December 31, 2023	3.0	3.6	0.8	0.0	0.0	(2.9)	4.5
2023 – average	3.1	4,6	0.5	0.0	0.7		5.6
2023 – highest	5.0	8.6	0.9	0.0	1.7		8.9
2023 – lowest	1.7	1.7	0.2	0.0	0.4		3.0
December 31, 2022	2.8	2.6	0.3	0.0	0.6	(2.3)	4.0
2022 – average	3.1	3.2	0.2	0.0	0.9		5.0
2022 – highest	6.6	5.4	0.7	0.0	8.2		8.9
2022 –lowest	1.6	0.8	0.1	0.0	0.2		2.4

The interest rate delta is a measure of the change in the value of positions if there is a parallel increase in the yield curve of 1 basis point (i.e. 0.01 percentage point). The interest rate delta table below shows the sensitivity to changes in the yield curves for the major currencies. On December 31, 2023, the interest rate delta for trading books was EUR 0.4 million. The interest rate delta remained well within the set limit during the reporting period.

Interest Rate Delta

Amounts in millions of euros	*December 31, 2023*	*December 31, 2022*
EUR	0.3	0.2
USD	0.1	0.2
JPY	0.0	0.0
Other	0.0	0.0
Total	**0.4**	**0.4**

4.6 Liquidity Risk

Liquidity risk is the risk that Rabobank will not be able to meet all of its payment and repayment obligations on time, as well as the risk that Rabobank will not be able to fund increases in assets at a reasonable price, if at all. This could happen if, for instance, customers or professional counterparties suddenly withdraw more funds than expected and which could not be absorbed by the bank's cash resources, by selling or pledging assets in the market or by borrowing funds from third parties. Rabobank considers an adequate liquidity position and retaining the confidence of both professional market parties and retail customers to be crucial in ensuring unimpeded access to the public money and capital markets.

Rabobank has in place a well-suited liquidity management framework equipped with adequate liquidity positions (stable funded balance sheet, sufficient and high-quality liquidity buffers, diversified funding profile, and limited structural currency mismatch with liquidity measures managed to target and well within risk limits).

Liquidity risk is managed based on several components. A key component is to maintain a substantial high-quality buffer of liquid assets. Besides credit balances held at central banks, these assets can be pledged to central banks, in repo transactions, or can be sold directly in the market to generate liquidity immediately. The size of the liquidity buffer is attuned to the risk Rabobank is exposed to in its balance sheet. In addition, Rabobank has securitized a portion of the mortgage and SME loan portfolio internally, which means it can be pledged to the central bank, thereby serving as an additional liquidity buffer. Since this concerns retained securitizations, it is not reflected in the consolidated balance sheet.

The next component for managing liquidity risk consists of a good credit rating, high capital levels and prudent funding policies. Rabobank takes various measures to avoid becoming overly dependent on a single source of funding. These include balanced diversification of financing sources regarding maturity, currencies, investors, geography and markets, a high degree of unsecured funding and therefore limited asset encumbrance, and an active and consistent investor-relations policy.

The other components include setting strict limits for the maximum outgoing cash flows within the wholesale banking business. Among other things, Rabobank measures and reports on a daily basis what incoming and outgoing cash flows can be expected during the next 12 months. Limits have been set for these outgoing cash flows, including for each currency and each location. Detailed plans (the contingency funding plans) have been drawn up for contingency funding to ensure the bank is prepared for potential crisis situations. Periodic operational tests are performed for these plans.

Furthermore, an internal stress test framework is in place to ensure that in times of severe liquidity stress, Rabobank has adequate counterbalancing capacity to meet the associated, heightened outflow of funding for a prolonged period. The framework covers market wide stress scenarios, Rabobank stress scenarios and combined stress scenarios. Under these various scenarios, the liquidity buffer is compared with anticipated stressed net contractual and contingent outflows.

The table below shows the undiscounted liabilities grouped according to the remaining liquidity period from the reporting date to the expected contract repayment date. The total amounts do not correspond exactly with the amounts in the consolidated statement of financial position because this table is based on undiscounted contractual cash flows relating to both principal and future interest payments. Derivatives are not included in this table and have not been analyzed on the basis of the contractual due date, because they are not essential for the management of liquidity risk or for reporting to senior management. The maturity profile of derivatives used for cash flow hedging is disclosed in Section 10.3 "Derivatives Designated as Hedging Instrument".

Contractual Repayment Date

Amounts in millions of euros	***On demand***	***Less than 3 months***	***3 months to 1 year***	***1 - 5 years***	***Longer than 5 years***	***No maturity applicable***	***Total***
On December 31, 2023							
Liabilities							
Deposits from credit institutions	4,736	2,102	2,956	3,320	760	2,346	16,220
Deposits from customers	333,975	9,331	16,108	10,722	22,613	3,657	396,406
Debt securities in issue	4,654	14,575	37,497	45,424	31,180	-	133,330
Other liabilities (excluding employee benefits and lease liabilities)	1,474	601	1,586	575	(2)	204	4,438
Lease liabilities	7	13	40	193	136	-	389
Financial liabilities held for trading	-	475	-	-	-	-	475
Financial liabilities designated at fair value	185	218	167	1,165	1,230	-	2,965
Subordinated liabilities	29	71	991	5,622	5,605	-	12,318
Total financial liabilities	**345,060**	**27,386**	**59,345**	**67,021**	**61,522**	**6,207**	**566,541**
Financial guarantees	4,551	-	-	-	-	-	4,551
Loan commitments	59,936	-	-	-	-	-	59,936

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2022							
Liabilities							
Deposits from credit institutions	3,691	895	6,080	18,356	624	2,239	31,885
Deposits from customers	346,021	7,363	9,260	9,629	21,783	6,000	400,056
Debt securities in issue	6,338	13,648	32,851	41,789	27,386	-	122,012
Other liabilities (excluding employee benefits and lease liabilities)	1,935	1,263	1,003	610	37	151	4,999
Lease liabilities	3	21	53	216	116	-	409
Financial liabilities held for trading	-	1,543	-	-	-	-	1,543
Financial liabilities designated at fair value	30	115	137	1,088	1,409	-	2,779
Subordinated liabilities	29	62	1,460	6,653	5,955	-	14,159
Total financial liabilities	**358,047**	**24,910**	**50,844**	**78,341**	**57,310**	**8,390**	**577,842**
Financial guarantees	4,520	-	-	-	-	-	4,520
Loan commitments	50,502	-	-	-	-	-	50,502

The table below shows assets and liabilities grouped according to the period remaining from the reporting date to the contractual repayment date. These amounts correspond to the amounts included in the Consolidated Statement of Financial Position.

Current and Non-current Financial Instruments

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2023							
Financial assets							
Cash and cash equivalents	90,085	66	-	10	-	378	90,539
Loans and advances to credit institutions	17,690	5,678	474	104	1	2,509	26,456
Financial assets held for trading	511	705	861	824	563	283	3,747
Financial assets mandatorily at fair value	2	15	205	44	438	1,810	2,514
Derivatives	1,049	1,049	2,023	5,279	12,592	-	21,992
Loans and advances to customers	43,846	14,903	35,521	128,097	215,384	1,511	439,262
Financial assets at fair value through other comprehensive income	334	713	731	4,562	7,703	137	14,180
Other assets (excluding employee benefits)	395	812	667	2,777	143	1,791	6,585
Total financial assets	**153,912**	**23,941**	**40,482**	**141,697**	**236,824**	**8,419**	**605,275**
Financial liabilities							
Deposits from credit institutions	4,729	2,082	2,870	3,162	634	2,346	15,823
Deposits from customers	334,011	9,285	15,975	9,799	18,653	3,657	391,380
Debt securities in issue	4,619	14,412	36,517	41,940	25,031	-	122,519
Derivatives	1,346	1,499	1,794	3,599	7,196	-	15,434
Financial liabilities held for trading	-	475	-	-	-	-	475
Other liabilities (excluding employee benefits and lease liabilities)	1,420	895	1,627	740	47	204	4,933
Lease liabilities	4	12	36	177	122	-	351
Financial liabilities designated at fair value	184	215	154	1,055	1,202	-	2,810
Subordinated liabilities	24	59	749	4,472	3,513	-	8,817
Total financial liabilities	**346,337**	**28,934**	**59,722**	**64,944**	**56,398**	**6,207**	**562,542**
Net balance	**(192,425)**	**(4,993)**	**(19,240)**	**76,753**	**180,426**	**2,212**	**42,733**

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
On December 31, 2022							
Financial assets							
Cash and cash equivalents	129,110	-	-	10	-	460	129,580
Loans and advances to credit institutions	5,191	2,631	810	86	33	2,370	11,121
Financial assets held for trading	530	362	80	581	938	251	2,742
Financial assets mandatorily at fair value	6	31	200	34	437	1,594	2,302
Derivatives	1,390	1,603	1,612	5,920	16,340	-	26,865
Loans and advances to customers	37,527	14,674	36,195	121,667	217,315	1,483	428,861
Financial assets at fair value through other comprehensive income	724	627	1,185	3,474	5,314	171	11,495
Other assets (excluding employee benefits)	946	718	643	2,522	151	2,046	7,026
Total financial assets	**175,424**	**20,646**	**40,725**	**134,294**	**240,528**	**8,375**	**619,992**

Amounts in millions of euros	*On demand*	*Less than 3 months*	*3 months to 1 year*	*1 - 5 years*	*Longer than 5 years*	*No maturity applicable*	*Total*
Financial liabilities							
Deposits from credit institutions	3,685	890	5,967	18,227	535	2,239	31,543
Deposits from customers	346,042	7,341	9,277	8,756	19,056	6,000	396,472
Debt securities in issue	6,271	13,500	31,370	38,731	22,435	-	112,307
Derivatives	1,754	2,334	2,031	4,566	9,512	1	20,198
Financial liabilities held for trading	-	1,543	-	-	-	-	1,543
Other liabilities (excluding employee benefits and lease liabilities)	1,991	1,426	908	747	78	151	5,301
Lease liabilities	3	19	46	210	108	-	386
Financial liabilities designated at fair value	29	113	129	962	1,366	-	2,599
Subordinated liabilities	25	51	1,166	5,277	3,577	-	10,096
Total financial liabilities	**359,800**	**27,217**	**50,894**	**77,476**	**56,667**	**8,391**	**580,445**
Net balance	**(184,376)**	**(6,571)**	**(10,169)**	**56,818**	**183,861**	**(16)**	**39,547**

The overview presented above was composed based on contractual information and does not represent the actual behavior of these financial instruments. However, this is accounted for in the day-to-day management of liquidity risk. Customer savings are an example. Under contract, these are payable on demand. Experience has shown that they are a very stable source of long-term financing for Rabobank. The liquidity regulations of the supervisory authority also factor this in.

With a Liquidity Coverage Ratio (LCR) of 176% as at December 31, 2023 (2022: 156%), Rabobank complies with the minimum 100% requirement as set by the Dutch Central Bank (DNB).

The liquidity requirements to meet payments under financial guarantees are considerably lower than the notional amount of the liabilities because Rabobank does not generally expect that third parties to such arrangements will draw funds. The total outstanding amount in contractual obligations to provide credit does not necessarily represent Rabobank's future cash resource needs because many of these obligations will lapse or terminate without financing being required.

4.7 Non-financial Risks

4.7.1 Operational Risk

Operational risk is the risk of financial, regulatory and reputational impact due to inadequate or failing processes, people, systems and/ or external events. Exposure to operational risk is an inevitable part of Rabobank's business activities. Rabobank aims to manage this risk within the boundaries set by our risk appetite as appropriate to the complexity and size of our organization and to monitor the risk actively and take additional action where needed. Managing operational risks is an integral part of the way we do business and is supported by our risk and control activities.

Risk Profile Performance

The overall operational risk profile decreased, however is still elevated. The risk outlook shows a further decreasing risk trajectory as remediation programs are being executed. The majority of Rabobank's operational risk losses in 2023 related to external fraud.

4.7.2 Compliance

External fraud

External fraud risks arise when a client, or third party commits an intentional act involving the use of deception or dishonesty to obtain an unjust or illegal advantage. Rabobank is committed to minimize this type of risk, including the associated losses for our clients, the bank and the financial sector. For the past few years, external fraud largely emerge in businesses where payment transactions and credit facilities are provided. Various controls have been set in place to mitigate this risk, amongst others, transaction monitoring, awareness campaigns aimed at clients, product risk assessments, document checks and inspections of collateral. In comparison to 2022, fraud losses have increased, mainly due to several corporate lending frauds in the wholesale and rural area. In the retail area of the Netherlands, Rabobank's fraud losses have decreased. Furthermore, Rabobank remains dedicated to raising client awareness for fraud risk. Fraud risk impacting clients is on the rise as they are increasingly targeted by fraudsters, and scams that are beyond the immediate control of Rabobank.

Internal Fraud and Integrity Violations

Rabobank maintains a high level of awareness of the risk of internal fraud and integrity violations. Controls to mitigate this risk are embedded in 1st and 2nd line procedures, such as, for example, controls to detect unauthorized access to internal systems by staff. In addition, awareness is maintained through mandatory and non-mandatory internal training on risk and fraud-related subjects for all employees. Governance is provided by several fraud-related policies, which are periodically reviewed, such as the Global Policy on Fraud and the Global Procedure on Internal Integrity Investigations. Reporting mechanisms are available to staff to ensure that signals of internal fraud and integrity violations are referred to the relevant department for follow up. Rabobank is not aware of internal fraud that could potentially result in the financial statements being materially misstated.

4.7.3 Model Risk

Adverse consequences may incur, as a consequence of wrong decisions based on the output of models, due to errors in the development, implementation or use of such models. Rabobank applies a comprehensive Model Risk Management approach to model development, independent model validation as well as approval and use of models. Model risk remains a critical priority at Rabobank and further substantial efforts are being undertaken to improve and mitigate model risk and build towards regulatory compliance. In 2023, FEC related models and models for interest rate risk in the banking book were enhanced and validated. The multi-year Return to Compliance project of credit models is on track.

4.8 Fair Value of Financial Assets and Liabilities

For fair value measurement Rabobank assumes that the transaction to sell an asset or transfer a liability is conducted in the principal market for the asset or liability, or in the most advantageous market if no principal market exists.

Market prices are not available for a large number of the financial assets and liabilities that Rabobank holds or issues. For financial instruments for which no market prices are available, the fair values shown in the following table have been estimated using the present value or the results of other estimation and valuation methods, based on the market conditions on the reporting date. The values produced using these methods are highly sensitive to the underlying assumptions used for the amounts and for the timing of future cash flows, discount rates and possible market illiquidity. The following methods and assumptions have been used.

Cash and Cash Equivalents

The fair value of cash and cash equivalents is assumed to be almost equal to their carrying amount. This assumption is used for highly liquid investments and for the short-term component of all other financial assets and liabilities.

Loans and Advances to Credit Institutions

Loans and advances to credit institutions also include interbank placings and items to be collected. The fair values of floating rate placings, which are repriced regularly and do not vary significantly in terms of credit risk, and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated based on appropriate money market interest rates for debts with comparable credit risks and terms to maturity.

Financial Assets and Derivatives Held for Trading

Financial assets held for trading are carried at fair value based on available quoted prices in an active market. If quoted prices in an active market are not available, the fair value is estimated based on discounted cash flow models and option valuation models.

Derivatives are recognized at fair value determined on the basis of listed market prices (mid-prices are used for EUR, USD and GBP derivatives that have a bid-ask range), prices offered by traders, discounted cash flow models and option valuation models based on current market prices and contract prices for the underlying instruments which reflect the time value of money, yield curves and the volatility of the underlying assets and liabilities.

Credit valuation adjustments (CVA) are carried out on OTC derivatives to reflect expected credit losses related to the non-performance risk of a given counterparty. A CVA is determined per counterparty and depends on expected future exposure taking into account collateral, netting agreements and other relevant contractual factors, default probability and recovery rates. The CVA calculation is based on available market data including credit default swap (CDS) spreads. If CDS spreads are not available relevant proxies are used. A debit valuation adjustment (DVA) is made to include own credit in the valuation of OTC derivatives. The calculation of DVA is consistent with the CVA framework and is calculated using the Rabobank CDS spread. Another set of factors taken into account is the funding valuation adjustments (FVA). FVA concerns the valuation difference between transactions hedged by securities and transactions not hedged by securities. Collateralized transactions are valued by means of a discounting curve, based on the Overnight Indexed Swap. Non-collateralized transactions are valued by means of a discounting curve, based on Euribor plus a spread which reflects the market conditions.

Financial Assets Mandatorily at Fair Value

These financial assets are carried at fair value based on quoted prices on an active market if available. If not, they are estimated from comparable assets on the market, or using valuation methods, that include the appropriate discounted cash flow models and option valuation models.

Loans and Advances to Customers

The fair value of loans and advances to customers is estimated by discounting expected future cash flows using current market rates for similar loans, considering the creditworthiness of the counterparty. For the fair valuation of residential mortgage loans, the contractual cash flows are adjusted for the prepayment rate of the portfolio. For variable-interest loans that are repriced regularly and do not vary significantly in terms of credit risk, the fair value approximates the carrying amount.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets are measured at fair value based on listed market prices. If quoted prices on an active market are not available, the fair value is estimated based on discounted cash flow models and option valuation models.

Deposits from Credit Institutions

Deposits from credit institutions include interbank placings, items to be collected and deposits. The fair values of floating rate placings, which are repriced regularly and do not vary significantly in terms of credit risk, and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated based on valid money market interest rates for debts with comparable credit risks and terms to maturity.

Deposits from Customers

Deposits from customers includes current accounts and deposits. The fair value of savings and current account balances that have no specific termination date are assumed to be the amount payable on demand on the reporting date, that is, their carrying amount on that date. The fair value of deposits is estimated from the present value of the cash flows based on current bid rates for interest for similar arrangements and terms to maturity that also match the items to be measured. The carrying amount of variable-interest deposits is a good approximation of their fair value on the reporting date.

Financial Liabilities Held for Trading

The fair value of financial liabilities held for trading is based on available quoted prices on an active market. If quoted prices on an active market are not available, the fair value is estimated on the basis of valuation models.

Financial Liabilities Designated at Fair Value

The fair value option is used to eliminate the accounting mismatch and valuation asymmetry between these instruments and the economic hedging derivatives that would occur if these instruments were accounted for at amortized cost. The financial liabilities designated at fair value include structured notes and structured deposits which are managed and reported on a fair value basis with the hedging derivatives. The fair value of these liabilities is determined by discounting contractual cash flows using credit adjusted yield curves based on available market data in the secondary market. All other market risk parameters are valued consistently with derivatives used to hedge the market risk in these liabilities. Changes in the fair value that are attributable to changes in own credit risk are reported in "Other comprehensive income". The change in fair value that is attributable to changes in own credit risk is calculated by deducting on a note by note basis the current fair value of the structured notes portfolio at the reporting date from the fair value recalculated based on the prevailing credit curve at the time of origination, with all other pricing components unchanged. This calculation reflects the amount that can be attributed to the change in Rabobank's own credit risk since the origination of these structured notes.

Debt Securities in Issue and Subordinated Liabilities

The fair value of these instruments is calculated using quoted prices on an active market. For debt securities for which no quoted prices on an active market are available, a discounted cash flow model is used based on credit adjusted yield curves appropriate for the term to maturity.

The following table shows the fair value of financial instruments, recognized at amortized cost based on the valuation methods and assumptions detailed below. This table is included because not all financial instruments are recognized at fair value in the balance sheet. Fair value represents the price that would have been either received for the sale of an asset or paid in order to transfer a liability in a standard transaction conducted between market participants on the valuation date.

	2023		2022	
Amounts in millions of euros	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Assets				
Cash and cash equivalents	90,539	90,541	129,580	129,584
Loans and advances to credit institutions	26,456	26,378	11,121	11,119
Loans and advances to customers	439,262	434,510	428,861	417,589
Liabilities				
Deposits from credit institutions	15,823	15,723	31,543	31,311
Deposits from customers	391,380	391,447	396,472	395,533
Debt securities in issue	122,519	120,622	112,307	109,053
Subordinated liabilities	8,817	8,794	10,096	9,692

The above figures represent management's best estimates on a range of methods and assumptions. If a quoted price on an active market is available, this is the best estimate of fair value.

If no quoted prices on an active market are available for fixed-term securities, equity instruments, derivatives, and commodity instruments, Rabobank bases the expected fair value on the present value of the future cash flows, discounted at market rates which correspond to the credit ratings and terms to maturity of the investments. A model-based price can also be used to determine fair value.

Rabobank follows a policy of having all models used for valuing financial instruments in the statement of financial position validated by expert staff who are independent of the staff who determine the fair values of the financial instruments.

In determining market values or fair values, various factors have been considered. These factors include the time value of money, volatility, underlying options, and credit quality of the counterparty. The valuation process has been designed in such a way that market prices that are available on a periodic basis are systematically used. Modifications to assumptions might affect the fair value of financial assets and liabilities held for trading and non-trading purposes.

The table on the next page illustrates the fair value hierarchy used in determining the fair value of financial assets and liabilities. The breakdown is:

- Level 1: Quoted prices on active markets for identical assets or liabilities; an "active market" is a market in which transactions relating to the asset or liability occur in sufficient frequency and at a sufficient volume to provide price information on a permanent basis.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability not based on observable market data.

For recurrent valuations of financial instruments at fair value, Rabobank determines when transfers between the various categories of the fair-value hierarchy occurred by reassessing the level at the end of each reporting period.

Amounts in millions of euros	***Level 1***	***Level 2***	***Level 3***	***Total***
On December 31, 2023				
Assets carried at amortized cost in the statement of financial position				
Cash and cash equivalents	90,541	-	-	90,541
Loans and advances to credit institutions	-	24,801	1,577	26,378
Loans and advances to customers	-	62,807	371,703	434,510
Assets carried at fair value in the statement of financial position				
Financial assets held for trading	2,971	35	741	3,747
Financial assets mandatorily at fair value	-	364	2,150	2,514
Derivatives	35	21,900	57	21,992
Financial assets at fair value through other comprehensive income	13,861	182	137	14,180
Non-current assets held for sale	-	-	270	270
Liabilities carried at amortized cost in the statement of financial position				
Deposits from credit institutions	-	15,680	43	15,723
Deposits from customers	-	66,415	325,032	391,447
Debt securities in issue	58,892	61,730	-	120,622
Subordinated liabilities	8,518	276	-	8,794

Amounts in millions of euros	***Level 1***	***Level 2***	***Level 3***	***Total***
Liabilities carried at fair value in the statement of financial position				
Derivatives	32	15,323	79	15,434
Financial liabilities held for trading	475	-	-	475
Financial liabilities designated at fair value	268	2,542	-	2,810

Amounts in millions of euros	*Level 1*	*Level 2*	*Level 3*	*Total*
On December 31, 2022				
Assets carried at amortized cost in the statement of financial position				
Cash and cash equivalents	129,584	-	-	129,584
Loans and advances to credit institutions	-	8,818	2,301	11,119
Loans and advances to customers	-	51,931	365,658	417,589
Assets carried at fair value in the statement of financial position				
Financial assets held for trading	2,364	50	328	2,742
Financial assets mandatorily at fair value	-	341	1,961	2,302
Derivatives	17	26,643	205	26,865
Financial assets at fair value through other comprehensive income	9,471	1,853	171	11,495
Non-current assets held for sale	-	-	250	250
Liabilities carried at amortized cost in the statement of financial position				
Deposits from credit institutions	-	31,249	62	31,311
Deposits from customers	-	76,141	319,392	395,533
Debt securities in issue	51,566	57,487	-	109,053
Subordinated liabilities	9,549	143	-	9,692
Liabilities carried at fair value in the statement of financial position				
Derivatives	17	19,946	235	20,198
Financial liabilities held for trading	1,543	-	-	1,543
Financial liabilities designated at fair value	-	2,599	-	2,599

The potential effect before taxation, if more favorable reasonable assumptions are used for the valuation of the financial instruments in level 3 on the income statement, is EUR 198 million (2022: EUR 199 million) and EUR 0 million (2022: EUR 3 million) on other comprehensive income. The potential effect before taxation, if more unfavorable reasonable assumptions are used for the valuation of financial instruments in level 3 on the income statement, is EUR -197 million (2022: EUR -199 million) and EUR 0 million (2022: EUR -3 million) on other comprehensive income.

Financial assets at fair value categorized in Level 3 mainly include the equity stake in Mechanics Bank and private equity interests for a total amount of EUR 1,998 million as at December 31, 2023. A significant unobservable input for the valuation of the private equity interests is the multiplier which is applied to the EBITDA. The average weighted multiplier is 10.4, with a bandwidth of -1 (unfavorable) and +1 (favorable) of the multiplier.

The table shows movements in the financial instruments which are stated at fair value in the statement of financial position and which are categorized in Level 3. The fair value adjustments in Level 3 which are included in equity are accounted for in the revaluation reserves for financial assets at fair value through comprehensive income.

In 2023 there were no significant transfers between level 1 and level 2.

Amounts in millions of euros	*Balance on January 1, 2023*	*Fair value changes incorporated in profit or loss*	*Fair value changes incorporated in OCI*	*Purchases*	*Sales*	*Settlements*	*Transfers to or from level 3*	*Transfers to assets held for sale*	*Balance on December 31, 2023*
Assets									
Financial assets held for trading	328	9	-	692	(38)	(250)	-	-	741
Financial assets mandatorily at fair value	1,961	143	-	250	(161)	(43)	-	-	2,150
Derivatives	205	18	-	-	(5)	(161)	-	-	57
Financial assets at fair value through other comprehensive income	171	-	11	36	(77)	(4)	-	-	137
Liabilities									
Derivatives	235	4	-	-	-	(160)	-	-	79

Amounts in millions of euros	*Balance on January 1, 2022*	*Fair value changes incorporated in profit or loss*	*Fair value changes incorporated in OCI*	*Purchases*	*Sales*	*Settlements*	*Transfers to or from level 3*	*Transfers to assets held for sale*	*Balance on December 31, 2022*
Assets									
Financial assets held for trading	856	17	-	265	(479)	(331)	-	-	328
Financial assets mandatorily at fair value	1,817	73	-	358	(287)	-	-	-	1,961
Derivatives	60	399	-	-	-	(251)	(3)	-	205
Financial assets at fair value through other comprehensive income	191	-	(6)	2	-	(16)	-	-	171
Liabilities									
Derivatives	45	370	-	-	-	(172)	(8)	-	235

The amount of total gains or losses recognized in the income statement relating to the assets and liabilities in Level 3 is shown in the following table.

Amounts in millions of euros	*Instruments held at the end of the reporting period*	*Instruments no longer held at the end of the reporting period*	*Total*
On December 31, 2023			
Assets			
Financial assets held for trading	9	-	9
Financial assets mandatorily at fair value	162	(19)	143
Derivatives	56	(38)	18
Financial assets at fair value through other comprehensive income	-	-	-
Liabilities			
Derivatives	42	(38)	4
Financial liabilities designated at fair value	-	-	-
On December 31, 2022			
Assets			
Financial assets held for trading	17	-	17
Financial assets mandatorily at fair value	56	17	73
Derivatives	258	141	399
Financial assets at fair value through other comprehensive income	-	-	-
Liabilities			
Derivatives	308	62	370
Financial liabilities designated at fair value	-	-	-

Recognition of Day 1 Gains

When using fair value accounting at the inception of a financial instrument, any positive difference between the transaction price and the fair value (known as "day 1 gains") is accounted for in the statement of income where the valuation method is based on observable inputs from active markets. In all other cases, the entire day 1 gain is deferred and after initial recognition the deferred day 1 gain is recognized as a gain to the extent it results from a change in a factor (including time effects). There are no deferred day 1 gains as at December 31, 2023.

4.9 Legal and Arbitration Proceedings

Rabobank is active in a legal and regulatory environment that exposes it to a substantial risk of litigation. Rabobank is involved in legal cases, arbitrations, and regulatory proceedings in the Netherlands and in other countries. The most relevant legal and regulatory claims which could give rise to liability on the part of Rabobank are described below. Provisions for legal claims are recognized for obligations arising as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When determining whether the probability that claims lead to an outflow of resources is more likely than not (i.e. with a likelihood of over 50%), Rabobank takes several factors into account. These factors include (but are not limited to) the type of claim and the underlying facts; the procedural history of each case; rulings from legal and arbitration bodies; Rabobank's experience and that of third parties in similar cases (if known); previous (third-party) settlements in similar cases (where known); available (potential) recourse; and the advice and opinions of legal advisors and other experts. Similar types of cases are grouped together and some cases may also consist of a number of claims. When information about estimated loss for individual cases is assessed by Rabobank as being expected to seriously prejudice its position in a dispute with other parties, this information is not disclosed separately. The estimated potential losses and provisions are based on the information available at the time and are largely subject to judgments and a number of different assumptions, variables and known and unknown uncertainties. These uncertainties may include the inaccuracy or incompleteness of information available to Rabobank (especially in the early stages of a case). In addition, assumptions made by Rabobank about the future rulings of legal- or other instances or the likely actions or attitudes of supervisory bodies or the parties opposing Rabobank may turn out to be incorrect. Furthermore, estimates of potential losses relating to legal disputes are often impossible to process using statistical or other quantitative analysis instruments that are generally used to make judgments and estimates. The group of cases for which Rabobank determines that the risk of future outflows of funds is more likely than not to occur varies over time, as do the number of cases for which the bank can estimate the potential loss. In practice, the end results could turn out considerably higher or lower than the estimates of potential losses in those cases where an estimate was made. Rabobank can also sustain losses from legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognized. For those cases where (a) the probability of an outflow of funds is not probable but also not remote or (b) the probability of an outflow of funds is more likely than not but the potential loss cannot be estimated reliably, a contingent liability is disclosed. Rabobank may settle legal cases or regulatory proceedings or investigations before any fine is imposed or liability is determined. Reasons for settling could include (i) the wish to avoid costs and/or management effort (ii) avoiding other adverse business consequences and/or (iii) pre-empt the regulatory or reputational consequences of continuing with disputes relating to liability, even if Rabobank believes it has good arguments in its defense. Furthermore, Rabobank may, for the same reasons, compensate third parties for their losses, even in situations where Rabobank does not believe that it is legally required to do so.

Consumer Credit Products

The Dutch Financial Services Complaints Tribunal (Kifid) ruled that lenders of certain consumer products should have followed the movement of the market rate while determining the variable interest rate of these products. Rabobank recognized that it did not consistently adjust the interest rate of certain consumer credit products in accordance with the reference rate selected by Kifid. Rabobank recognized a provision of EUR 56 million (December 31, 2022: EUR 301 million). The decrease of the provision is a result of pay outs (compensation to customers) and a release due to calculating with another reference rate (in accordance with Kifid rulings). Apart from this matter, the AFM conducted an investigation into a number of files relating to consumer mortgage loans and decided to impose an administrative fine. Rabobank has decided to file an objection against the decision with the AFM.

Anti-Money Laundering, Counter Terrorism Financing & Sanctions

At the end of 2021, De Nederlandsche Bank (DNB) ordered Rabobank to remedy deficiencies regarding its Dutch Retail division's compliance with the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch: Wet ter voorkoming van witwassen en financieren van terrorisme), hereinafter Wwft. The deficiencies mainly concern the execution, recording, and outsourcing of client due diligence, transaction monitoring, and reporting of unusual transactions. Rabobank must meet DNB's instruction by December 31, 2024. Delivering on the remediation plan continues to be Rabobank's highest priority for which a provision of EUR 8 million is included (December 31, 2022: EUR 146 million). Throughout 2023, Rabobank further strengthened its detection and prevention activities in Financial Economic Crime (FEC), and has continued to invest in training all staff, particularly employees working in FEC. In line with the increase of staff in FEC over the previous years, Rabobank (including DLL and Obvion) expanded its worldwide FEC workforce from approximately 7,000 FTEs on December 31, 2022 to 8,100. These colleagues work hard each day to help protect customers, members, and society from financial economic crime. Rabobank continues to invest in automation and innovation of processes to augment decision-making. The earlier arrival of the Chief Financial Economic Crime Officer (the CFECO) further strengthened the FEC leadership team, in combination with the hiring of experienced Global Heads for Transaction Monitoring, CDD, and Sanctions Monitoring. In 2023, Rabobank spent approximately EUR 980 million on FEC compliance (including DLL and Obvion). The total expenses for FEC compliance recognized in the income statement for 2023 were EUR 844 million (2022: EUR 632 million).

In December 2022, the Dutch Public Prosecutor's Office announced that it had started a criminal investigation in connection with the alleged violation of the Wwft by Rabobank. Rabobank is fully cooperating with this investigation. It is too early to determine the timeframe or potential outcome of the ongoing investigation. The nature and materiality of subsequent fines, penalties, or other related actions cannot be reliably estimated beyond stating that they have the potential to be significant.

European Union Competition Law Proceedings

As announced by the European Commission by means of a press release on November 22, 2023, the Commission has fined Rabobank EUR 26.6 million in connection with certain historic communications between a small number of individuals at Deutsche Bank and Rabobank, which the Commission has concluded breached EU competition law. These proceedings relate to conduct between 2006 and 2016 on the secondary market for Euro-denominated SSA (Supra-Sovereign, Foreign Sovereign, Sub-Sovereign/Agency) and Government Guaranteed bonds in the European Economic Area (EEA). Rabobank has cooperated with the Commission's investigation and is disappointed by the outcome. The Bank has lodged an appeal against the EC's decision before the EU General Court. The amount of the fine is recorded as a payable on Rabobank's balance sheet.

Relatedly, a putative class action suit was brought against Rabobank and the other bank by civil plaintiffs before the United States District Court for the Southern District of New York on December 9, 2022. These civil proceedings are at an early stage and no claim for damages has been quantified as yet. Rabobank takes the stance that it has substantive and convincing legal and factual defenses against the claims made, and Rabobank intends to continue to defend itself against these claims. Rabobank has not taken a provision in respect of these civil proceedings as the bank considers the outflow of funds more than remote but less than probable. As it is currently difficult to predict an eventual outcome Rabobank is not able to quantify this contingent liability.

Imtech

The Imtech Group was declared bankrupt in August 2015. Rabobank was one of the banks that extended financing to this group and participated in the rights offerings of both July 2013 and October 2014. On January 30, 2018, Rabobank received a liability letter from a group of shareholders indicating that legal proceedings may be started at a later stage with respect to a potential collective action based on alleged misstatements in the prospectuses and for alleged fraudulent preference (actio pauliana). Rabobank received a letter interrupting the time limit in December 2022. By letters dated March 28, 2018, and (also as an interruption of the limitation period) dated June 10, 2022, the VEB (a Dutch party aimed at promoting the interests of shareholders in general) held parties including Rabobank liable for damage allegedly suffered by the Imtech investors. On August 10, 2018, Rabobank received formal notification from Imtech's trustees that they were seeking to nullify a large number of transactions and claim various damages. The letter aimed to interrupt limitation periods in view of the possible claims. On October 23, 2023 Rabobank reached a settlement with Imtech's trustees, leading to a full and final discharge of the claims of the trustees. To date, no legal proceedings have been started by (representatives of) shareholders. Rabobank considers the Imtech case to be a contingent liability because it is not possible to assess the outcome of these (possible) claims at this moment. No provision has been made.

BBA and ICE Libor/ Euribor

Rabobank, along with a large number of other panel banks and inter-dealer brokers, has been named as a defendant in a number of putative class action suits and individual civil court cases brought before the courts in the United States. These proceedings relate to U.S. Dollar (USD) Libor, British Pound Sterling (GBP) Libor, Japanese Yen (JPY) Libor, Tibor (note: Rabobank was never a member of the Tibor panel) and Euribor. Rabobank also received complaints and writs of summons ordering Rabobank to appear before various Dutch, Argentine, United Kingdom and Israeli courts in civil proceedings (including class action suits) relating to interest rate benchmarks. Since the civil proceedings set out above are intrinsically subject to uncertainties, it is difficult to predict their outcome. Rabobank takes the stance that it has substantive and convincing legal and factual defenses against these claims. Rabobank intends to continue to defend itself against these claims. Rabobank considers the Libor/Euribor group of cases to be a contingent liability because the probability of an outflow of funds is neither probable nor remote. Rabobank cannot give a reliable estimate of the expected total outflow of this contingent liability. No provision has been made.

Other Cases

Rabobank is subject to other legal proceedings for which provisions have been recognized. These cases are individually less significant in size and are therefore not separately disclosed. The total provision for the cases of which the amount of the provision is not specified above amounts to EUR 49 million (December 31, 2022: EUR 103 million). The maximum amount of non-remote measurable contingent liabilities relating to claims not specified above is EUR 38 million (December 31, 2022: EUR 180 million).

5. Segment Reporting

5.1 Business Segments

The business segments Rabobank uses in its reporting are defined from a management viewpoint. This means that the segments are reviewed as part of Rabobank's strategic management and are used to make business decisions with different risks and returns.

Rabobank distinguishes five major business segments: Domestic Retail Banking; Wholesale & Rural (W&R); Leasing; Property Development; and Other Segments.

- Domestic Retail Banking mainly encompasses the activities of the local Rabobanks, Obvion, Vista Hypotheken, and Freo.
- Wholesale and Rural (W&R) contains wholesale activities in the Netherlands and focuses on the Food & Agri sectors internationally. This segment develops corporate banking activities and also controls globally operating divisions such as Markets, Mergers & Acquisition, Corporate Finance Origination, Core Lending, Project Finance, Trade & Commodity Finance, Value Chain Finance, and Rabo Investments. The segment also contains International Rural operations under the Rabobank label.
- In the Leasing segment, DLL is responsible for leasing activities and offers a wide range of leasing products. DLL supports manufacturers, vendors and distributors globally in their sales with products relevant to asset financing.
- Property Development mainly encompasses the activities of BPD. The core activity is the development of residential property.
- Other Segments within Rabobank include various sub-segments of which no single segment can be listed separately. This business segment mainly comprises the financial results of investments in associates (in particular Achmea B.V.), Treasury, and the Rabobank Group Organization.

There are no customers who represent more than a 10% share in Rabobank's total revenues. Transactions between the various business segments are conducted under regular commercial terms. Other than operating activities, there is no other material comprehensive income between the business segments. The financial reporting principles used for the segments are identical to those described in the "Accounting Policies" section. As management primarily relies on net interest income to assess the performance of the segments and to make decisions about resources to be allocated to the segment, the segment's interest income is presented net of its interest expense.

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
For the year ended December 31, 2023							
Net interest income	7,769	2,837	1,344	(72)	(165)	(1)	11,712
Net fee and commission income	1,662	343	100	-	(6)	(8)	2,091
Other results	51	642	365	5	532	7	1,602
Income	**9,482**	**3,822**	**1,809**	**(67)**	**361**	**(2)**	**15,405**
Staff costs	3,242	1,614	707	104	180	11	5,858
Other administrative expenses	1,100	437	255	29	152	(122)	1,851
Depreciation and amortization	87	118	24	9	-	110	348
Operating expenses	**4,429**	**2,169**	**986**	**142**	**332**	**(1)**	**8,057**
Impairment charges on investments in associates and joint ventures	-	-	-	(2)	107	-	105
Impairment charges on financial assets	69	488	172	-	(2)	-	727
Regulatory levies	344	202	39	2	(33)	-	554
Operating profit before tax	**4,640**	**963**	**612**	**(209)**	**(43)**	**(1)**	**5,962**
Income tax	1,215	345	146	(58)	(63)	-	1,585
Net profit	**3,425**	**618**	**466**	**(151)**	**20**	**(1)**	**4,377**
Cost/income ratio including regulatory levies (in %)[1]	50.3	62.0	56.7	-214.9	n/a	n/a	55.9
Impairment charges on financial assets (in basis points of average private sector loan portfolio)[2]	3	40	41	n/a	n/a	n/a	17
External assets	273,198	151,208	46,109	3,986	139,295	-	613,796
Goodwill	322	-	-	-	-	-	322
Private sector loan portfolio	270,572	121,524	41,765	146	-	-	434,007

1 Operating expenses plus regulatory levies divided by Income

2 Impairment charges on financial assets divided by 12-month average private sector loan portfolio

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
Impairment allowances on financial assets							
Balance on January 1, 2023	**1,439**	**1,162**	**395**	**1**	**-**	**-**	**2,997**
Increases due to origination and acquisition	85	144	80	-	-	-	309
Decreases due to derecognition	(216)	(295)	(1)	-	-	-	(512)
Changes due to change in credit risk	244	528	134	-	-	-	906
Write-off of defaulted loans during the year	(122)	(293)	(149)	-	-	-	(564)
Other adjustments	3	(28)	(21)	(1)	-	-	(47)
Balance on December 31, 2023	**1,433**	**1,218**	**438**	**-**	**-**	**-**	**3,089**
Impairment allowance 12-month ECL	125	200	96	-	-	-	421
Impairment allowance lifetime ECL non-credit impaired	507	107	119	-	-	-	733
Impairment allowance lifetime ECL credit-impaired	801	911	223	-	-	-	1,935
Balance on December 31, 2023	**1,433**	**1,218**	**438**	**-**	**-**	**-**	**3,089**

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
For the year ended on December 31, 2022							
Net interest income	4,739	2,857	1,259	-	295	(1)	9,149
Net fee and commission income	1,576	426	107	-	4	(7)	2,106
Other results	60	483	346	297	(645)	4	545
Income	**6,375**	**3,766**	**1,712**	**297**	**(346)**	**(4)**	**11,800**
Staff costs	2,663	1,450	638	110	174	(12)	5,023
Other administrative expenses	942	358	253	27	181	(72)	1,689
Depreciation and amortization	101	113	26	10	5	82	337
Operating expenses	**3,706**	**1,921**	**917**	**147**	**360**	**(2)**	**7,049**
Impairment charges on investments in associates and joint ventures	-	-	-	(5)	209	-	204
Impairment charges on financial assets	(91)	170	267	-	(2)	-	344
Regulatory levies	392	220	43	2	10	-	667
Operating profit before tax	**2,368**	**1,455**	**485**	**153**	**(923)**	**(2)**	**3,536**
Income tax	623	426	150	36	(101)	(1)	1,133
Net profit	**1,745**	**1,029**	**335**	**117**	**(822)**	**(1)**	**2,403**
Cost/income ratio including regulatory levies (in %)[1]	64.3	56.9	56.1	50.2	n/a	n/a	65.4
Impairment charges on financial assets (in basis points of average private sector loan portfolio)[2]	(3)	14	68	4	n/a	n/a	8
External assets	276,987	154,179	41,960	3,853	151,534	-	628,513
Goodwill	322	-	-	-	-	-	322
Private sector loan portfolio	273,952	119,804	37,721	100	544	-	432,121

1 Operating expenses plus regulatory levies divided by Income

2 Impairment charges on financial assets (in basis points of average private sector loan portfolio)

Amounts in millions of euros	*Domestic Retail Banking*	*W&R*	*Leasing*	*Property Development*	*Other Segments*	*Consolidation Effects*	*Total*
Impairment allowances on financial assets							
Balance on January 1, 2022	**1,664**	**1,522**	**422**	**1**	**-**	**-**	**3,609**
Increases due to origination and acquisition	108	83	75	-	-	-	266
Decreases due to derecognition	(229)	(146)	(214)	-	-	-	(589)
Changes due to change in credit risk	101	256	217	-	-	-	574
Write-off of defaulted loans during the year	(204)	(567)	(109)	-	-	-	(880)
Other adjustments	(1)	14	4	-	-	-	17
Balance on December 31, 2022	**1,439**	**1,162**	**395**	**1**	**-**	**-**	**2,997**
Impairment allowance 12-month ECL	174	187	67	-	-	-	428
Impairment allowance lifetime ECL non-credit impaired	510	109	122	-	-	-	741
Impairment allowance lifetime ECL credit-impaired	755	866	206	1	-	-	1,828
Balance on December 31, 2022	**1,439**	**1,162**	**395**	**1**	**-**	**-**	**2,997**

5.2 Geographic Information (Country-by-Country Reporting)

Rabobank operates in seven main geographical areas. Its country of domicile is the Netherlands. The information below is reported by distinguishable components of Rabobank that provide products and/or services within a particular economic environment within specific geographical locations/ areas. The breakdown is based on the location of the individual subsidiary/ branch from which the transactions are initiated. Revenue is defined as total income as presented in the statement of income plus interest expense, fee and commission expense and expenses from other operating activities.

On December 31, 2023

Amounts in millions of euros

Geographic location	*Country*	*Name of division*	*Type of operations*	*Revenues*	*Average number of internal employees in FTE*	*Operating profit before tax*	*Income tax*
The Netherlands	The Netherlands	Rabobank, DLL, Obvion, Rabo Vastgoedgroep, BPD	Domestic Retail Banking, Wholesale and Rural, Leasing, Property Development	32,586	29,212	4,653	1,222
Other Eurozone countries	France	DLL, Rabobank	Leasing, Wholesale and Rural	229	189	(29)	14
	Belgium	DLL, Rabobank	Leasing, Wholesale and Rural	40	77	8	1
	Germany	DLL, Rabobank, Rabo Vastgoedgroep, BPD	Leasing, Wholesale and Rural, Property Development	763	747	(164)	(49)
	Italy	DLL, Rabobank	Leasing, Wholesale and Rural	121	205	47	13
	Luxembourg	Rabobank	Wholesale and Rural	-	-	-	-
	Ireland	DLL, Rabobank	Leasing, Wholesale and Rural	788	208	106	12
	Finland	DLL	Leasing	10	17	2	-
	Austria	DLL	Leasing	5	1	1	-
	Portugal	DLL	Leasing	13	22	2	-
	Spain	DLL, Rabobank	Leasing, Wholesale and Rural	76	158	21	-
Rest of Europe (non-Eurozone)	United Kingdom	DLL, Rabobank	Leasing, Wholesale and Rural	1,615	843	144	36
	Norway	DLL	Leasing	59	57	10	2
	Sweden	DLL	Leasing	95	151	4	4
	Denmark	DLL	Leasing	43	38	4	2
	Switzerland	DLL	Leasing	8	8	1	-
	Russia	DLL	Leasing	-	1	-	-
	Poland	DLL	Leasing	44	97	6	2
	Hungary	DLL	Leasing	9	33	2	-
	Turkey	DLL, Rabobank	Leasing, Wholesale and Rural	12	38	(3)	1
North America	United States	DLL, Rabobank	Leasing, Wholesale and Rural	7,500	3,064	377	105
	Canada	DLL, Rabobank	Leasing, Wholesale and Rural	485	295	97	25
Latin America	Mexico	DLL	Leasing	38	80	8	3
	Brazil	DLL, Rabobank	Leasing, Wholesale and Rural	1,116	922	238	75
	Chile	DLL, Rabobank	Leasing, Wholesale and Rural	99	135	5	4
	Argentina	DLL	Leasing	(9)	14	(13)	(5)
	Peru	Rabobank	Wholesale and Rural	1	7	-	-
Asia	India	DLL, Rabobank	Leasing, Wholesale and Rural	10	124	5	(1)
	Singapore	DLL, Rabobank	Leasing, Wholesale and Rural	334	113	17	3
	Indonesia	Rabobank	Wholesale and Rural	-	-	-	-
	China	DLL, Rabobank	Leasing, Wholesale and Rural	23	50	(4)	1
	Hong Kong	DLL, Rabobank	Leasing, Wholesale and Rural	642	182	45	8
	South Korea	DLL	Leasing	14	27	2	(1)
	United Arab Emirates	DLL	Leasing	-	-	-	-
Australia	Australia	DLL, Rabobank	Leasing, Wholesale and Rural	2,105	1,482	195	58
	New Zealand	DLL, Rabobank,	Leasing, Wholesale and Rural	1,086	531	175	50
Other	Kenya, Uganda	Rabobank	Wholesale and Rural	2	25	-	-
			Consolidation effects	(18,472)	-	-	-
				31,490	**39,151**	**5,962**	**1,585**

On December 31, 2022							
Amounts in millions of euros							
Geographic location	*Country*	*Name of division*	*Type of operations*	*Revenues*	*Average number of internal employees in FTE*	*Operating profit before tax*	*Income tax*
The Netherlands	The Netherlands	Rabobank, DLL, Obvion, Rabo Vastgoedgroep, BPD	Domestic Retail Banking, Wholesale and Rural, Leasing, Property Development	18,435	26,970	1,708	656
Other Eurozone countries	France	DLL, Rabobank, Rabo Vastgoedgroep, BPD	Leasing, Wholesale and Rural, Property Development	177	176	24	25
	Belgium	DLL, Rabobank	Leasing, Wholesale and Rural	53	103	6	4
	Germany	DLL, Rabobank, Rabo Vastgoedgroep, BPD	Leasing, Wholesale and Rural, Property Development	939	757	75	24
	Italy	DLL, Rabobank	Leasing, Wholesale and Rural	95	189	44	10
	Ireland	DLL, Rabobank	Leasing, Wholesale and Rural	424	201	(41)	(3)
	Finland	DLL	Leasing	7	18	2	-
	Austria	DLL	Leasing	5	2	3	1
	Portugal	DLL	Leasing	13	24	-	(1)
	Spain	DLL, Rabobank	Leasing, Wholesale and Rural	61	153	15	5
Rest of Europe (non-Eurozone)	United Kingdom	DLL, Rabobank	Leasing, Wholesale and Rural	821	810	108	17
	Norway	DLL	Leasing	48	54	12	3
	Sweden	DLL	Leasing	67	148	4	(1)
	Denmark	DLL	Leasing	32	37	5	1
	Switzerland	DLL	Leasing	6	8	1	-
	Russia	DLL	Leasing	30	42	9	2
	Poland	DLL	Leasing	40	87	7	2

On December 31, 2022							
	Hungary	DLL	Leasing	6	33	1	-
	Turkey	DLL, Rabobank	Leasing, Wholesale and Rural	16	47	8	2
North America	United States	DLL, Rabobank, Rabo Vastgoedgroep	Leasing, Wholesale and Rural	4,623	2,977	752	157
	Canada	DLL, Rabobank	Leasing, Wholesale and Rural	351	271	94	25
Latin America	Mexico	DLL	Leasing	28	87	6	4
	Brazil	DLL, Rabobank	Leasing, Wholesale and Rural	815	860	243	78
	Chile	DLL, Rabobank	Leasing, Wholesale and Rural	67	139	17	(6)
	Argentina	DLL	Leasing	(1)	14	(3)	(1)
	Peru	Rabobank	Wholesale and Rural	1	7	-	-
Asia	India	DLL, Rabobank	Leasing, Wholesale and Rural	36	288	(19)	1
	Singapore	DLL, Rabobank	Leasing, Wholesale and Rural	178	122	22	3
	Indonesia	Rabobank	Wholesale and Rural	-	-	-	-
	China	DLL, Rabobank	Leasing, Wholesale and Rural	16	63	(28)	(6)
	Hong Kong	DLL, Rabobank	Leasing, Wholesale and Rural	308	178	30	5
	South Korea	DLL	Leasing	12	25	3	1
	United Arab Emirates	DLL	Leasing	-	-	-	-
Australia	Australia	DLL, Rabobank	Leasing, Wholesale and Rural	1,260	1,387	254	76
	New Zealand	DLL, Rabobank,	Leasing, Wholesale and Rural	639	502	174	49

On December 31, 2022							
Other	Mauritius, Kenya, Uganda	Rabobank	Wholesale and Rural	3	21	-	-
			Consolidation effects	(8,852)	-	-	-
				20,759	**36,800**	**3,536**	**1,133**

Rabobank did not receive government subsidies in 2023 and 2022.

5.3 Geographic Information of Non-current Assets

Amounts in millions of euros	***2023***		***2022***	
	Domestic	*Non-domestic*	*Domestic*	*Non-domestic*
Goodwill and other intangible assets	625	112	728	119
Property and equipment and investment properties	1,990	2,689	1,952	2,875
Other assets	4,400	2,190	4,828	2,211
Non-current assets held for sale	95	175	152	98
Total	**7,110**	**5,166**	**7,660**	**5,303**

6. Cash and Cash Equivalents

Amounts in millions of euros	***2023***	***2022***
Cash	372	395
Deposits at central banks	90,167	129,185
Total cash and cash equivalents	**90,539**	**129,580**

The average minimum reserve to be held for the Netherlands for the month of December 2023 was EUR 3,654 million (December 2022: EUR 4,040 million).

7. Loans and Advances to Credit Institutions

Amounts in millions of euros	2023	2022
Current accounts and receivables	4,920	5,611
Reverse repurchase transactions and securities borrowing agreements	21,249	5,146
Loans	177	314
Other	111	51
Gross carrying amount loans and advances to credit institutions	**26,457**	**11,122**
Loan impairment allowance on loans and advances to credit institutions	(1)	(1)
Total loans and advances to credit institutions	**26,456**	**11,121**

8. Financial Assets Held for Trading

Amounts in millions of euros	2023	2022
Government bonds	2,470	1,527
Other debt securities	295	629
Loans	699	335
Equity instruments	283	251
Total	**3,747**	**2,742**

9. Financial Assets Mandatorily at Fair Value

Amounts in millions of euros	2023	2022
Debt securities	5	4
Loans	566	570
Equity instruments	1,943	1,728
Total	**2,514**	**2,302**

10. Derivatives

Rabobank uses derivatives to mitigate at least a portion of the risks arising from the bank’s various operations. For example, interest rate swaps are used to hedge interest rate risks arising from the difference in maturities between assets and liabilities. Another example is cross-currency swaps, which are used to hedge the currency risk to which the bank is exposed after issuing debt instruments in foreign currencies. In addition to hedging purposes, Rabobank also contracts derivatives with corporate customers to serve them in their risk management to hedge currency or interest rate exposures.

10.1 Types of Derivatives Used by Rabobank

Forward currency and interest rate contracts are contractual obligations to receive or pay a net amount based on prevailing exchange or interest rates, or to purchase or sell foreign currency or a financial instrument on a future date at a fixed specified price in an organized financial market. The credit risk is low, since collateral for forward contracts is provided in the form of cash, cash equivalents or marketable securities, and changes in the value of forward contracts are settled daily, mainly via a central counterparty clearing house. Rabobank's credit risk exposure is represented by the potential cost of replacing the swaps if the counterparties default. The risk is monitored continuously against current fair value, a portion of the notional amount of the contracts and the liquidity in the markets. As part of the credit risk management process, Rabobank employs the same methods for evaluating counterparties as it does for evaluating its own lending activities.

Forward rate agreements are individually agreed forward interest rate contracts under which the difference between a contractually agreed interest rate and the market rate on a future date has to be settled in cash, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps entail an economic exchange of currencies or interest rates (such as a fixed rate for one or more variable rates), or a combination (i.e. a cross-currency interest rate swap). Except in certain currency swaps, no transfer of the principal amount takes place.

Currency and interest rate options are contracts under which the seller (known as the writer) gives the buyer (known as the holder) the right, entailing no obligation, to purchase (in the case of a call option) or sell (in the case of a put option) a specific amount of foreign currency or a specific financial instrument on or before an agreed date or during an agreed period at a price set in advance. As consideration for accepting the currency or interest rate risk, the writer receives a payment (known as a premium) from the holder. Options are traded on exchanges or between Rabobank and clients (OTC). Rabobank is only exposed to credit risks as an option holder and only up to the carrying amount, which is equivalent to the fair value.

Credit default swaps (CDSs) are instruments with which the seller of a CDS undertakes to pay an amount to the buyer. This amount is equal to the loss that would be incurred by holding an underlying reference asset if a specific credit event were to occur (i.e. the materialization of a risk). The buyer is under no obligation to hold the underlying reference asset. The buyer pays the seller a credit protection fee usually expressed in basis points, with the size of the fee depending on the credit spread and tenor of the reference asset.

10.2 Derivatives Held for Trading

The derivatives held or issued for trading are those used to hedge economic risks but which do not qualify as hedge accounting instruments and derivatives that corporate customers have contracted with Rabobank to hedge interest rate and currency risks. The exposures from derivatives with corporate customers are normally hedged by entering into offsetting positions with one or more professional counterparties, within set trading limits.

10.3 Derivatives Designated as Hedging Instrument

Rabobank has various derivatives that serve to hedge economic risks, including interest rate and currency risks, which qualify as a hedging instrument in a fair value hedge, a cash flow hedge or a net investment hedge.

Fair value hedges

Rabobank uses interest rate swaps and cross-currency interest rate swaps to hedge potential changes in the fair value due to interest rate or foreign currency rate changes. Hedged items are fixed-income financial assets and liabilities in both local and foreign currencies, such as mortgages, debt securities at fair value through other comprehensive income, issued debt securities and deposits with agreed maturity. Rabobank tests the hedge effectiveness based on statistical regression analysis models, both prospectively and retrospectively for IAS 39 portfolio fair value hedges and analyses the sources of ineffectiveness for IFRS 9 non-portfolio fair value hedges. The identified source of ineffectiveness of the IFRS 9 fair value hedges is the float leg (excluding margin) of the cross currency interest rate swap. The hedged ratio of the IFRS 9 fair value hedges is the actual economic hedge (notional issued bond and notional cross currency interest rate swap).

For Rabobank's main currencies the average fixed rate for interest rate swaps used in fair value hedge accounting is 1.71% (2022: 0.78%) for EUR and 3.54% (2022: 2.40%) for USD.

The following table shows the notional amount of derivatives designated in fair value hedging, split into the maturity of the instruments.

Maturity Profile of Hedging Instruments in Fair Value Hedges

Amounts in millions of euros		Remaining maturity		
	Total notional amount	***Less than 1 year***	***1 - 5 years***	***Longer than 5 years***
On December 31, 2023				
Hedging instruments in fair value hedges	176,090	52,709	45,055	78,326
On December 31, 2022				
Hedging instruments in fair value hedges	184,325	58,677	45,721	79,927

The following table shows the carrying amounts of derivatives designated in fair value hedge relationships and the change in fair value used for calculating hedge ineffectiveness. The carrying amounts in this table represent the fair value of the derivatives before netting of collateral. Amounts in Section 10.4 represent carrying amounts after netting of collateral.

Designated Hedging Instruments in Fair Value Hedges of Interest Rate Risk

Amounts in millions of euros	*Carrying amount derivative financial assets*	*Carrying amount derivative financial liabilities*	*Change in fair value used for calculating hedge ineffectiveness*
On December 31, 2023			
Hedge of loans and advances to customers	8,778	1,147	(1,523)
Hedge of financial assets at fair value through other comprehensive income	687	154	(436)
Hedge of deposits from customers	-	97	54
Hedge of issued debt securities	748	1,676	990
On December 31, 2022			
Hedge of loans and advances to customers	14,823	2,007	16,059
Hedge of financial assets at fair value through other comprehensive income	898	6	921
Hedge of deposits from customers	-	44	(308)
Hedge of issued debt securities	558	2,305	(5,519)

Hedge ineffectiveness of fair value hedging amounts to minus EUR 3 million (2022: EUR 246 million) and is included in the statement of income on line item "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss". These carrying amounts do not reconcile to the amounts presented in section 10.4 as no netting rules are applied.

Designated Hedged Items in Fair Value Hedges of Interest Rate Risk

Amounts in millions of euros	*Carrying amount*	*Accumulated amount of fair value hedge adjustment on the hedged item included in the carrying amount of the hedged item*	*Change in fair value used for calculating hedge ineffectiveness*	*Accumulated amount of fair value hedge adjustments remaining for any hedged items that have ceased to be adjusted for hedging gains and losses*
On December 31, 2023				
Loans and advances to customers	49,674	(11,378)	1,472	(6,674)
Financial assets at fair value through other comprehensive income	11,239	-	430	(229)
Deposits from customers	3,189	(112)	56	(114)
Issued debt securities	56,698	(1,607)	934	(1,408)
On December 31, 2022				
Loans and advances to customers	66,026	(13,136)	(15,962)	(4,646)
Financial assets at fair value through other comprehensive income	7,719	-	(925)	(184)
Deposits from customers	2,415	(244)	(307)	(211)
Issued debt securities	44,739	(2,784)	(5,674)	(1,181)

Cash Flow Hedges

Rabobank's cash flow hedges mainly consist of the following two types of cash flow hedges:

- Cash flow hedges where the fixed spread of issued bonds in foreign currency is hedged with a cross currency swap for changes in foreign currency rates.
- Cash flow hedges for assets or liabilities in foreign currency with cross currency basis swaps. For these hedges all accounting mismatch relates to the revaluation of the cross currency basis swaps in response to fluctuations of cross currency basis spreads. Such revaluations are recorded through OCI in the Revaluation reserve – Costs of hedging. As such, no cash flow hedge adjustments are recorded.

Rabobank analyses the sources of ineffectiveness for IFRS 9 cash flow hedges. The IFRS 9 cash flow hedges are 100% effective.

Maturity Profile and Average Price/ Rate of Hedging Instruments in Cash Flow Hedges

Amounts in millions of euros	*Total notional amount*	*Remaining maturity* Less than 1 year	*1 - 5 years*	*Longer than 5 years*
On December 31, 2023				
Cross-currency swaps (USD:EUR)				
Notional amounts of hedging instrument	9,058	1,399	7,334	325
Average exchange rate (USD:EUR)		1.09	1.08	1.15
Cross-currency swaps (GBP:EUR)				
Notional amounts of hedging instrument	596	-	430	166
Average exchange rate (GBP:EUR)		n/a	0.87	0.84
Cross-currency swaps (other currencies)				
Notional amounts of hedging instrument	4,470	557	3,878	35
On December 31, 2022				
Cross-currency swaps (USD:EUR)				
Notional amounts of hedging instrument	74	-	-	74
Average exchange rate (USD:EUR)		n/a	0.00	1.25
Cross-currency swaps (GBP:EUR)				
Notional amounts of hedging instrument	151	-	67	84
Average exchange rate (GBP:EUR)		n/a	0.85	0.84
Cross-currency swaps (other currencies)				
Notional amounts of hedging instrument	96	5	70	21

The following table shows the carrying amounts of derivatives designated in cash flow hedging and the change in fair value used for calculating hedge ineffectiveness.

Cash Flow Hedges of Interest Rate and Foreign Currency Risk, Designated Hedging Instruments

Amounts in millions of euros	*Carrying amount derivative financial assets*	*Carrying amount derivative financial liabilities*	*Change in fair value used for calculating hedge ineffectiveness*
On December 31, 2023			
Cross-currency interest rate swaps (USD:EUR)	170	72	(20)
Cross-currency interest rate swaps (GBP:EUR)	4	10	(1)
Cross-currency interest rate swaps (other currencies)	6	102	1
Total	**180**	**184**	**(20)**
On December 31, 2022			
Cross-currency interest rate swaps (USD:EUR)	26	-	2
Cross-currency interest rate swaps (GBP:EUR)	1	14	(4)
Cross-currency interest rate swaps (other currencies)	3	2	4
Total	**30**	**16**	**2**

For the changes in the value of the hedging instrument recognized in other comprehensive income and the amount reclassified from the cash flow hedge reserve to profit or loss, reference is made to Section 30 "Reserves and Retained Earnings". Hedge ineffectiveness amounts to nil and is included in the statement of income on line item "Gains/ (losses) on financial assets and liabilities at fair value through profit or loss".

Cash Flow Hedges of Interest Rate and Foreign Currency Risk, Designated Hedged Items

Amounts in millions of euros	*Change in fair value used for calculating hedge ineffectiveness*	*Cash flow hedge reserve for continuing hedges*	*Remaining cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied*
On December 31, 2023			
Issued debt securities	(20)	(36)	(23)
On December 31, 2022			
Issued debt securities	2	2	(25)

Net Investment Hedges

Rabobank uses forward currency contracts to hedge a portion of the currency translation risk of net investments in foreign operations.

Maturity Profile and Average Rate of Hedging Instruments in Net Investment Hedges

	Total notional amount	***Remaining maturity on December 31, 2023***		
Amounts in millions of euros		*Less than 1 year*	*1 - 5 years*	*Longer than 5 years*
Forward currency contracts				
Notional amounts of hedging instrument	4,981	4,981	-	-
	Total notional amount	*Remaining maturity on December 31, 2022*		
Forward currency contracts				
Notional amounts of hedging instrument	4,112	4,112	-	-

For the main currencies the average exchange rates used in net investment hedge accounting for 2023 are EUR/AUD 1.63 (2022: 1.52), EUR/NZD 1.77 (2022: 1.66) and EUR/BRL 5.40 (2022: 5.40).

Amounts in millions of euros	***Carrying amount financial assets***	***Carrying amount financial liabilities***	***Change in fair value used for calculating hedge ineffectiveness***
On December 31, 2023			
Forward currency contracts	8	42	37
On December 31, 2022			
Forward currency contracts	43	32	(75)

For the changes in the value of the hedging instrument recognized in other comprehensive income and the amount reclassified from the net investment hedge reserve to profit or loss, see Section 30 "Reserves and Retained Earnings". Hedge ineffectiveness amounts to zero and is included in the statement of income in line item "Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss".

Net Investment Hedges of Currency Translation Risk, Designated Hedged Items

Amounts in millions of euros	***Change in fair value used for calculating hedge ineffectiveness***	***Foreign currency translation reserve for continuing hedges***	***Remaining foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied***
On December 31, 2023			
Net investment	(37)	253	136
On December 31, 2022			
Net investment	75	281	144

10.4 Notional Amount and Fair Value of Derivatives

The following table shows the notional amounts and the fair values of derivatives as presented in the statement of financial position.

Notional Amount and Fair Values of Derivatives

	On December 31, 2023			*On December 31, 2022*		
Amounts in millions of euros	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading	6,263,033	21,263	14,543	5,753,839	26,227	19,571
Derivatives designated as hedging instrument	192,712	729	891	187,473	638	627
Total derivatives	**6,455,745**	**21,992**	**15,434**	**5,941,312**	**26,865**	**20,198**
Derivatives held for trading						
Currency derivatives						
Currency swaps	340,992	4,910	5,671	355,833	6,810	7,744
Currency options - purchased and sold	5,591	73	76	7,050	103	89
Listed tradeable contracts	7,335	2	1	6,317	5	2
Currency futures	781	23	17	910	16	18
Total currency derivatives	**354,699**	**5,008**	**5,765**	**370,110**	**6,934**	**7,853**
Interest rate derivatives						
OTC interest rate swaps	5,690,983	14,345	7,178	5,206,230	17,041	9,402
OTC interest rate options	98,110	992	1,010	91,119	1,264	1,313
Listed interest rate swaps	100,041	4	1	72,554	2	4
Total interest rate derivatives	**5,889,134**	**15,341**	**8,189**	**5,369,903**	**18,307**	**10,719**
Credit derivatives	3,035	144	22	2,836	130	8
Equity instruments/index derivatives	-	1	-	13	6	88
Other derivatives	16,165	769	567	10,977	850	903
Total derivatives held for trading	**6,263,033**	**21,263**	**14,543**	**5,753,839**	**26,227**	**19,571**
Derivatives designated as hedging instrument						
Derivatives designated as hedging instrument in fair value hedges						
Interest rate swaps and cross-currency interest rate swaps	176,090	541	675	184,326	565	592
Derivatives designated as hedging instrument in cash flow hedges						
Currency swaps and cross-currency interest rate swaps	14,125	180	184	321	30	15
Derivatives designated as hedging instrument as net investment hedges						
Currency futures contracts	2,497	8	32	2,826	43	20
Total derivatives designated as hedging instrument	**192,712**	**729**	**891**	**187,473**	**638**	**627**

11. Loans and Advances to Customers

Amounts in millions of euros	*2023*	*2022*
Loans to private sector clients:		
Overdrafts	10,328	10,553
Mortgages	193,136	192,909
Finance leases	21,329	20,956
Corporate loans	197,649	195,519
Other	14,468	15,038
Loans to government clients:		
Finance leases	170	169
Other	1,055	1,216
Reverse repurchase transactions, securities borrowing agreements and settlement accounts	15,415	8,499
Gross carrying amount loans and advances to customers	**453,550**	**444,859**
Hedge accounting adjustment	(11,378)	(13,136)
Impairment allowances on loans and advances to customers	(2,909)	(2,862)
Total loans and advances to customers	**439,263**	**428,861**

Finance Leases

Loans and advances to customers includes receivables from finance leases, which can be broken down as follows:

Amounts in millions of euros	*2023*	*2022*
Receivables from gross investment in finance leases		
Not exceeding 1 year	8,000	6,421
1 to 2 years	5,499	5,383
2 to 3 years	3,806	3,944
3 to 4 years	2,524	3,105
4 to 5 years	2,025	1,681
More than 5 years	1,026	1,691
Gross investment in finance leases	**22,880**	**22,225**
Unearned deferred finance income from finance leases	1,650	1,389
Net investment in finance leases	**21,230**	**20,836**
Loan impairment allowance finance leases	269	289
Gross carrying amount finance leases	**21,499**	**21,125**
Finance income on net investment	963	836

The finance leases mainly relate to the lease of equipment, cars and factoring products. The unguaranteed residual values accruing to the lessor amounted to EUR 2,385 million (2022: EUR 2,413 million). The contingent lease payments recognized as income in 2023 were zero (2022: zero).

12. Financial Assets at Fair Value through Other Comprehensive Income

Amounts in millions of euros	*2023*	*2022*
Government bonds	8,003	7,809
Other debt securities	6,040	3,514
Loans	-	1
Equity instruments	137	171
Total financial assets at fair value through other comprehensive income	**14,180**	**11,495**

Rabobank designated equity investments in foreign financial service providers at fair value through other comprehensive income upon initial recognition because these instruments are held for strategic purposes rather than for the purpose of selling them in the near term.

Amounts in millions of euros	*2023*	*2022*
Equity investments in foreign financial service providers	105	61
Equity investments held by subsidiaries	13	89
Other equity investments	19	21
Total equity instruments	**137**	**171**

An equity investment held by subsidiaries was derecognized in 2023 with a fair value at derecognition date of EUR 84 million and a cumulative gain on disposal of EUR 8 million. During 2023, Rabobank recognized dividends of EUR 17 million of which EUR 1 million relates to equity investments that were derecognized in 2023. Transfers of the cumulative gains or losses within equity during the period are disclosed in Section 30 in the movement schedule of the "Revaluation Reserve – Equity Instruments at Fair Value Through Other Comprehensive Income".

13. Investments in Associates and Joint Ventures

Amounts in millions of euros	*2023*	*2022*[1]
Opening balance	1,679	2,282
Foreign exchange differences	(27)	5
Purchases	85	15
Sales	(70)	(63)
Share of profit of associates and joint ventures	298	(169)
Dividends paid out (and capital repayments)	(13)	(142)
Revaluation	(35)	51
Impairment on investments in associates	(111)	(209)
Reversal impairment on investments in joint ventures	6	5
Transfer to held for sale	-	(94)
Other	(19)	(2)
Total investments in associates and joint ventures	**1,793**	**1,679**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

13.1 Investments in Associates

The main associate in terms of the size of the capital interest held by Rabobank is Achmea.

On December 31, 2023	*Shareholding*	*Voting rights*
The Netherlands		
Achmea B.V.	31%	31%

Achmea is Rabobank's strategic partner for insurance products and Interpolis, a brand of the Achmea Group, works closely with Rabobank. Achmea’s head office is located in Zeist, the Netherlands. No listed market price is available for the equity investment in Achmea. The equity investment in Achmea is valued according to the equity method. Rabobank received no dividend from Achmea in 2023 (2022: EUR 54 million).

The adoption of IFRS 17 affected Rabobank's accounting for its associate Achmea that also applied IFRS 9 for the first time. There was no impact on the carrying value of Rabobank's investment in Achmea as Rabobank measures its investment at the recoverable amount and subsequently the change in the gross carrying amount is compensated by a corresponding change in the cumulative impairment. The main change in Rabobank's comparable figures relates to changes in the allocation of the movement in the carrying amount of Achmea between OCI and profit or loss. See the changes in Section 2.1 Basis of Preparation.

The external valuation of Achmea in 2023 warranted a trigger for an impairment test on the equity investment in Achmea at December 31, 2023. The impairment test resulted in a downward adjustment of the carrying value of the investment in Achmea of EUR 108 million which was recognized in the income statement as 'Impairment on investments in associates and joint ventures'. Achmea B.V. is part of the operating segment 'Other segments'. The valuation is based on the fair value which is categorized as level 3 according to the fair value hierarchy. To determine the fair value for Achmea, Rabobank used a combination of valuation methods depending on the characteristics of the different parts of Achmea consisting of:

- a cash flow valuation method assuming that the equity value of a company is equal to the discounted value of future dividends or future cashflows minus the net debt position of the company. The discount rate used for operations in the Netherlands ranges between 7.3% and 9.5%; and
- a comparable company analysis which is a multiple analysis based on financials and market date of peer companies. The most important inputs are:
  - the price-to-book multiple derived from a regression analysis of the price-to-book ratios of peers and their expected return on equity. The most important price-to-book multiple ranges between 0.6x and 0.9x and;
  - the price-to-earnings multiple which is based on the current financial year's profitability and estimates of the 1-year and 2-year forward looking profitability of peers. The most important price-to-earnings multiple ranges between 8.6x and 11.7x.

The valuation of Achmea is based on 50%-50% weighting to the outcomes of the two valuation methods. The recoverable amount of Rabobank's interest in Achmea amounts to EUR 1,190 million as at December 31, 2023.

Achmea

Amounts in millions of euros	***2023***	***2022[1]***
Cash and balances at central banks	1,934	1,946
Investments	69,977	68,888
Other assets	5,807	5,901
Total assets	**77,718**	**76,735**
Insurance related provisions	44,224	43,426
Loans and funds borrowed	20,079	19,479
Other liabilities	4,435	5,233
Total liabilities	**68,738**	**68,138**
Revenues	24,786	21,244
Net profit	814	(808)
Other comprehensive income	(79)	212
Total comprehensive income	**735**	**(596)**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Reconciliation Carrying Amount of Interest in Achmea

	2023	***2022[1]***
Total equity Achmea	9,075	8,597
Minus: hybrid capital	1,250	1,250
Minus: preference shares and accrued dividend	26	307
Shareholder's equity	**7,799**	**7,040**
Share of Rabobank	31.14%	31.14%
	2,429	2,192
Accumulated impairment	(1,239)	(1,129)
Carrying amount	**1,190**	**1,063**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Result from Other Associates

Amounts in millions of euros	*2023*	*2022*
Result from continuing operations	25	74
Net profit	**25**	**74**
Other comprehensive income	(3)	(17)
Total comprehensive income	**22**	**57**

13.2 Investments in Joint Ventures

Almost all joint ventures are investments of BPD. Their total carrying amount is EUR 109 million (2022: EUR 104 million). Joint ventures are recognized in accordance with the equity method.

BPD often enters into partnerships for developing integrated residential areas. In the majority of cases, each participating member of the partnership has a decisive vote, and decisions can only be passed by consensus. The majority of these partnerships therefore qualify as "joint arrangements."

Each partnership has its own legal structure depending on the needs and requirements of the parties concerned. The legal form (business structure) typically used is the Dutch "CV-BV" structure (a limited partnership-private limited liability company) or the "VOF" structure (general partnership) or a comparable structure. In the case of a CV-BV, the risk of a partner is generally limited to the issued capital and partners are only entitled to the net assets of the entity. In the case of general partnerships ("VOF"), each party bears, in principle, unlimited liability and has, in principle, a proportional right to the assets and obligations for the liabilities of the entity. On the basis of the legal form, a CV-BV structure qualifies as a "joint venture", whereas a VOF structure qualifies as a "joint operation". Particular the contractual terms and other relevant facts and circumstances may result in a different classification.

As a separate legal structure is established for each project, projects have different participating partners and individual projects are not of a substantial size, BPD did not have material joint arrangements in 2023 and 2022.

Result from Joint Ventures

Amounts in millions of euros	*2023*	*2022*
Profit or loss from continuing operations	13	30
Post-tax profit or loss from discontinued operations	-	-
Net profit	**13**	**30**
Other comprehensive income	-	-
Total comprehensive income	**13**	**30**

Contingent Liabilities to Joint Ventures

BPD entered into commitments on December 31, 2023 with regard to real estate projects, commitments with third parties (including subcontractors and architects) for an amount of EUR 15 million (2022: EUR 14 million). The commitments regarding building sites amount to EUR 70 million (2022: EUR 70 million).

14. Goodwill and Other Intangible Assets

Amounts in millions of euros	*Goodwill*	*Software developed inhouse*	*Other intangible assets*	*Total*
Year ended December 31, 2023				
Opening balance	322	295	230	847
Foreign exchange differences	-	(2)	-	(2)
Additions	-	38	14	52
Disposals	-	(6)	(19)	(25)
Other	-	9	2	11
Amortization	-	(80)	(61)	(141)
Impairments	-	(4)	(1)	(5)
Closing balance	**322**	**250**	**165**	**737**
Cost	322	1,375	451	2,148
Accumulated amortization and impairments	-	(1,125)	(286)	(1,411)
Net carrying amount	**322**	**250**	**165**	**737**
Year ended December 31, 2022				
Opening balance	322	313	43	678
Foreign exchange differences	-	(1)	-	(1)
Additions	-	78	249	327
Disposals	-	(7)	3	(4)
Other	-	26	(3)	23
Amortization	-	(81)	(31)	(112)
Impairments	-	(33)	(31)	(64)
Closing balance	**322**	**295**	**230**	**847**
Cost	322	1,375	483	2,180
Accumulated amortization and impairments	-	(1,080)	(253)	(1,333)
Net carrying amount	**322**	**295**	**230**	**847**

The goodwill as at December 31, 2023 is allocated to one of the cash-generating units in the Domestic Retail Banking segment: the collective of local Rabobanks. The recoverable amount is based on the value in use. The value in use is determined using cash flows expected in the near future based on financial forecasts. As the recoverable amount substantially exceeded the carrying amount, Rabobank concluded that the goodwill allocated to this cash-generating unit was not impaired. Rabobank considers a 10% increase in the discount rate or a 10% reduction in the future cash flows to be the maximum of possible changes in key assumptions. Such changes do not cause the carrying amount to exceed the recoverable amount and would not result in an impairment.

Impairments of software developed in-house and other intangible assets are not individually material. The total impairments of software developed in-house was EUR 4 million (2022: EUR 33 million).

15. Property and Equipment

15.1 Tangible fixed assets

Amounts in millions of euros	*2023*	*2022*
Land and buildings	758	844
Equipment	177	197
Operating lease assets	2,754	2,923
Tangible fixed assets	**3,689**	**3,964**
Right-of-use assets	287	301
Total property and equipment	**3,976**	**4,265**

Amounts in millions of euros	*Land and buildings*	*Equipment*	*Operating lease assets*	*Tangible fixed assets*
Year ended December 31, 2023				
Opening balance	844	197	2,923	3,964
Foreign exchange differences	(1)	(2)	(59)	(62)
Purchases	17	47	1,219	1,283
Disposals	(2)	(4)	(437)	(443)
Transfers to assets held for sale	(65)	-	(138)	(203)
Impairments	(25)	(1)	-	(26)
Reversal impairments	27	-	-	27
Depreciation	(57)	(61)	-	(118)
Depreciation of operating lease assets	-	-	(829)	(829)
Other	20	1	75	96
Closing balance as at December 31	**758**	**177**	**2,754**	**3,689**
Cost	1,851	689	4,655	7,195
Accumulated depreciation and impairments	(1,093)	(512)	(1,901)	(3,506)
Net carrying amount as at December 31	**758**	**177**	**2,754**	**3,689**
Year ended December 31, 2022				
Cost	1,942	783	4,823	7,548
Accumulated depreciation and impairments	(1,093)	(567)	(1,816)	(3,476)
Net carrying amount as at January 1	**849**	**216**	**3,007**	**4,072**
Opening balance	849	216	3,007	4,072
Foreign exchange differences	1	1	74	76
Purchases	19	59	1,014	1,092
Disposals	-	(12)	(189)	(201)
Transfers to held for sale	(2)	1	(82)	(83)
Impairments	(10)	(2)	-	(12)
Reversal impairments	44	-	-	44
Depreciation	(65)	(66)	-	(131)
Depreciation of operating lease assets	-	-	(859)	(859)
Other	8	-	(42)	(34)
Closing balance as at December 31	**844**	**197**	**2,923**	**3,964**
Cost	1,960	745	4,842	7,547
Accumulated depreciation and impairments	(1,116)	(548)	(1,919)	(3,583)
Net carrying amount as at December 31	**844**	**197**	**2,923**	**3,964**

The impairments and reversal impairments recognized as at December 31, 2023 relate to property for own use in the Domestic Retail Banking segment. Vacancy of property as a result of the restructuring (decreasing use of square meters) triggered impairments calculations and resulted in impairments for a total amount of EUR 25 million (2022: EUR 10 million). In 2023, impairments of EUR 27 million were reversed (2022: EUR 44 million).

15.2 Lease contracts as a lessee

Rabobank has several lease contracts as a lessee, predominantly related to property used as office and to cars for employees. The consolidated statement of financial position shows the following amounts relating to leases:

Amounts in millions of euros	*2023*	*2022*
Property-lease	242	261
Car-lease	44	39
Other leases	1	1
Total right-of-use assets	**287**	**301**
Total lease liabilities	**351**	**386**

Additions to right-of-use assets during 2023 were EUR 24 million (2022: EUR 10 million). The consolidated statement of income shows the following amounts relating to leases:

Amounts in millions of euros	*2023*	*2022*
Property-lease	68	75
Car-lease	20	18
Other leases	1	1
Depreciation charge of right-of-use assets	**89**	**94**
Interest expense	15	16
Expense relating to short-term leases	-	1
Expense relating to leases of low-value assets	-	-
Expense relating to variable lease payments not included in lease liabilities	4	(1)

The total cash outflow for leases in 2023 was EUR 59 million (2022: EUR 66 million).

15.3 Operating lease contracts as a lessor

Rabobank has concluded various operating lease contracts as lessor. The undiscounted lease payments to be received from operating leases can be broken down as follows:

Amounts in millions of euros	*2023*	*2022*
Not exceeding 1 year	725	677
1 to 2 years	485	492
2 to 3 years	298	298
3 to 4 years	156	239
4 to 5 years	76	110
More than 5 years	50	145
Total payments receivable from operating leases	**1,790**	**1,961**

16. Investment Properties

Amounts in millions of euros	*2023*	*2022*
Cost	624	506
Accumulated depreciation and impairments	(62)	(68)
Net carrying amount as at January 1	**562**	**438**
Opening balance	562	438
Purchases	35	66
Sales	(7)	(4)
Transfers from real estate projects	155	134
Transfers to held for sale assets	-	(68)
Depreciation	(11)	(10)
Impairments	(3)	(6)
Reversal impairment	-	1
Other	(28)	11
Closing balance as at December 31	**703**	**562**
Cost	771	624
Accumulated depreciation and impairments	(68)	(62)
Net carrying amount as at December 31	**703**	**562**

The fair value of the investment properties amounts to EUR 828 million (2022: EUR 700 million). External valuations of investment properties were performed by duly certified external parties in accordance with RICS valuation standards or other equivalent standards. The determination of the fair value of investment properties is based on the methodologies that are most appropriate for the type of property. This includes the discounted cash flow valuation method and the capitalization method based on net initial yields for comparable transactions.

Valuations	*2023*	*2022*
External valuations	52%	54%
Internal valuations	48%	46%

Most investment property is unique. There is often no active market for similar properties in the same location and condition. Appraisals of the different types of investment properties are based on many parameters, which are derived from current contracts and market information as much as possible. A certain degree of judgment and estimation cannot be avoided. Therefore, all investment property has been designated as level 3 in line with the fair value classification under IFRS 13. When determining the fair value of investment property, the parameters used include the following, depending on the type of property: current and expected future market rent per m2, current and expected future vacancy rates, location of the property, the marketability of the property, the average discount rate, the development budget, and any credit risks.

17. Other Assets

Other Assets

Amounts in millions of euros	**Note**	***2023***	***2022***
Receivables and prepayments		1,793	2,172
Commodities and warehouse receipts		1,461	1,751
Real estate projects		2,224	2,319
Accrued income		399	363
Employee benefits	27	5	13
Government grants		-	91
Other assets		708	330
Total other assets		**6,590**	**7,039**

Real Estate Projects

Amounts in millions of euros	*2023*	*2022*
Building sites	1,658	1,815
Work in progress	541	500
Finished properties	25	4
Total real estate projects	**2,224**	**2,319**

In 2023 the net realizable value of all current building sites not subject to a zoning plan was calculated and compared with the carrying amount. This resulted in an addition of EUR 30 million to the provision (2022: addition of EUR 12 million).

Movements in Provisions for Real Estate Projects

Amounts in millions of euros	*Balance on January 1, 2023*	*Additions/ release*	*Withdrawals/ other changes*	*Balance on December 31, 2023*
Building sites	313	135	8	456
Work in progress	33	(1)	-	32
Finished properties	2	-	-	2
Total	**348**	**134**	**8**	**490**

Amounts in millions of euros	*Balance on January 1, 2022*	*Additions/ release*	*Withdrawals/ other changes*	*Balance on December 31, 2022*
Building sites	338	(5)	(20)	313
Work in progress	14	19	-	33
Finished properties	2	-	-	2
Total	**354**	**14**	**(20)**	**348**

Work in Progress

Amounts in millions of euros	*2023*	*2022*
Residential property in preparation and under construction	1,257	1,472
Commercial property in development and under construction	1	1
Instalments invoiced in advance – residential property	(717)	(973)
Instalments invoiced in advance – commercial property	-	-
Total work in progress	**541**	**500**

18. Non-Current Assets Held for Sale

The non-current assets held for sale amount to EUR 270 million (2022: EUR 250 million) and include various types of real estate in the segments Domestic Retail Banking and Property Development for an amount of EUR 95 million, and a loan portfolio in segment Wholesale & Rural for an amount of EUR 119 million. The carrying values are expected to be realized through sale rather than through continuing use.

19. Deposits from Credit Institutions

Amounts in millions of euros	*2023*	*2022*
Demand deposits	1,316	1,187
Fixed-term deposits	14,286	14,704
Repurchase agreements	178	206
Monetary instruments of central banks	-	15,444
Other deposits from credit institutions	43	2
Total deposits from credit institutions	**15,823**	**31,543**

20. Deposits from Customers

Amounts in millions of euros	*2023*	*2022*
Current accounts	113,696	136,046
Deposits with agreed maturity	69,536	65,157
Deposits redeemable at notice	208,049	194,644
Repurchase agreements	99	625
Total deposits from customers	**391,380**	**396,472**

Non-monetary instruments from central banks amounting to EUR 11 billion (2022: EUR 13 billion) are included in "Deposits with agreed maturity".

21. Debt Securities in Issue

Amounts in millions of euros	*2023*	*2022*
Certificates of deposit	24,509	25,613
Commercial paper	16,214	13,030
Issued bonds	30,757	31,096
Covered bonds	21,217	17,897
Other debt securities	29,822	24,671
Total debt securities in issue	**122,519**	**112,307**

22. Financial Liabilities Held for Trading

Financial liabilities held for trading are mainly negative fair values of derivatives and delivery obligations that arise on the short selling of securities. Securities are sold short to realize gains from short-term price fluctuations. The securities needed to settle short sales are acquired through securities lending and repurchasing agreements. The fair value of the shares and bonds sold short are EUR 475 million (2022: EUR 1,543 million).

23. Financial Liabilities Designated at Fair Value

Amounts in millions of euros	*2023*	*2022*
Debt securities issued	2,038	2,038
Deposits	772	561
Total financial liabilities designated at fair value	**2,810**	**2,599**

The cumulative change in fair value of the financial liabilities designated at fair value attributable to changes in Rabobank's own credit risk amounts to EUR 69 million (2022: EUR 83 million). The change in fair value that is attributable to changes in own credit risk is calculated by deducting on a note by note basis the current fair value of these liabilities at the reporting date from the fair value recalculated based on the prevailing credit curve at the time of origination, with all other pricing components unchanged. This calculation reflects the amount that can be attributed to the change in Rabobank's own credit risk since the origination of these liabilities.

Transfers of the cumulative gains or losses within equity during the period and the amounts presented in other comprehensive income that are realized at derecognition are disclosed in Section 30 in the movement schedule of the "Revaluation Reserve – Fair Value Changes Due to Own Credit Risk on Financial Liabilities Designated at Fair Value".

The carrying value of the issued debt securities and deposits designated at fair value is EUR 555 million (2022: EUR 675 million) lower than the amount Rabobank is contractually obliged to repay to the holders.

24. Other Liabilities

Amounts in millions of euros	*Note*	*2023*	*2022*
Payables		4,878	5,252
Lease liabilities		351	386
Employee benefits	27	241	163
Other		55	49
Total other liabilities		**5,525**	**5,850**

25. Provisions

Amounts in millions of euros	*Note*	*2023*	*2022*
Restructuring provision		34	83
Provision for legal issues		105	404
Impairment allowances on loan commitments and financial guarantees	4.3.4	178	132
Other provisions		295	266
Total provisions		**612**	**885**

Amounts in millions of euros	*Restructuring provision*	*Provision for legal issues*	*Other provisions*	*Total*
Opening balance on January 1, 2023	83	404	266	753
Additions	17	31	221	269
Withdrawals	(29)	(139)	(130)	(298)
Releases	(37)	(191)	(62)	(290)
Closing balance on December 31, 2023	**34**	**105**	**295**	**434**
Opening balance on January 1, 2022	145	413	406	964
Additions	41	61	111	213
Withdrawals	(36)	(54)	(220)	(310)
Releases	(67)	(16)	(31)	(114)
Closing balance on December 31, 2022	**83**	**404**	**266**	**753**

As also stated in the management report, Rabobank made EUR 400 million available for several cooperative initiatives to celebrate its 125th anniversary and to give an extra impulse to help clients, members, partners and employees to become more sustainable. With regard to these initiatives, several provisions have been recognized in 2023. These provisions are categorized as ‘Other provisions’ and the additions comprise of the recognition of a provision for cooperative insulation budget of EUR 128 million, a provision for the sustainability contribution to SMEs of EUR 51 million, and a provision for the cooperative sustainability contribution to local communities of EUR 10 million. In addition to these provisions, an amount of EUR 75 million was donated to the Rabo Transition Fund and an amount of EUR 40 million was allocated as cooperative dividend. Both amounts were recognized in P&L. Lastly, an amount of EUR 96 million was recognized as an employee benefit liability for the sustainability contribution for employees, see also paragraph 27.2 'Other employee benefits'.

For additional information regarding the additions to the provision for legal issues and to the other provisions, see Section 4.9, "Legal and arbitration proceedings".

Maturities of Provisions

Amounts in millions of euros	*2023*	*2022*
Not exceeding one year	271	564
Longer than 1 year but less than 5 years	322	313
Longer than 5 years	19	8
Total	**612**	**885**

26. Deferred Taxes

Deferred tax assets and liabilities are measured for all temporary differences using the liability-method. Deferred tax assets recognized with respect to carry-forward losses and temporary deductible differences can only be utilized if taxable profits are realized in the future. On December 31, 2023, Rabobank expects that sufficient taxable profits will be generated within the applicable periods.

No deferred tax asset has been recognized for unused tax losses totaling EUR 245 million (2022: EUR 361 million) of which EUR 146 million (2022: EUR 176 million) relates to tax losses with an infinite expiry date and EUR 99 million (2022: EUR 185 million) to state tax losses in the U.S. with an ultimate expiry date in 2035. The tax effect of the unused tax losses amounts to EUR 50 million (2022: EUR 64 million).

The amount of income tax recognized as deferred tax and relating to components of other comprehensive income is disclosed in the following table. The current tax asset relating to currency translation of foreign currency branches and group entities and related hedging that is recognized in other comprehensive income as at December 31, 2023 is EUR 53 million (2022: current tax liability EUR 46 million).

	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax charges*	*Tax on other comprehensive income*
Amounts in millions of euros				
On December 31, 2023				
Pensions and other post-employment benefits	21	1	(7)	(2)
Impairment allowances on financial assets	189	(27)	(92)	-
Provisions	23	(3)	4	-
Hedge accounting	293	32	34	-
Carry forward losses	138	(3)	21	-
Tax credits	4	(3)	(2)	-
Goodwill and other intangible assets	-	-	-	-
Revaluation reserves for financial assets at fair value through other comprehensive income	42	1	-	(4)
Revaluation reserves – Cash flow hedges	21	-	(3)	(12)
Revaluation reserves – Costs of hedging	(40)	-	-	4
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	22	4	-	3
Property and equipment, including operating leases	152	203	(33)	-
Other temporary differences	59	(8)	(34)	-
Total	**923**	**198**	**(113)**	**(10)**

	Deferred tax assets	*Deferred tax liabilities*	*Deferred tax charges*	*Tax on other comprehensive income*
Amounts in millions of euros				
On December 31, 2022				
Pensions and other post-employment benefits	12	-	9	16
Impairment allowances on financial assets	81	(41)	57	-
Provisions	27	(1)	(4)	-
Hedge accounting	324	27	(77)	-
Carry forward losses	158	(9)	12	-
Tax credits	3	(3)	-	-
Goodwill and other intangible assets	-	-	-	-
Revaluation reserves for financial assets at fair value through other comprehensive income	30	-	38	(83)
Revaluation reserves – Cash flow hedges	4	3	1	0
Revaluation reserves – Costs of hedging	(36)	-	-	9
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	25	4	-	24
Property and equipment, including operating leases	104	189	(134)	-
Other temporary differences	68	60	21	1
Total	**800**	**229**	**(78)**	**(33)**

27. Employee Benefits

Amounts in millions of euros	*2023*	*2022*
Employee benefits – assets	(5)	(13)
Employee benefits – liabilities	241	163
Total employee benefits	**236**	**150**
Pension plans	27	29
Other employee benefits	209	119
Total employee benefits	**236**	**150**

Amounts in millions of euros	*2023*	*2022*
Defined benefit obligation	340	357
Fair value of plan assets	313	328
Net defined benefit obligation	**27**	**29**

27.1 Pension Plans

Rabobank has placed its Dutch pension scheme with Rabobank Pension Fund. The scheme qualifies as a defined contribution plan under IAS 19 with a pensionable age of 68 and a flat rate savings contribution of 27% of the pension base, including an employee contribution of 5.5%. Risk premiums and administration costs are paid separately by the employer. The investments costs are deducted from the accrued pension capital. Rabobank complies with all its pension obligations by paying the annual pension premium and therefore has no financial liabilities with regard to underlying membership years and accrued pension rights in the past.

As of December 31, 2023, a few small plans qualify as defined benefit pension plans. These are career-average defined benefit pension plans, administered by a fund or otherwise that are related to the remuneration of employees upon retirement and which mostly pay annual pensions. Annual contributions are paid to the funds at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements. The assets related to the plans are held independently of Rabobank assets in separate funds managed by trustees. The obligations are valued each year by independent actuaries based on the method prescribed by IFRS. The most recent actuarial valuations were performed at the end of 2023. The tables with the weighted averages of the main actuarial assumptions, the sensitivity analysis and the future premium payments relate to the pension plan of the former Friesland Bank because this is the largest pension plan in terms of plan assets and defined benefit obligations.

Movements in plan assets and liabilities:

Amounts in millions of euros	*2023*	*2022*
Defined benefit obligation		
Opening balance	357	547
Exchange rate differences	2	(8)
Interest expense	12	6
Benefits paid	(15)	(14)
Other	(2)	(8)
Experience adjustments	3	(5)
Actuarial gains and losses arising from changes in demographic assumptions	(1)	1
Actuarial gains and losses arising from changes in financial assumptions	(16)	(162)
Defined benefit obligation on December 31	**340**	**357**
Fair value of plan assets		
Opening balance	327	433
Exchange rate differences	2	(5)
Interest income	12	5
Contributions paid by employer	8	7
Benefits paid	(14)	(13)
Other	1	-
Experience adjustments	(2)	(7)
Remeasurements arising from changes in financial assumptions plan assets	(21)	(92)
Fair value of plan assets on December 31	**313**	**328**

The costs recognized in profit and loss are shown in the table below.

Amounts in millions of euros	*2023*	*2022*
Interest expense on liabilities	12	6
Interest income on plan assets	(12)	(5)
Losses/(gains) on curtailments, settlements and costs	1	(1)
Total cost of defined benefit pension plans	**1**	**-**

Main Actuarial Assumptions

The main actuarial assumptions for the valuation of the defined benefit obligation are the discount rate, the salary increases, and the price inflation. Recent mortality tables have also been used for the valuation of the respective plans. The weighted averages of the actuarial financial assumptions are shown in the table below (in % per year):

	2023	*2022*
Discount rate	3.7%	3.2%
Salary increases	2.6%	2.6%
Price inflation	2.6%	2.6%

Sensitivity Analysis

Rabobank is exposed to risks regarding its defined benefit plans related to the assumptions disclosed in the table below. The sensitivity analysis of these most significant assumptions has been determined based on changes of the assumptions occurring at the end of the reporting period that are deemed reasonably possible.

Amounts in millions of euros	*Change in assumption*	*Effect on defined benefit obligation of increase*		*Effect on defined benefit obligation of decrease*	
		2023	*2022*	*2023*	*2022*
Discount rate	0.25%	(7)	(8)	7	8
Salary increases	0.25%	-	1	-	(1)
Price inflation	0.25%	-	-	-	-
Mortality	1 year	(3)	9	(17)	(9)

Estimated Contribution

The estimated contributions to defined benefit pension plans for 2024 are approximately EUR 10 million (2023: EUR 6 million).

Average Duration

The average duration of the defined benefit plan of the former Friesland Bank is 12 years (2022: 13 years).

27.2 Other Employee Benefits

Other employee benefits mainly consist of liabilities for future long-service awards and a liability for the sustainability contribution for employees which was recognized in 2023 for an amount of EUR 96 million.

28. Subordinated Liabilities

Amounts in millions of euros	*2023*	*2022*
Issued by Rabobank	8,817	10,096
Total subordinated liabilities	**8,817**	**10,096**

The following table shows details of the issues of subordinated liabilities :

Subordinated Liabilities issued by Rabobank

Amounts in millions

Notional	*Currency*	*Coupon*	*Year of issuance*	*Year of maturity*
90	AUD	5.454%	2022	2037
60	AUD	5.00%	2022	2037
750	EUR	3.875%	2022	2032, early optional redemption date 2027
406.8	USD	4.00%	2017	2029, early optional redemption date 2024
1,500	USD	3.75%	2016	2026
1,500	USD	4.375%	2015	2025
1,250	USD	5.25%	2015	2045
1,000	GBP	4.625%	2014	2029
50,800	JPY	1.429%	2014	2024
1,250	USD	5.75%	2013	2043
500	GBP	5.25%	2012	2027
10	EUR	4.21%	2005	2025
10	EUR	5.32%	2004	2024
7,000	JPY	1.23%	2022	2034, early optional redemption date 2029
300	AUD	7.07%	2022	2032, early optional redemption date 2027
200	AUD	7.28%	2022	2032, early optional redemption date 2027
20,000	JPY	1.55%	2023	2033, early optional redemption date 2028

29. Contingent Liabilities

Credit Related Contingent Liabilities

Rabobank enters into irrevocable loan commitments and contingent liabilities consisting of financial guarantees and standby letters of credit on behalf of its customers. Under these contracts Rabobank is required to perform under an obligation agreement or to make payments to the beneficiary on third party's failure to meet its obligations. The following table shows the amount of the maximum potential utilization of credit related contingent liabilities.

Amounts in millions of euros	*2023*	*2022*
Financial guarantees	4,551	4,520
Loan commitments	59,936	50,502
Other commitments	22,746	21,737
Credit related contingent liabilities	**87,233**	**76,759**

Contingent Liabilities Related to Litigation

Rabobank is involved in a number of legal and arbitration proceedings in the Netherlands and other countries in connection with claims brought by and against Rabobank arising from its operations. For additional information, refer to Section 4.9 "Legal and Arbitration Proceedings".

Irrevocable payment commitment (IPC) regarding the Single Resolution Fund

For the contribution to the Single Resolution Fund, Rabobank opted in previous years to use the opportunity to fulfil part of the liability via an irrevocable payment commitment. Rabobank disclosed this irrevocable payment commitment as a contingent liability for the nominal amount of EUR 270 million (2022: EUR 270 million). Rabobank has provided cash collateral for the IPC which is classified as a financial asset measured at amortized cost.

Other Contingent Liabilities

The contractual commitments relating to the acquisition, construction and development of work in progress and investment properties amount to EUR 538 million (2022: EUR 720 million).

30. Reserves and Retained Earnings

Amounts in millions of euros	*2023*	*2022*[1]
Foreign currency translation reserves	(938)	(624)
Revaluation reserve – Financial assets at fair value through other comprehensive income	(188)	(177)
Revaluation reserve – Cash flow hedges	(59)	(22)
Revaluation reserve – Costs of hedging	116	103
Remeasurement reserve – Pensions	(75)	(54)
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value	(52)	(62)
Retained earnings	37,438	33,865
Total reserves and retained earnings at year-end	**36,242**	**33,029**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

Changes in the reserves were as follows:

Amounts in millions of euros	*2023*	*2022*[1]
Foreign currency translation reserves		
Opening balance	(624)	(887)
Translation of foreign operations	(330)	318
Changes in hedging instrument	37	(75)
Changes at associates and joint ventures	(3)	-
Transferred to profit or loss	(18)	20
Closing balance	**(938)**	**(624)**
Revaluation reserves – Debt instruments at fair value through other comprehensive income		
Opening balance	(81)	14
Accounting policy change	-	43
Foreign exchange differences	4	3
Changes at associates and joint ventures	(6)	2
Fair value changes	-	(258)

Amounts in millions of euros	2023	2022[1]
Transferred to profit or loss	2	115
Closing balance	**(81)**	**(81)**
Revaluation reserves – Equity instruments at fair value through other comprehensive income		
Opening balance	(96)	122
Accounting policy change	-	(196)
Foreign exchange differences	-	(1)
Changes at associates and joint ventures	(9)	(17)
Fair value changes	(2)	(4)
Closing balance	**(107)**	**(96)**
Revaluation reserve – Cash flow hedges		
Opening balance	(22)	(14)
Foreign exchange differences	(5)	(11)
Fair value changes	(34)	1
Transferred to profit or loss	2	2
Closing balance	**(59)**	**(22)**
Revaluation reserve – Costs of hedging		
Opening balance	103	78
Foreign exchange differences	1	(1)
Fair value changes	13	27
Transferred to profit or loss	(1)	(1)
Closing balance	**116**	**103**
Remeasurement reserve – Pensions		
Opening balance	(54)	(174)
Foreign exchange differences	1	2
Changes at associates and joint ventures	(17)	66
Remeasurements defined benefit plans	(5)	52
Closing balance	**(75)**	**(54)**

Amounts in millions of euros	2023	2022[1]
Revaluation reserve – Fair value changes due to own credit risk on financial liabilities designated at fair value		
Opening balance	(62)	(130)
Fair value changes	10	68
Realization at derecognition	-	-
Closing balance	**(52)**	**(62)**
Retained earnings		
Opening balance	33,865	32,088
Accounting policy change	-	153
Net profit	4,287	2,327
Payments on equity instruments	(712)	(699)
Other	(2)	(4)
Closing balance	**37,438**	**33,865**
Total reserves and retained earnings	**36,242**	**33,029**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

31. Rabobank Certificates

Rabobank Certificates represent participation rights issued by Rabobank via the foundation Stichting Administratie Kantoor Rabobank Certificaten (AK Foundation) and belong to Rabobank's Common Equity Tier 1 capital. Rabobank Certificates are listed on Euronext Amsterdam.

The total number of certificates is 313,005,461 with a nominal value of EUR 25 each. Rabobank's actual payment policy pursuant to the Participation Rules in respect of the participation rights issued by Rabobank (and via AK Foundation in respect of the Rabobank Certificates) can be found on the Rabobank website.

The cash distribution paid per certificate in 2023 was EUR 1.625. The amounts listed in the table below are based on the nominal value of EUR 25 per Rabobank Certificate. Cash flows arising from changes during the year in the Rabobank Certificates are included in the consolidated statement of cash flows.

Amounts in millions of euros	*2023*	*2022*
Changes during the year:		
Opening balance	7,825	7,825
Change in Rabobank Certificates during the year	-	-
Closing balance	**7,825**	**7,825**

32. Capital Securities

All Capital Securities are perpetual securities and have no expiry date. The discretionary distribution on Capital Securities per issue is as follows:

Issue of EUR 750 million
Rabobank issued Capital Securities for an amount of EUR 750 million. The coupon is 3.10% per year and was made payable semi-annually in arrears as of the issue date (April 21, 2021) for the first time on June 29, 2021. These Capital Securities are perpetual and first redeemable on June 29, 2028. As of December 29, 2028, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the five-year euro swap rate + 3.234%. The coupon is fully discretionary.

Issue of EUR 1,000 million
The coupon is 4.625% per year and is made payable every six months in arrears as of the issue date (September 11, 2018), for the first time on December 29, 2018. These Capital Securities are perpetual and first redeemable on December 29, 2025. As of December 29, 2025, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the 5-year euro swap rate + 4.098%. The coupon is fully discretionary.

Issue of EUR 1,250 million
The coupon is 3.25% per year and is made payable every six months in arrears as of the issue date (September 9, 2019), for the first time on December 29, 2019. These Capital Securities are perpetual and first redeemable on December 29, 2026. As of December 29, 2026, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the 5-year euro swap rate + 3.702%. The coupon is fully discretionary.

Issue of EUR 1,000 million
The coupon is 4.375% per year and is made payable every six months in arrears as of the issue date (July 14, 2020), for the first time on December 29, 2020. These Capital Securities are perpetual and first redeemable on June 29, 2027. As of December 29, 2027, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the 5-year euro swap rate + 4.679%. The coupon is fully discretionary.

Issue of EUR 1,000 million
The coupon is 4.875% per year and was made payable every six months in arrears as of the issue date (April 6, 2022) for the first time on June 29, 2022. The Capital Securities are perpetual and first redeemable on June 29, 2029. As of December 29, 2029, and subject to Capital Securities not being redeemed early, the distribution is set for a five-year period, but without a step-up, based on the five-year euro swap rate + 3.717%. The coupon is fully discretionary.

33. Non-Controlling Interests

This item relates to shares held by non-controlling parties in Rabobank's subsidiaries.

Amounts in millions of euros	*2023*	*2022*
Opening balance	533	502
Net profit	90	76
Exchange rate differences	(6)	14
Entities included in consolidation/deconsolidated	18	(1)
Dividends	(36)	(58)
Other	-	-
Closing balance	**599**	**533**

The Rabobank subsidiaries with the largest non-controlling interests are AGCO Finance SAS and AGCO Finance LLC. Both entities are accounted for in the segment Leasing.

AGCO Finance SAS is located in Beauvais, France, and Rabobank has a capital and voting right interest of 51%. The non-controlling interests with regard to this entity amount to EUR 142 million (2022: EUR 126 million). The following financial data apply:

AGCO Finance SAS

Amounts in millions of euros	*2023*	*2022*
Revenues	61	50
Net profit	33	33
Other comprehensive income	-	-
Total comprehensive income	**33**	**33**
Profit attributable to non-controlling interests	16	16
Dividends paid to non-controlling interests	-	1
Financial assets	2,315	2,093
Other assets	43	4
Financial liabilities	1,951	1,766
Other liabilities	117	73

AGCO Finance LLC is located in Johnston, United States, and Rabobank has a capital and voting right interest of 51%. The non-controlling interests with regard to this entity amount to EUR 91 million (2022: EUR 87 million). The following financial data apply:

AGCO Finance LLC

Amounts in millions of euros	*2023*	*2022*
Revenues	91	107
Net profit	54	55
Other comprehensive income	-	-
Total comprehensive income	**54**	**55**
Profit attributable to non-controlling interests	26	27
Dividends paid to non-controlling interests	19	12
Financial assets	3,318	2,775
Other assets	42	111
Financial liabilities	2,943	2,547
Other liabilities	231	161

34. Changes in Liabilities Arising from Financing Activities

Amounts in millions of euros	*Debt securities in issue*	*Subordinated liabilities*	*Total*
Year ended December 31, 2023			
Opening balance	112,307	10,096	122,403
Changes from financing cash flows	10,279	(1,050)	9,229
Effect of changes in foreign exchange rates	(1,479)	(224)	(1,703)
Other non-cash changes	1,412	(5)	1,407
Closing balance	**122,519**	**8,817**	**131,336**
Year ended December 31, 2022			
Opening balance	109,272	10,026	119,298
Changes from financing cash flows	7,939	(151)	7,788
Effect of changes in foreign exchange rates	406	215	621
Other non-cash changes	(5,310)	6	(5,304)
Closing balance	**112,307**	**10,096**	**122,403**

35. Net Interest Income

Amounts in millions of euros	*2023*	*2022*
Interest income		
Cash and cash equivalents	5,319	1,270
Loans and advances to credit institutions	734	213
Loans and advances to customers	19,036	13,573
Derivatives used for fair value hedge-accounting	26	292
Financial assets at fair value through other comprehensive income	417	190
Interest income from financial assets using the effective interest method	**25,532**	**15,538**
Financial assets held for trading	131	50
Financial assets mandatorily at fair value	11	12
Interest income on financial liabilities with a negative interest rate	3	302
Other	126	91
Other interest income	**271**	**455**
Total interest income	**25,803**	**15,993**
Interest expense		
Deposits from credit institutions	1,039	387
Deposits from customers	7,601	2,415
Debt securities in issue	4,532	2,241
Financial liabilities held for trading	61	25
Derivatives held as economic hedges	306	731
Financial liabilities designated at fair value	98	228
Subordinated liabilities	446	475
Interest expense on financial assets with a negative interest rate	-	320
Other	8	22
Total interest expense	**14,091**	**6,844**
Net interest income	**11,712**	**9,149**

Capitalized interest attributable to qualifying assets amounted to EUR 16 million (2022: EUR 25 million). The average interest rate applied in determining interest charges to be capitalized ranged between 2% and 6% (2022: between 1% and 4%). The interest income on credit-impaired financial assets accrued is EUR 491 million (2022: EUR 315 million).

36. Net Fee and Commission Income

Amounts in millions of euros	*2023*	*2022*
Fee and commission income		
Payment services	1,011	896
Lending	364	450
Purchase and sale of other financial assets and handling fees	323	347
Insurance commissions	426	406
Lease-related fee	36	50
Other commission income	272	283
Total fee and commission income	**2,432**	**2,432**
Fee and commission expense		
Payment services	227	217
Purchase and sale of other financial assets and handling fees	61	59
Custodial fees and securities services	9	11
Other commission expense	44	39
Total fee and commission expense	**341**	**326**
Net fee and commission income	**2,091**	**2,106**

37. Net Income from Other Operating Activities

Amounts in millions of euros	*2023*	*2022*
Income from real estate activities	778	1,164
Expenses from real estate activities	797	898
Net income real estate activities	**(19)**	**266**
Income from operational lease activities	1,139	1,153
Expenses from operational lease activities	831	864
Net income from operational lease activities	**308**	**289**
Income from investment property	38	33
Expenses from investment property	25	27
Net income from investment property	**13**	**6**
Net income from other operating activities	**302**	**561**

As also stated in the management report, impairments were taken at BPD on several projects and land positions in Germany as a result of severe market conditions for a total amount of EUR 204 million. An amount of EUR 172 million is recognized in 'Net income real estate activities', EUR 30 million in 'Interest expense' and EUR 2 million in 'Other administrative expenses'. All expenses from investment properties relate to properties that are leased.

38. Income from Investments in Associates and Joint Ventures

Amounts in millions of euros	*2023*	*2022*[1]
Rabobanks share of profit of investments in associates and joint ventures	298	(169)
Result on disposal of investments in associates and joint ventures	-	-
Income from investments in associates and joint ventures	**298**	**(169)**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

39. Gains/ (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss

Amounts in millions of euros	*2023*	*2022*
Gains/ (losses) on financial assets and liabilities held for trading and from derivatives held for trading	621	211
Gains/ (losses) on financial assets mandatorily at fair value through profit or loss	166	(95)
Gains/ (losses) on financial liabilities designated at fair value and derivatives used to hedge the interest rate risk of those financial liabilities	26	(5)
Total gains/ (losses) on financial assets and liabilities at fair value through profit or loss	**813**	**111**

Gains/ (losses) on financial liabilities designated at fair value and derivatives used to hedge the interest rate risk of those financial liabilities mainly relate to fair value changes of the structured notes portfolio attributable to changes in i) market interest rates and ii) day-one gains that are directly recognized in profit or loss for an amount of EUR 1 million (2022: EUR 7 million). The results related to fair value changes of the structured notes due to changes in market interest rates are largely offset by the fair value changes of the derivatives used to hedge this interest rate risk.

Amounts in millions of euros	*2023*	*2022*
Gains/ (losses) on interest rate instruments	231	413
Gains/ (losses) on equity instruments	110	7
Gains/ (losses) on foreign currency instruments	394	(401)
Translation gains/ (losses) on foreign currency	(39)	(88)
Other	117	180
Total gains/ (losses) on financial assets and liabilities at fair value through profit or loss	**813**	**111**

40. Other Income

Amounts in millions of euros	*2023*	*2022*
Gains/ (losses) arising from the derecognition of financial liabilities at amortized cost	6	21
Result on sale of group companies	3	13
Other	162	187
Other income	**171**	**221**

41. Staff Costs

Amounts in millions of euros	*2023*	*2022*
Wages and salaries	3,368	2,912
Social security contributions and insurance costs	379	325
Pension costs - defined contribution plans	458	466
Pension costs - defined benefit pension plans	1	-
Training and traveling expenses	163	127
Addition/ (release) of other post-employment provisions	139	43
Other staff costs	1,350	1,150
Staff costs	**5,858**	**5,023**

Expressed in FTEs, the number of internal and external employees in Rabobank was 49,132 (2022: 46,959).

Rabobank has a Group Remuneration Policy which is updated on a regular basis and includes the provisions under the Dutch Act on Remuneration Policies for Financial Companies. Insofar as employees in the Netherlands are still eligible for variable remuneration, it never amounts to more than an average of 20% of the fixed income. Outside the Netherlands, any variable remuneration never amounts to more than 100% of the fixed income. Insofar as identified staff (employees who can have a material influence on the risk profile of Rabobank Group) are eligible for variable remuneration, it is awarded for periods in which the risks associated with the underlying business activities are adequately taken into account. Payment of a significant part of variable remuneration is deferred; 40% of the variable pay is paid on a deferred basis. If the total variable pay exceeds EUR 500,000, 60% of the total variable pay is deferred. The direct part of variable remuneration is unconditional, whereas the deferred part is conditional. One-fourth of the deferred part becomes unconditional each year (also known as vesting). For senior management, 40% of the variable pay is direct and therefore unconditional, whereas the deferred part is 60%. One-fifth of the deferred part becomes unconditional each year (vested). Among other things, Rabobank assesses whether there has been a significant reduction in financial performance or a significant change in risk management at Rabobank or one of its business unit that puts the circumstances assessed when the relevant variable remuneration was awarded in a different perspective. In principle, the right to any conditionally awarded remuneration lapses when the staff member's employment ends. 50% of both the direct and the deferred part of the variable remuneration is awarded in cash. The cash component of the direct part vests immediately. The cash component of the deferred part is awarded to employees only after vesting (within a period of four or five years). 50% of the direct and the deferred part of the variable remuneration is awarded in the form of an instrument (instrument component) i.e. the Deferred Remuneration Note (DRN).

The value of a DRN is linked directly to the price of a Rabobank Certificate (RC) as listed on Euronext Amsterdam. The instrument component is converted into DRNs at the time of awarding on completion of the performance year. The number of DRNs is determined on the basis of the closing rates for Rabobank Certificates, as traded on Euronext Amsterdam on the first trading day of each month of the performance year. This represents both the instrument component of the direct and the deferred part of the variable remuneration. The final value of the DRNs relating to the deferred part is established on vesting (within a period of four or five years). The payment of the instrument component is subject to a one year retention period. After the end of the retention period, the employee receives, for each DRN (or a portion thereof) an amount in cash that corresponds with the value of the DRN at that moment.

Payment of the variable remuneration is measured in accordance with IAS 19 Employee benefits. The direct part of the variable remuneration is recognized in the performance year, whereas the deferred part is recognized in the years before vesting.

The same system also applies, in broad terms, to the non-identified staff, although no deferral policy applies to the first EUR 130,000. Both the direct and the deferred part are paid fully in cash, which means that no DRNs are awarded.

On December 31, 2023, the costs of equity instrument-based payments were EUR 15 million (2022: EUR 13 million) and a liability of EUR 28 million was recognized (2022: EUR 26 million) of which EUR 13 million (2022: EUR 12 million) was vested. The costs of variable remuneration paid in cash were EUR 244 million (2022: EUR 227 million). The number of outstanding DRNs is presented in the following table.

in thousands	*2023*	*2022*
Opening balance	1,233	1,015
Awarded during the year	739	540
Paid during the year	(377)	(317)
Changes from previous year	-	(5)
Closing balance	**1,595**	**1,233**

The value of a DRN is linked directly to the price of a Rabobank Certificate. The estimated payments to be made for the variable remuneration are shown in the following table.

On December 31, 2023			*Year of payment*					
Amounts in millions of euros	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*Total*
Variable remuneration, excluding DRNs	239.8	7.6	8.3	7.0	2.1	0.2	-	265.1
DRNs	10.2	13.0	4.7	4.1	3.2	2.1	0.2	37.5
Total	**250.1**	**20.6**	**13.0**	**11.1**	**5.4**	**2.3**	**0.2**	**302.6**
On December 31, 2022			*Year of payment*					
Amounts in millions of euros	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*Total*
Variable remuneration, excluding DRNs	227.3	4.4	4.9	4.2	1.9	0.1	-	242.9
DRNs	10.9	12.0	3.5	3.5	2.8	1.8	0.1	34.8
Total	**238.3**	**16.4**	**8.4**	**7.8**	**4.8**	**1.9**	**0.1**	**277.7**

42. Other Administrative Expenses

Amounts in millions of euros	*2023*	*2022*
Additions and releases of provisions	(21)	99
IT expenses and software costs	568	490
Consultants fees	531	526
Publicity expenses	113	98
Result on derecognition and impairments on (in)tangible assets	77	56
Other expenses	583	420
Other administrative expenses	**1,851**	**1,689**

43. Depreciation and Amortization

Amounts in millions of euros	*2023*	*2022*
Depreciation of tangible fixed assets	118	131
Depreciation of right-of-use assets	89	94
Amortization of intangible assets	141	112
Depreciation and amortization	**348**	**337**

44. Impairment Charges on Financial Assets

Amounts in millions of euros	*2023*	*2022*
Loans and advances to customers and credit institutions	797	460
Financial assets at fair value through other comprehensive income	(1)	-
Recoveries following write-off	(114)	(139)
Loan commitments and financial guarantees	45	23
Impairment charges on financial assets	**727**	**344**

45. Regulatory Levies

The regulatory levies consist of bank tax, bank levies and contributions to the Single Resolution Fund and the Deposit Guarantee Scheme.

Amounts in millions of euros	*2023*	*2022*
Bank tax Netherlands	145	149
Bank tax other countries	1	7
Contribution Single Resolution Fund	285	331
Contribution Deposit Guarantee Fund	123	180
Regulatory levies	**554**	**667**

46. Income Tax

Amounts in millions of euros	*2023*	*2022*
Income tax		
Reporting period	1,745	1,225
Adjustments of previous years	(45)	(2)
Recognition of previously unrecognized tax losses	(2)	(12)
Deferred tax	(113)	(78)
Total income tax	**1,585**	**1,133**

The effective tax rate is 26.6% (2022: 32.1%) and differed from the theoretical rate that would have arisen using the Dutch corporate tax rate. This difference is explained as follows:

Amounts in millions of euros	*2023*		*2022*[1]	
Operating profit before taxation		5,962		3,536
Applicable tax rate	25.8%	1,538	25.8%	912
Increase/(decrease) in taxes resulting from:				
Tax-exempt income	(1.5%)	(90)	2.2%	77
Impact of foreign tax rates	0.5%	32	1.4%	51
Non-deductible expenses	3.4%	204	4.2%	149
Recognition of previously unrecognized tax losses	0.0%	(2)	(0.3%)	(12)
Other permanent differences	(1.3%)	(75)	(2.1%)	(73)
Adjustments of previous years	(0.8%)	(45)	(0.1%)	(2)
Adjustment due to changes in tax rates	0.0%	-	(0.1%)	(5)
Write down deferred tax	(0.1%)	(4)	0.1%	2
Other non-recurring tax items	0.5%	27	1.0%	34
Total income tax	**26.6%**	**1,585**	**32.1%**	**1,133**

1 Presentation adjusted (see paragraph 2.1 Basis for Preparation: IFRS 17 Insurance Contracts).

The non-deductible expenses mainly relate to the bank tax and to interest expenses falling under the Dutch Thin Cap regulation for banks. The other permanent differences mainly consist of the tax effect on the interest payments on Capital Securities.

OECD Pillar Two model rules

Rabobank is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Netherlands at the end of 2023 and will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, Rabobank has no related current tax exposure. Rabobank applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Rabobank is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect. Under the legislation, Rabobank is obliged to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. Due to the complexities in applying the legislation and calculating the GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

After an assessment of the current state of Pillar Two the average effective tax rate in 2 of 36 countries (Hungary and Ireland as their statutory tax rate is below 15%) is estimated to be below 15% based on 2023 financial data. Please note that 2023 financial data is indicative but not representative for 2024, the first Pillar Two reporting year. Based on this assessment of Pillar Two exposure we estimate the Pillar Two impact to be low. Rabobank continues to review and implement Pillar Two legislation in 2024 and onwards.

47. Transactions with Related Parties

Two parties are considered related if one party exercises control or has significant influence over the other party regarding financial or operating decisions. In the normal course of business, Rabobank conducts a wide variety of transactions with related entities. These involve different types of loans, deposits and transactions in foreign currencies. Transactions between related parties also includes transactions with associates, pension funds, joint ventures, the Managing Board and the Supervisory Board. These transactions are conducted under commercial terms and conditions and against market prices. Intragroup transactions are not disclosed in the consolidated financial statements.

In the normal course of Rabobank's business operations, banking transactions are carried out with related parties. These involve loans, deposits and transactions in foreign currencies. These transactions are conducted under commercial terms and conditions and against market prices. The volumes of related party transactions, year-end outstanding balances and the corresponding income and expenses during the year are presented in the following table. Transactions and balances outstanding with members of the Managing Board and members of the Supervisory Board are disclosed in Section 49. Transactions with pension funds are disclosed in Section 27.

Amounts in millions of euros	*Investments in associates*		*Other related parties*	
	2023	***2022***	***2023***	***2022***
Loans				
Outstanding at beginning of year	16	11	113	131
Provided during the year	-	12	9	1
Redeemed during the year	(1)	(7)	(20)	(19)
Other	-	-	-	-
Gross loans as of December 31	**15**	**16**	**102**	**113**
Less: loan impairment allowance	-	-	-	-
Total loans as of December 31	**15**	**16**	**102**	**113**
Deposits from credit institutions and deposits from customers				
Outstanding at beginning of the year	5,987	5,914	53	50
Received during the year	877	952	192	212
Repaid during the year	(982)	(880)	(207)	(210)
Other	-	1	-	1
Total deposits as of December 31	**5,882**	**5,987**	**38**	**53**
Credit related contingent liabilities	195	202	-	-
Income				
Net interest income	13	8	-	-
Net fee and commission income	270	257	-	-
Trading income	(1)	4	-	-
Total income from transactions with related parties	**282**	**269**	**-**	**-**
Expenses				
Interest expense	189	186	-	-
Net fee and commission expense	84	98	-	-
Total expenses from transactions with related parties	**273**	**284**	**-**	**-**

48. Cost of External Independent Auditor

Expenses for services provided by Rabobank's independent auditor, PricewaterhouseCoopers Accountants N.V. ("PwC") and its member firms and/ or affiliates to Rabobank and its subsidiaries in 2023 are specified as follows:

Amounts in millions of euros	*2023*			*2022*		
	PwC Netherlands	*Other PwC network firms*	*Total*	*PwC Netherlands*	*Other PwC network firms*	*Total*
Audit services	9.5	10.8	20.3	8.7	9.3	18.0
Other audit services	2.1	0.4	2.5	2.5	0.6	3.1
Tax advisory services	-	0.2	0.2	-	0.2	0.2
Other non-audit services	-	0.4	0.4	-	0.3	0.3
Total	**11.6**	**11.8**	**23.4**	**11.2**	**10.4**	**21.6**

The audit fees listed above relate to Rabobank and its consolidated group entities audited by PwC and other member firms in the global PwC network, including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

Rabobank's independent auditor, PricewaterhouseCoopers Accountants N.V., has rendered, for the period to which the statutory audit relates, in addition to the audit of the statutory financial statements the following services to the company and its controlled entities (Section 10, subsection 2.g of the EU Regulation 537/2015):

Other Audit Services Required By Law or Regulatory Requirements including
- Audit of the regulatory returns to be submitted to DNB/ECB
- Assurance engagement cost price models for the AFM
- ISAE 3402 assurance engagements on the deposit guarantee scheme for DNB
- Agreed upon procedures for the Single Resolution Fund.

Other Audit Services including:
- Assurance engagement on the sustainability reporting
- Agreed upon procedures on cost allocations
- Assurance engagement on the effectiveness of internal control over financial reporting
- Comfort letters issued in connection with funding program updates and drawdowns thereunder
- Special purpose financial statement audits of controlled and related entities.

49. Remuneration of the Supervisory Board and the Managing Board

The members of the Supervisory Board and the Managing Board are listed in Section 54 of these Consolidated Financial Statements. Rabobank regards the members of the Managing Board and the Supervisory Board as key management personnel. The members of the Managing Board are among the identified staff as disclosed in Section 41. The remuneration of members of the Managing Board is set out below.

Amounts in thousands of euros	*Short-term employee benefits*		*Post-employment benefits*		*Total*
	Salary	***Other***	***Pension scheme***	***Individual pension contribution***	
Stefaan Decraene, CEO (per January 1, 2023)	1,154	238	54	246	1,692
Bas Brouwers, CFO	944	-	51	196	1,191
Els Kamphof, Wholesale & Rural (per September 1, 2023)	267	-	17	54	337
Kirsten Konst, Business Clients	800	-	46	161	1,007
Mariëlle Lichtenberg, Private Clients	800	5	50	161	1,016
Vincent Maagdenberg, CRO (per April 1, 2023)	600	490	41	121	1,252
Philippe Vollot, CFECO	1,347	199	62	292	1,900
Janine Vos, CHRO	800	1	47	161	1,009
Alexander Zwart, CITO (per December 1, 2023)	67	0	4	13	84
Former Members					
Els de Groot, CRO (till February 1, 2023)	67	2	2	13	84
Bart Leurs, CITO (till December 1, 2023)	733	-	44	148	925
Berry Marttin, Wholesale & Rural (till September 1, 2023)	589	716	36	121	1,462
Total 2023	**8,168**	**1,651**	**455**	**1,686**	**11,959**
Members Managing Board	6,088	755	211	1,272	8,325
Former Members Managing Board	735	-	22	157	914
Total 2022	**6,823**	**755**	**233**	**1,429**	**9,239**

At year-end 2023, 18,193 DRNs were outstanding among members of the Managing Board (2022: 7,277 pieces). The pension scheme for the members of the Managing Board is classified as a defined contribution scheme. The maximum income on the basis of which the members of the Managing Board can accrue a pension amounts to a maximum for 2023 of EUR 128,810. Any income exceeding this amount is not pensionable. The members of the Managing Board therefore receive an individual pension contribution. There is entitlement to a car lease arrangement. There is also a company car policy in place for some members of the Managing Board for the purpose of commuting and business travels.

Berry Marttin resigned as member of the Managing Board per September 1, 2023 and was available until February 29, 2024, as an employee, for the transfer of his activities and for completion of some remaining tasks, receiving the same remuneration. He is entitled to a severance payment of EUR 702 thousand which is presented under 'Other'.

Expenses related to members and former members of the Supervisory Board totaled EUR 1.0 million (2022: EUR 1.0 million). This includes VAT and payable employer's contributions. In addition to the role of Member of the Supervisory Board of Rabobank, the remuneration also depends on the roles in the various committees. The composition of these committees is detailed in the Annual Report. The remuneration structure (exclusive of VAT and other charges) is the following:

Amounts in euros	*Remuneration*
Chair	220,000
Vice-Chair	120,000
Member	90,000
Additional fees	
Chair Audit Committee	20,000
Chair Risk Committee	20,000
Chair Cooperative Affairs Committee	20,000
Chair HR & Remuneration Committee	10,000
Chair Appointments Committee	10,000
Member Financial Economic Crime Committee[1]	10,000

1 Temporary committee

The table below shows the remuneration (excluding VAT and other charges) for individual members of the Supervisory Board.

Amounts in thousands of euros	*Remuneration*
Marjan Trompetter	230
Gert-Jan van den Akker (member until October 1, 2023)	65
Matthew Elderfield (member per June 28, 2023)	67
Johan van Hall	120
Petri Hofsté	120
Arian Kamp	110
Gail Klintworth (member per June 28, 2023)	61
Mark Pensaert	132
Pascal Visée	100
Total 2023	**1,005**
Total 2022	**993**

At Rabobank, the Chairman of the Supervisory Board holds a number of roles which are related to the cooperative such as Chairman of the General Members' Council.

Amounts in millions of euros	*Managing Board*		*Supervisory Board*	
Loans, advances and guarantees	*2023*	*2022*	*2023*	*2022*
Outstanding on 1 January	**4.0**	**3.4**	**2.4**	**1.8**
Provided during the year	-	1.3	-	0.7
Redeemed during the year	-	(0.6)	(0.2)	(0.2)
Reduction on account of leaving office	-	-	-	-
Increase on account of taking office	0.5	-	-	-
Outstanding on 31 December	**4.5**	**4.0**	**2.2**	**2.4**

The loans, advances and guarantees of the members of the Managing Board in office and the average interest rates were as follows:

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2023		
Bas Brouwers	0.7	1.5
Els Kamphof	0.4	1.3
Bart Leurs	0.8	1.4
Mariëlle Lichtenberg	1.4	2.7
Janine Vos	1.1	1.6
Alexander Zwart	0.1	5.3

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2022		
Bas Brouwers	0.7	1.5
Bart Leurs	0.8	1.4
Mariëlle Lichtenberg	1.5	2.7
Janine Vos	1.1	1.6

The loans, advances and guarantees of the members of the Supervisory Board in office and the average interest rates were as follows:

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2023		
Arian Kamp	1.6	5.1
Marjan Trompetter	0.6	3.0

Amounts in millions of euros	*Outstanding loans*	*Average interest rate (in %)*
On December 31, 2022		
Arian Kamp	1.8	3.5
Marjan Trompetter	0.6	3.0

At year-end 2023, the members of the Supervisory Board not listed in the table had not received any loans, advances or guarantees. These transactions with members of the Managing Board and Supervisory Board were completed in person on the basis of employee terms and conditions and/or market rates for the Supervisory Board. The rates depend in part on the currency, on the agreed fixed-interest period and on the time at which the transaction was completed or on the time at which a new fixed-interest term becomes effective.

Some members of the Managing Board have invested in Rabobank Certificates in person.

Managing Board	***Number of Rabobank Certificates***
On December 31, 2023	
Kirsten Konst	840
Mariëlle Lichtenberg	1,398
Berry Marttin	26,084

50. Principal Subsidiaries

On December 31, 2023	*Share*	*Voting rights*
Principal subsidiaries		
The Netherlands		
DLL International B.V.	100%	100%
BPD Europe B.V.	100%	100%
Obvion N.V.	100%	100%
North America		
Utrecht America Holdings Inc.	100%	100%
South America		
Banco Rabobank International Brasil S.A.	100%	100%
Australia and New Zealand		
Rabobank Australia Limited	100%	100%
Rabobank New Zealand Limited	100%	100%

All subsidiaries listed in the table have been consolidated. In 2023, none of the subsidiaries experienced any significant restrictions in the payment of dividends or the redemption of loans and repayment of advances. The possibility for subsidiaries to pay dividend to Rabobank depends on various factors, including local regulatory requirements, statutory reserves and financial performance.

Several structured entities in W&R segment are not consolidated, even if Rabobank retains more than half of the voting rights. These structured entities are not consolidated because the relevant activities and the variable returns are determined by a third party to the contract.

Rabobank controls several entities in the "Leasing" segment as part of its vendor leasing operations, even though it retains less than half of the voting rights. This is because control is not determined based on voting rights, but rather on management participation.

51. Transfer of Financial Assets and Financial Assets Provided as Collateral

51.1 Reverse Repurchase Transactions and Securities Borrowing Agreements

Reverse repurchase transactions and securities borrowing agreements concluded by Rabobank are included under "Loans and Advances to Credit Institutions" or "Loans and Advances to Customers" and amount to:

Amounts in millions of euros	*2023*	*2022*
Loans and advances to credit institutions	21,249	5,146
Loans and advances to customers	15,378	8,139
Total reverse repurchase transactions and securities borrowing agreements	**36,627**	**13,285**

In accordance with the terms of the reverse repurchase transactions and securities borrowing agreements, Rabobank receives collateral under conditions that enable it to re-pledge or resell the collateral to third parties. On December 31, 2023, the total fair value of the securities received under the terms of the agreements was EUR 35,413 million (2022: EUR 13,356 million). In accordance with the agreement terms, a portion of the securities was re-pledged or sold as collateral. These transactions were effected subject to the normal conditions for standard reverse repurchase transactions and securities borrowing agreements. The securities have not been recognized in the statement of financial position because almost all the associated risks and benefits accrue to the counterparty. A receivable has been recognized at a value equivalent to the amount paid as collateral.

51.2 Repurchase Transactions and Securities Lending Agreements

Repurchase transactions and securities lending agreements concluded by Rabobank are included under "Deposits from Credit Institutions" and "Deposits from Customers". They amount to:

Amounts in millions of euros	*2023*	*2022*
Deposits from credit institutions	178	206
Deposits from customers	99	625
Total repurchase and securities lending	**277**	**831**

Rabobank provided interest-bearing securities with a carrying amount (equal to fair value) as at December 31, 2023 of EUR 278 million (2022: EUR 844 million) as collateral for repurchase agreements. The counterparty retains the right to sell or re-pledge the securities. Rabobank performed these transactions subject to the normal conditions for standard repurchase transactions and securities lending agreements. The bank may provide or receive securities or cash as collateral if the value of the securities changes. The securities have not been de-recognized because almost all the associated risks and benefits accrue to Rabobank, including credit and market risks. A liability is recognized at a value equivalent to the amount received as collateral.

51.3 Securitizations

As part Rabobank's financing activities and liquidity management, and in order to reduce credit risk, cash flows from certain financial assets are transferred to third parties (true sale transactions). Most of the financial assets subject to these transactions have been mortgages and other loan portfolios that have been transferred to a special purpose vehicle that has subsequently been consolidated. After securitization, the assets continue to be recognized in Rabobank's statement of financial position, mainly under "Loans and Advances to Customers". The securitized assets have been measured in accordance with the accounting policies referred to in Section 2.15.

The carrying amount of the transferred financial assets related to own-asset securitization is EUR 72,739 million (2022: EUR 79,396 million) with the corresponding liability amounting to EUR 71,902 million (2022: EUR 78,411 million). Approximately 86% (2022: 83%) of the transferred assets have been securitized internally for liquidity purposes. The carrying amount of the assets where Rabobank acts as a sponsor (Nieuw-Amsterdam) is EUR 2,132 million (2022: EUR 2,526 million) with the corresponding liability amounting to EUR 2,132 million (2022: EUR 2,525 million). Rabobank retains 5% to 6% of the outstanding commercial paper issued by Nieuw Amsterdam for regulatory purposes.

51.4 Carrying Amount of Financial Assets Pledged as Collateral for (Contingent) Liabilities

The assets referred to below have been pledged as collateral for (contingent) liabilities (with exception of repo transactions, securities lending and own-asset securitizations) with the objective of providing security for the counterparty. Should Rabobank enter into default, the counterparties may use the security to settle the debt.

Amounts in millions of euros	*2023*	*2022*
Cash and cash equivalents	7	65
Loans and advances to credit institutions	2,446	2,370
Loans and advances to customers	31,730	27,321
Financial assets held for trading	554	477
Financial assets at fair value through other comprehensive income	480	730
Total assets pledged as collateral	**35,217**	**30,963**

52. Structured Entities

52.1 Consolidated Structured Entities

A structured entity is an entity that is structured so that voting rights or comparable rights do not constitute the dominant factor in determining who exercises control over the entity. Rabobank uses structured entities in order to securitize mortgages and other loan portfolios as part of its financing activities, liquidity management and in order to reduce credit risk. The loans are actually transferred to the structured entities. Own-asset securitization is handled by Rabobank, Obvion and DLL. In addition to providing cash facilities, Rabobank also acts as a swap counterparty for all own-asset securitizations.

Rabobank acts as a sponsor in Nieuw Amsterdam Receivables Corporation. Nieuw Amsterdam issues asset-backed commercial paper (ABCP) in various currencies and provides Rabobank customers access to liquidity through the commercial paper market. Rabobank provides advice and manages the program, markets ABCP, provides cash facilities and credit risk enhancements and other facilities for the underlying transactions and as well as for the program itself.

Rabobank consolidates the own-asset securitization vehicles and Nieuw Amsterdam because it is exposed to or entitled to fluctuating income in respect of its involvement in these entities. In addition, Rabobank also has the option to influence the amount of the investor's income by virtue of having control over the entities.

52.2 Non-Consolidated Structured Entities

Non-consolidated structured entities refer to all structured entities over which Rabobank has no control. These interests are comprised mainly of debt securities to securitization vehicles and private equity interests. The amount of these debt securities is almost always limited when compared to the vehicle's total assets. Rabobank usually refinances these securitization vehicles by issued debt securities or credit facilities.

The following table lists the nature and risks of Rabobank's interests in non-consolidated structured entities. The size of non-consolidated structured entities generally reflects the carrying amount of the assets and the contingent liabilities. The maximum exposure equals the carrying amount disclosed in the table below.

Amounts in millions of euros	*On December 31, 2023*			*On December 31, 2022*		
Assets recognized by Rabobank	*Securitizations*	*Other*	*Total*	*Securitizations*	*Other*	*Total*
Financial assets held for trading	1	23	24	-	25	25
Financial assets mandatorily at fair value	3	1,159	1,162	2	983	985
Derivatives	-	-	-	-	-	-
Loans and advances to customers	946	-	946	958	-	958
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Investments in associates	106	94	200	104	93	197
Total financial assets recognized by Rabobank	**1,056**	**1,276**	**2,332**	**1,064**	**1,101**	**2,165**
Liabilities recognized by Rabobank						
Derivatives	22	-	22	238	-	238
Deposits from customers	151	-	151	179	-	179
Total liabilities recognized by Rabobank	**173**	**-**	**173**	**417**	**-**	**417**

Income from sponsored, non-consolidated structured entities in which Rabobank holds no interest is zero (2022: zero).

53. Events after the Reporting Period

There were no subsequent events to be disclosed.

54. Authorization of the Financial Statements

The financial statements were signed by the Supervisory Board and Managing Board on February 29, 2024. The financial statements will be presented for adoption to the General Meeting, to be held on April 15, 2024. With regard to the adoption of Rabobank's financial statements, the Articles of Association state: "The resolution to adopt the financial statements will be passed by an absolute majority of the votes validly cast by the General Members’ Council".

Managing Board

Stefaan Decraene, *Chair*
Bas Brouwers, *CFO*
Vincent Maagdenberg, *CRO*
Els Kamphof, *Member*
Kirsten Konst, *Member*
Mariëlle Lichtenberg, *Member*
Philippe Vollot, *Member*
Janine Vos, *Member*
Alexander Zwart, *Member*

Supervisory Board

Marjan Trompetter, *Chair*
Johan van Hall, *Vice Chair*
Matthew Elderfield
Petri Hofsté
Arian Kamp
Gail Klintworth
Mark Pensaert
Pascal Visée

Company Financial Statements

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Statement of Financial Position (Before Profit Appropriation)

Statement of Financial Position (Before Profit Appropriation)

Amounts in millions of euros	*Note*	*December 31, 2023*		*December 31, 2022*[1]	
Assets					
Cash and balances at central banks	1		89,611		128,627
Short-term government papers	2		225		251
Professional securities transactions		20,814		4,516	
Other loans and advances to credit institutions		14,368		15,313	
Loans and advances to credit institutions	3		35,182		19,829
Public sector lending		958		1,127	
Private sector lending		383,512		379,934	
Professional securities transactions		15,814		8,836	
Loans and advances to customers	4		400,284		389,897
Interest-bearing securities	5		14,579		11,040
Shares	6		253		267
Interests in group companies	7		16,925		17,484
Other equity investments	8		1,245		1,119
Goodwill and other intangible assets	9		393		497
Tangible fixed assets	10		1,031		1,144
Other assets	11		3,652		4,746
Derivatives	12		22,049		27,042
Total assets			**585,429**		**601,943**

Amounts in millions of euros	*Note*	*December 31, 2023*		*December 31, 2022*	
Liabilities					
Professional securities transactions		178		206	
Other liabilities to credit institutions		15,981		31,057	
Due to credit institutions	14		16,159		31,263
Savings		159,844		150,273	
Professional securities transactions		1		124	
Other due to customers		216,910		234,690	
Due to customers	15		376,755		385,087
Debt securities in issue	16		111,706		98,753
Other liabilities	17		3,718		4,926
Derivatives	12		18,525		25,103
Provisions	18		707		890
Subordinated liabilities	19		8,817		10,096
			536,387		**556,118**
Rabobank Certificates		7,825		7,825	
Capital Securities		4,975		4,971	
Revaluation reserves		(107)		(85)	
Legal reserves		(209)		(33)	
Other reserves		32,271		30,820	
Profit for the year		4,287		2,327	
Equity	**20**		**49,042**		**45,825**
Total equity and liabilities			**585,429**		**601,943**

1 Presentation adjusted, see Section 1. Basis of Preparation

Statement of Income

Statement of Income

Amounts in millions of euros	*Note*	*For the year ended December 31* *2023*	*2022*[1]
Interest income	21	21,215	11,890
Interest expense	21	12,565	5,607
Net interest income	**21**	**8,650**	**6,283**
Fee and commission income	22	2,222	2,197
Fee and commission expense	22	306	298
Net fee and commission income	**22**	**1,916**	**1,899**
Income from equity interests	23	325	2,411
Gains/ (losses) from trading portfolio with external parties		752	(27)
Gains/ (losses) from trading portfolio with group companies		1,158	(2,492)
Gains/ (losses) from investment portfolio		(46)	273
Net income from financial transactions		**1,864**	**(2,246)**
Other results		93	75
Income		**12,848**	**8,422**
Staff costs	24	4,703	3,861
Other administrative expenses		1,142	1,136
Depreciation		286	272
Operating expenses		**6,131**	**5,269**
Impairment on investments in associates		108	209
Impairment charges on financial assets		307	2
Regulatory levies	25	482	586
Operating profit before taxation		**5,820**	**2,356**
Income tax	26	1,533	29
Net profit		**4,287**	**2,327**

1 Presentation adjusted, see Section 1. Basis of Preparation

Notes to the Company Financial Statements

1. Basis of Preparation

The company financial statements of Coöperatieve Rabobank U.A., a credit institution as referred to in Section 1:1 of the Financial Supervision Act, have been prepared in accordance with accounting policies generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362 of Book 2 of the Dutch Civil Code, the accounting policies in the company financial statements are the same as those used in preparing Rabobank's consolidated financial statements, reference is made to Section 2 "Accounting Policies of the Consolidated Financial Statements", with one exception regarding the measurement of interests in group companies as these are measured at net asset value. The hedge accounting entries of the consolidated financial statements have also been applied in the company financial statements by using combination 3 (Option 3 RJ).

The Coöperatieve Rabobank U.A. and the legal entities and companies that form part of the group, is an international financial services provider operating on the basis of cooperative principles. Rabobank has its registered office in Amsterdam and is registered under Chamber of commerce number 30046259.

Adjustments in presentation of certain 2022 balances with respect to securitization vehicles

Rabobank adjusted the presentation of certain balances with respect to the securitization vehicles BEST 2010 and BEST SME 2021 in the company financial statements. Rabobank adjusted the presentation of the issued notes that were purchased from BEST 2010 and the related liabilities recognized due to the application of single unit of account for these balances. In addition, Rabobank adjusted the presentation of loans securitized to BEST SME 2021 in Rabobank's company financial statements from "Interest-bearing securities" to "Loans and advances to customers". These presentation adjustments are applied because it provides more relevant information about the effects of the securitization transactions and this better represents the economic reality of the transactions on Rabobank's company financial statements. Prior year balances have been adjusted to ensure presentation is on a comparable basis. The presentation adjustment impacted the following positions in the balance sheet and profit or loss items as at December 31, 2022. There was no impact on net profit nor on equity.

Adjustments prior year figures

Amounts in millions of euros	*Statement of Financial Position prior to adjustment*	*Adjustment BEST 2010*	*Adjustment BEST SME*	*Statement of Financial Position after adjustment*
Assets				
Loans and advances to customers	380,686	(6,742)	15,952	389,897
Interest-bearing securities	70,167	(42,545)	(16,582)	11,040
Other assets	4,752	(5)	-	4,746
Derivatives	27,302	(260)	-	27,042
Total	**482,907**	**(49,552)**	**(630)**	**432,725**
Liabilities				
Due to customers	386,674	(1,503)	(83)	385,087
Other liabilities	53,521	(48,049)	(547)	4,926
Total	**440,195**	**(49,552)**	**(630)**	**390,013**

	Statement of Income prior to adjustment	*Adjustment BEST 2010*	*Adjustment BEST SME*	*Statement of Income after adjustment*
Interest income	13,294	(1,429)	25	11,890
Interest expense	7,058	(1,451)	-	5,607
Fee and commission income	2,244	(22)	(25)	2,197
Total	**8,480**	**-**	**-**	**8,480**

Adjustments in presentation as a result of the retrospective application of IFRS 9/17

Rabobank adjusted its prior year figures as described in Rabobank's Consolidated Financial Statements paragraph 2.1 Basis for Preparation.

2. Risk Exposure on Financial Instruments

Rabobank manages risks at various levels within the organization. At the highest level, the Managing Board (under the supervision of the Supervisory Board) determines the risk strategy it will pursue, the risk appetite, the policy framework as well as the limits. The Supervisory Board regularly assesses the risks attached to Rabobank's activities and portfolio. The Chief Risk Officer, as a Member of the Managing Board, is responsible for the risk management policy within Rabobank.

Rabobank considers risks at company level the same as risks at consolidated level. Please refer to Section 4 "Risk Exposure on Financial Instruments" of the Consolidated Financial Statements. Additional remarks on solvency on solo level are presented below.

Solvency

Coöperatieve Rabobank U.A. (solo) must comply with a number of minimum solvency positions as stipulated under law. The solvency position is determined on the basis of ratios. These ratios compare the qualifying capital (total capital ratio), the tier 1 capital (tier 1 ratio) and the core capital (common equity tier 1 ratio) with the total of the risk-adjusted assets. The minimum percentages are determined on the basis of CRD IV/CRR and reflect the application of Article 104a of the CRR2 to partly fulfil the pillar 2 requirement with additional tier 1 and tier 2 requirements.

Minimum Capital Buffer

	CET 1	*AT 1*	*Tier 1*	*Tier 2*	*Overall capital requirements*
Pillar 1 requirement	4.5%	1.50%	6.0%	2.0%	8.0%
Capital conservation buffer	2.5%	-	2.5%	-	2.5%
Countercyclical buffer	0.84%	-	0.84%	-	0.84%
Total required	**7.84%**	**1.50%**	**9.34%**	**2.0%**	**11.34%**

The CET1-ratio of Coöperatieve Rabobank U.A. (solo) is 16.7% (2022: 15.2%).

Legal and Arbitration Proceedings

Rabobank considers risks regarding legal and arbitration proceedings the same at company level as at consolidated level. For a description of these proceedings, see Section 4.9 "Legal and Arbitration Proceedings" in the Consolidated Financial Statements. For legal and arbitration proceedings related to Coöperatieve Rabobank U.A. the following amounts apply.

Amounts in millions of euros	***2023***	***2022***
Legal provisions	94	390
Contingent liabilities	24	174

Notes to the Statement of Financial Position

1. Cash and Balances at Central Banks

This item consists of balances available on demand with central banks in countries in which Rabobank operates and with De Nederlandsche Bank (the Dutch Central Bank) as required under its minimum reserve policy.

2. Short-term Government Papers

This item relates to government securities with an original term to maturity of up to two years. The cost and market value of short-term government papers are virtually the same.

Amounts in millions of euros	*2023*	*2022*
Recognized in the investment portfolio	225	251
Total short-term government papers	**225**	**251**

3. Loans and Advances to Credit Institutions

This item represents loans and advances to other credit institutions, other than in the form of interest-bearing securities.

Amounts in millions of euros	*2023*	*2022*
Loans and advances to other credit institutions	25,100	9,617
Loans and advances to group companies	10,082	10,212
Total loans and advances to credit institutions	**35,182**	**19,829**
Of which subordinated	304	315
The terms of loans and advances to credit institutions can be broken down as follows:		
On demand	17,082	4,139
≤ 3 months	6,679	3,430
> 3 months ≤ 1 year	3,639	5,505
> 1 year ≤ 5 years	5,112	4,074
> 5 years	227	315
No maturity	2,443	2,366
Total loans and advances to credit institutions	**35,182**	**19,829**

The fair value of accepted collateral in the form of securities is EUR 19,846 million (2022: EUR 4,522 million).

4. Loans and Advances to Customers

This item consists of loans and advances arising in the course of business operations, other than receivables from credit institutions and interest-bearing securities.

Amounts in millions of euros	*2023*	*2022*
Breakdown of loans and advances to customers:		
Public sector lending	958	1,127
Private sector lending	383,512	379,934
Professional securities transactions	15,814	8,836
Total loans and advances to customers	**400,284**	**389,897**
Totals include:		
Of which to group companies	86,630	81,751
Of which mortgages	156,643	158,209
Loans recognized in the trading portfolio	699	335
Loans recognized in the investment portfolio	-	1
Loans recognized in the investment portfolio at fair value through profit or loss	561	560
Loans at amortized cost	399,024	389,001
Total loans and advances to customers	**400,284**	**389,897**
The terms of loans and advances can be broken down as follows:		
On demand	46,636	42,551
≤ 3 months	15,506	14,731
> 3 months ≤ 1 year	27,227	24,224
> 1 year ≤ 5 years	100,815	97,795
> 5 years	207,600	208,603
No maturity	1,240	1,097
Loans at amortized cost	**399,024**	**389,001**
Loans (excluding government loans and reverse repos) can be classified as follows by their concentration in specific business sectors:		
Food & agri	20%	19%
Trade, industry and services	27%	28%
Private individuals	53%	53%
Total	**100%**	**100%**

The fair value of accepted collateral in the form of securities is EUR 15,061 million (2022: EUR 8,205 million).

5. Interest-Bearing Securities

This item represents interest-bearing securities other than short-term government papers.

Amounts in millions of euros	*2023*	*2022*
Interest-bearing securities of:		
Public authorities	8,372	6,912
Other issuers	6,207	4,128
Total interest-bearing securities	**14,579**	**11,040**
Breakdown of interest-bearing securities:		
Trading portfolio	2,760	2,167
Investment portfolio	11,814	8,869
Investment portfolio at fair value through profit or loss	5	4
Total interest-bearing securities	**14,579**	**11,040**
The portfolio also includes:		
Securities issued by group companies	121	160
Listed portion of the portfolio	14,326	10,710
Non-listed securities and securities issued by group companies	253	330
Total interest-bearing securities	**14,579**	**11,040**

6. Shares

This item consists of shares and other non-interest-bearing securities.

Amounts in millions of euros	*2023*	*2022*
This breaks down as follows:		
Investment portfolio	28	34
Investment portfolio at fair value through profit or loss	-	7
Trading portfolio	225	226
Total	**253**	**267**
Listed portion of the portfolio	207	208
Non-listed portion of the portfolio	46	59
Total	**253**	**267**

7. Interests in Group Companies

This item includes the interests held directly in group companies.

Amounts in millions of euros	*2023*	*2022*
Equity investments in:		
Credit institutions	4,262	3,900
Other entities	12,663	13,584
Total	**16,925**	**17,484**
Changes in equity investments:		
Carrying amount on January 1	17,484	15,251
Additions, capital contributions during the financial year	268	143
Sales, disposals and liquidations during the financial year	(32)	-
Profit	63	2,686
Dividend/capital reimbursements	(610)	(1,026)
Revaluation	(242)	459
Other	(6)	(29)
Carrying amount on December 31	**16,925**	**17,484**

8. Other Equity Investments

This item includes participating interests in associates, particularly in Achmea B.V.

Amounts in millions of euros	*2023*	*2022*
Equity investments in:		
Credit institutions	-	-
Other entities	1,245	1,119
Total other equity investments	**1,245**	**1,119**
Changes in equity investments:		
Carrying amount on January 1	1,119	1,586
Acquisitions during the financial year	18	8
Disposals during the financial year	-	-
Profit/ (loss)	259	(278)
Revaluation	(42)	67
Impairment	(108)	(209)
Dividend	(1)	(55)
Carrying amount on December 31	**1,245**	**1,119**

9. Intangible Assets

The intangible assets mainly consist of software.

Amounts in millions of euros	*2023*	*2022*
Carrying amount on January 1	497	333
Acquisitions during the financial year	49	315
Disposals during the financial year	(25)	(8)
Depreciation	(129)	(101)
Impairment losses	(5)	(63)
Exchange differences and other	6	21
Carrying amount on December 31	**393**	**497**
Accumulated depreciation and impairment losses	1,354	1,278

10. Tangible Fixed Assets

Amounts in millions of euros	*2023*	*2022*
Land and buildings in own use	724	808
Equipment	107	129
Right-of-use assets	200	207
Total tangible fixed assets	**1,031**	**1,144**

Amounts in millions of euros	*Land and buildings in own use*	*Equipment*
Carrying amount on January 1, 2023	808	129
Acquisitions during the financial year	13	22
Disposals during the financial year	-	(2)
Depreciation	(55)	(45)
Impairment losses	(25)	-
Reversal impairment losses	27	-
Transfers to other assets	(65)	
Exchange differences and other	21	3
Carrying amount on December 31, 2023	**724**	**107**
Accumulated depreciation and impairment losses	1,027	415
Amounts in millions of euros		
Carrying amount on January 1, 2022	810	164
Acquisitions during the financial year	18	19
Disposals during the financial year	-	(4)
Depreciation	(61)	(49)
Impairment losses	(10)	-
Reversal impairment losses	44	-
Transfers to other assets	(2)	-
Exchange differences and other	9	(1)
Carrying amount on December 31, 2022	**808**	**129**
Accumulated depreciation and impairment losses	1,051	445

11. Other Assets

This item relates to current and deferred tax assets and assets that cannot be classified under any other heading.

Amounts in millions of euros	*2023*	*2022*
This item can be broken down as follows:		
Current tax assets	51	53
Deferred tax assets	715	1,082
Employee benefits	5	13
Commodities and warehouse receipts	1,461	1,751
Other	1,420	1,847
Total other assets	**3,652**	**4,746**

Fiscal Unity for Corporate Tax Purposes

For corporate tax purposes Rabobank forms a fiscal unity with a number of domestic subsidiaries. Under this fiscal unity, each participating legal entity is jointly and severally liable for the fiscal unity's corporate tax liabilities.

12. Derivatives

Amounts in millions of euros	*2023*	*2022*
Assets		
This item can be broken down as follows:		
Derivative contracts with third parties	21,725	26,622
Derivative contracts with group companies	324	420
Total derivatives	**22,049**	**27,042**
Liabilities		
This item can be broken down as follows:		
Derivative contracts with third parties	15,237	19,953
Derivative contracts with group companies	3,288	5,150
Total derivatives	**18,525**	**25,103**

The table below shows the notional amounts and the positive and negative fair values of Rabobank's derivative contracts.

Amounts in millions of euros	*Notional amounts*	*Fair values*	
Balance on December 31, 2023		*Assets*	*Liabilities*
Derivatives held for trading			
OTC	5,846,706	15,513	11,370
Listed	99,094	4	1
Interest rate contracts	**5,945,800**	**15,517**	**11,371**
OTC	351,927	4,866	5,748
Listed	-	-	-
Currency contracts	**351,927**	**4,866**	**5,748**
Credit derivatives	3,035	144	22
OTC	16,341	801	565
Listed	-	-	-
Other contracts	**16,341**	**801**	**565**
Derivatives designated as hedging instrument			
Derivatives designated as hedging instrument in fair value hedges			
Interest rate contracts	166,785	30	-
Currency contracts	9,306	511	635
	176,091	**541**	**635**
Derivatives designated as hedging instrument in cash flow hedges			
Currency contracts	14,125	180	184
Total derivative contracts	**6,507,319**	**22,049**	**18,525**

Amounts in millions of euros	*Notional amounts*	*Fair values*	
Balance on December 31, 2022		*Assets*	*Liabilities*
Derivatives held for trading			
OTC	5,400,128	18,492	15,643
Listed	71,894	2	4
Interest rate contracts	**5,472,022**	**18,494**	**15,647**
OTC	370,442	6,972	7,852
Listed	-	-	-
Currency contracts	**370,442**	**6,972**	**7,852**
Credit derivatives	2,836	130	8
OTC	11,197	851	990
Listed	-	-	-
Other contracts	**11,197**	**851**	**990**
Derivatives designated as hedging instrument			
Derivatives designated as hedging instrument in fair value hedges			
Interest rate contracts	176,319	38	-

Amounts in millions of euros		*Fair values*	
Balance on December 31, 2023	*Notional amounts*	*Assets*	*Liabilities*
Currency contracts	8,007	527	592
	184,326	**565**	**592**
Derivatives designated as hedging instrument in cash flow hedges			
Currency contracts	321	30	15
Total derivative contracts	**6,041,144**	**27,042**	**25,103**

13. Trading and Investment Portfolios

Breakdown of Trading and Investment Portfolios

Amounts in millions of euros	*2023*	*2022*
Trading portfolio		
Short-term government papers	-	-
Loans and advances to customers	699	335
Interest-bearing securities	2,760	2,167
Shares	225	226
Total trading portfolio	**3,684**	**2,728**
Investment portfolio		
Short-term government papers	225	251
Interest-bearing securities	11,814	8,869
Shares	28	34
Loans and advances to customers	-	1
Total investment portfolio	**12,067**	**9,155**
Included in the investment portfolios of group companies	121	149
Changes in the investment portfolio		
Balance on January 1	9,155	11,299
Foreign exchange differences	(77)	29
Acquisitions during the financial year	8,097	7,998
Disposals during the financial year	(5,318)	(9,166)
Fair value changes	419	(898)
Other	(209)	(107)
Balance on December 31	**12,067**	**9,155**
The terms of the investment portfolio can be broken down as follows:		
On demand	35	286
≤ 3 months	184	202
> 3 months ≤ 1 year	245	402
> 1 year ≤ 5 years	3,751	2,616
> 5 years	7,824	5,615
No maturity	28	34
Total investment portfolio	**12,067**	**9,155**

Amounts in millions of euros	*2023*	*2022*
Investment portfolio at fair value through profit or loss		
Interest-bearing securities	5	4
Shares	-	7
Loans and advances to customers	561	560
Total investment portfolio at fair value through profit or loss	**566**	**571**

14. Due to Credit Institutions

This item represents amounts owed to credit institutions, other than debt securities and subordinated debt, of which:

Amounts in millions of euros	*2023*	*2022*
Due to credit institutions	12,039	12,475
Due to group companies	3,919	3,528
Monetary instruments of central banks	-	15,040
Due to other equity investments	201	220
Total due to credit institutions	**16,159**	**31,263**
On demand	7,661	6,656
≤ 3 months	1,926	857
> 3 months ≤ 1 year	2,376	4,836
> 1 year ≤ 5 years	1,355	16,170
> 5 years	495	504
No maturity	2,346	2,240
Total due to credit institutions	**16,159**	**31,263**

15. Due to Customers

This item consists of amounts due to customers other than debt securities. Due to customers also includes the investments of central banks amounting to EUR 11 billion (2022: EUR 13 billion).

Amounts in millions of euros	*2023*	*2022*
Due to other customers	367,165	373,609
Due to group companies	3,920	5,722
Due to other equity investments	5,670	5,756
Total due to customers	**376,755**	**385,087**

Due to other customers comprises all deposits and savings accounts of natural persons, non-profit making associations and foundations, as well as non-transferable savings bonds.

Amounts in millions of euros	*2023*	*2022*
On demand	327,201	341,488
≤ 3 months	7,470	5,562
> 3 months ≤ 1 year	11,808	5,613
> 1 year ≤ 5 years	8,142	7,816
> 5 years	18,544	18,638
No maturity	3,590	5,970
Total due to customers	**376,755**	**385,087**

16. Debt Securities in Issue

This item relates to non-subordinated bonds and other interest-bearing securities, such as certificates of deposit.

Amounts in millions of euros	*2023*	*2022*
Tradeable debt securities	55,091	47,611
Other debt securities	56,615	51,142
Total debt securities in issue	**111,706**	**98,753**
On demand	4,432	4,090
≤ 3 months	9,957	10,724
> 3 months ≤ 1 year	34,611	28,246
> 1 year ≤ 5 years	37,542	32,985
> 5 years	25,164	22,708
Total debt securities in issue	**111,706**	**98,753**

17. Other Liabilities

This item includes liabilities that cannot be classified under any other heading current taxes, short positions on securities, liabilities for staff costs, and creditors.

Amounts in millions of euros	*2023*	*2022*
This item can be broken down as follows:		
Current tax liabilities	242	145
Other liabilities	3,476	4,781
Total other liabilities	**3,718**	**4,926**

18. Provisions

Amounts in millions of euros	*2023*	*2022*
Provision for pension plans and other post-retirement provisions	182	129
Provision for deferred tax liabilities	4	1
Impairment allowances on loan commitments and financial guarantees	170	121
Other provisions	351	639
Total provisions	**707**	**890**

Provision for Employee Benefits

The provision for employee benefits consists of a provision for pension plans of EUR 13 million (2022: EUR 24 million) and of other post-retirement provisions of EUR 169 million (2022: EUR 105 million).

Other Provisions

Amounts in millions of euros	*Restructuring provision*	*Provision for legal issues*	*Other*	*Total*
Opening balance on January 1, 2023	57	390	192	639
Additions	10	28	209	247
Withdrawals	(20)	(136)	(128)	(284)
Releases	(24)	(188)	(39)	(251)
Closing balance on December 31, 2023	**23**	**94**	**234**	**351**
Opening balance on January 1, 2022	133	400	309	842
Additions	20	58	99	177
Withdrawals	(33)	(53)	(199)	(285)
Releases	(63)	(15)	(17)	(95)
Closing balance on December 31, 2022	**57**	**390**	**192**	**639**

19. Subordinated Liabilities

This represents the loans relating to the issue of subordinated loans.

Amounts in millions of euros	*2023*	*2022*
Subordinated loans	8,817	10,096
Balance on December 31	**8,817**	**10,096**

In the following table details of the issues of subordinated liabilities are shown:

Subordinated Liabilities

Amounts in millions

Notional	*Currency*	*Coupon*	*Year of issuance*	*Year of maturity*
90	AUD	5.454%	2022	2037
60	AUD	5.00%	2022	2037
750	EUR	3.875%	2022	2032, early optional redemption date 2027
406.8	USD	4.00%	2017	2029, early optional redemption date 2024
1,500	USD	3.75%	2016	2026
1,500	USD	4.375%	2015	2025
1,250	USD	5.25%	2015	2045
1,000	GBP	4.625%	2014	2029
50,800	JPY	1.429%	2014	2024
1,250	USD	5.75%	2013	2043
500	GBP	5.25%	2012	2027
10	EUR	4.21%	2005	2025
10	EUR	5.32%	2004	2024
7,000	JPY	1.23%	2022	2034, early optional redemption date 2029
300	AUD	7.07%	2022	2032, early optional redemption date 2027
200	AUD	7.28%	2022	2032, early optional redemption date 2027
20,000	JPY	1.55%	2023	2033, early optional redemption date 2028

20. Equity

Amounts in millions of euros	*2023*	*2022*
This item can be broken down as follows:		
Rabobank Certificates	7,825	7,825
Capital Securities	4,975	4,971
Revaluation reserves	(107)	(85)
Legal reserves	(209)	(33)
Other reserves	32,271	30,820
Profit for the year	4,287	2,327
Total equity	**49,042**	**45,825**

Rabobank Certificates

Rabobank Certificates represent participation rights issued by Rabobank via the foundation Stichting Administratie Kantoor Rabobank Certificaten (AK Foundation) and belong to Rabobank's Common Equity Tier 1 capital. Rabobank Certificates are listed on Euronext Amsterdam.

The total number of certificates is 313,005,461 with a nominal value of EUR 25 each. Rabobank's actual payment policy pursuant to the Participation Rules in respect of the participation rights issued by Rabobank (and via AK Foundation in respect of the Rabobank Certificates) can be found on the Rabobank website.

The cash distribution paid per certificate in 2023 was EUR 1.625. The amounts listed in the table below are based on the nominal value of EUR 25 per Rabobank Certificate. Cash flows arising from changes during the year in the Rabobank Certificates are included in the consolidated statement of cash flows.

Rabobank Certificates

Amounts in millions of euros	*2023*	*2022*
Changes during the year:		
Opening balance	7,825	7,825
Changes Rabobank Certificates during the year	-	-
Closing balance	**7,825**	**7,825**

Capital Securities

For issues and redemptions, please refer to Section 32 "Capital Securities" of the Consolidated Financial Statements.

Capital Securities

Amounts in millions of euros	*2023*	*2022*
Movements were as follows:		
Balance on January 1	4,971	3,978
Issuance of Capital Securities	-	1,000
Costs of issuance of Capital Securities	-	(5)
Other	4	(2)
Balance on December 31	**4,975**	**4,971**

Revaluation Reserves

Amounts in millions of euros	*2023*	*2022*
The revaluation reserves can be specified as follows:		
Cash flow hedges	(59)	(22)
Interest-bearing securities	(82)	(82)
Shares and non-interest-bearing securities	(82)	(84)
Costs of hedging	116	103
Total revaluation reserves	**(107)**	**(85)**
Movements were as follows:		
Balance on January 1	(85)	220
Accounting policy change	-	(153)
Exchange rate differences	(7)	(9)
Revaluations	(38)	(248)
Other	20	(11)
Transferred to profit or loss	3	116
Balance on December 31	**(107)**	**(85)**

Rabobank’s cash flow hedges mainly consist of hedges of the margin of issued bonds in foreign currency hedged with cross-currency interest rate swaps to protect against a potential change in cash flows due to change in foreign currency rates.

Rabobank assesses the hedge effectiveness on the basis of statistical regression analysis models, both prospectively and retrospectively for IAS 39 cash flow hedges and analyses the sources of ineffectiveness for IFRS 9 cash flow hedges. The IFRS 9 cash flow hedges are 100% effective.

Legal Reserves

Amounts in millions of euros	*2023*	*2022*
The legal reserves can be specified as follows:		
Retained profits of investments in associates	493	314
Software developed in-house	236	277
Translation differences	(938)	(624)
Total legal reserves	**(209)**	**(33)**
Movements were as follows:		
Balance on January 1	(33)	17
From other reserves to legal reserves	138	(313)
Exchange rate differences	(314)	263
Balance on December 31	**(209)**	**(33)**

Other Reserves

Amounts in millions of euros	*2023*	*2022*
The other reserves can be specified as follows:		
Recalibration of pensions	(75)	(54)
Fair value changes due to own credit risk on financial liabilities designated at fair value	(52)	(62)
Retained earnings	32,398	30,936
Total other reserves	**32,271**	**30,820**
Movements in the recalibration of pensions:		
Balance on January 1	(54)	(174)
Recalibration of pensions	(21)	120
Balance on December 31	**(75)**	**(54)**
Movements in the fair value changes due to own credit risk on financial liabilities designated at fair value:		
Balance on January 1	(62)	(130)
Fair value changes	10	68
Realization at derecognition	-	-
Balance on December 31	**(52)**	**(62)**
Movements in retained earnings:		
Balance on January 1	30,936	27,568
Accounting policy change	-	153
Profit for previous financial year	2,327	3,596
Distribution to third parties	(711)	(698)
Transferred to legal reserves	(138)	313
Transferred to revaluation reserves	11	8
Other changes	(27)	(4)
Balance on December 31	**32,398**	**30,936**

The reserves cannot be distributed among members.

The Consolidated Financial Statements of Rabobank include the financial information of Rabobank and other group companies. Rabobank's consolidated net profit was EUR 4,377 million (2022: EUR 2,403 million); Rabobank's net profit in the company financial statements was EUR 4,287 million (2022: EUR 2,327 million). The difference of EUR 90 million (2022: EUR 76 million) represents profit attributed to the other non-controlling interests.

The table below shows the reconciliation between the equity of Coöperatieve Rabobank U.A. and consolidated equity:

Amounts in millions of euros	*2023*	*2022*
Equity of Rabobank according to Part 9 of Book 2 of the Dutch Civil Code	49,042	45,825
Non-controlling interests	599	533
Equity according to IFRS as presented in the consolidated financial statements	**49,641**	**46,358**

Notes to the Statement of Income

21. Net Interest Income

Amounts in millions of euros	*2023*	*2022*
Interest income		
Cash and cash equivalents	5,255	1,249
Loans and advances to credit institutions	1,230	341
Loans and advances to customers	15,361	9,865
Derivatives used for fair value hedge-accounting	26	292
Financial assets at fair value through other comprehensive income	295	114
Interest income from financial assets using the effective interest method	**22,167**	**11,861**
Financial assets held for trading	131	52
Derivatives held as economic hedges	(1,128)	(384)
Financial assets mandatorily at fair value	10	12
Interest income on financial liabilities with a negative interest rate	3	336
Other	32	13
Other interest income	**(952)**	**29**
Total interest income	**21,215**	**11,890**
Interest expense		
Deposits from credit institutions	1,172	366
Deposits from customers	6,919	2,087
Debt securities in issue	3,898	2,048
Financial liabilities held for trading	61	25
Financial liabilities designated at fair value	98	228
Subordinated liabilities	442	472
Interest expense on financial assets with a negative interest rate	1	350
Other	(26)	31
Total interest expense	**12,565**	**5,607**
Net interest income	**8,650**	**6,283**

22. Net Fee and Commission Income

Amounts in millions of euros	*2023*	*2022*
Fee and commision income		
Payment services	1,012	898
Lending	368	457
Purchase and sale of other financial assets and handling fees	322	344
Insurance commissions	311	303
Other commission income – group companies	2	2
Other commission income	207	193
Total fee and commission income	**2,222**	**2,197**
Fee and commission expense		
Payment services	226	216
Handling fees	29	26
Custodial fees and securities services	9	11
Other commission expense – group companies	8	16
Other commission expense	34	29
Total fee and commission expense	**306**	**298**
Net fee and commission income	**1,916**	**1,899**

23. Income from Equity Interests

Amounts in millions of euros	*2023*	*2022*
Dividend income from shares	2	3
Results from interests in group companies	63	2,686
Results from other equity investments	259	(278)
Results from disposed interests	1	-
Total income from equity interests	**325**	**2,411**

24. Staff Costs

Amounts in millions of euros	*2023*	*2022*
Wages and salaries	2,503	2,108
Social security contributions and insurance costs	279	237
Pension costs	390	398
Training and travelling expenses	120	92
Other staff costs	1,411	1,026
Total staff costs	**4,703**	**3,861**

The average number of internal and external employees was 39,414 (2022: 36,751), of which outside the Netherlands 3,025 (2022: 2,936). Expressed in FTEs, the average number of internal and external employees was 38,505 (2022: 35,739).

25. Regulatory Levies

The regulatory levies consist of bank tax, bank levies and contributions to the Single Resolution Fund and the Deposit Guarantee Scheme.

Amounts in millions of euros	*2023*	*2022*
Bank tax Netherlands	124	126
Bank tax other countries	1	7
Contribution Single Resolution Fund	239	276
Contribution Deposit Guarantee Fund	118	177
Regulatory levies	**482**	**586**

26. Income Tax

The major components of the income tax are included below.

Amounts in millions of euros	*2023*	*2022*
Income tax		
Reporting period	1,195	670
Adjustments of previous years	(45)	(3)
Deferred tax	383	(638)
Total income tax	**1,533**	**29**
Effective tax rate	26.3%	1.2%
Applicable tax rate	25.8%	25.8%

The effective tax rate differs from the applicable tax rate in 2023 mainly because of the net inclusion of income from group entities and the deduction of interest payments on Capital Securities.

The effective tax rate was 26.3% (2022: 1.2%) and differs from the theoretical rate that would arise using the Dutch corporate tax rate. This difference is explained as follows:

Amounts in millions of euros	*2023*		*2022*	
Operating profit before taxation		5,820		2,356
Applicable tax rate	25.8%	1,502	25.8%	608
Increase/(decrease) in taxes resulting from:				
Increase/(decrease) from interests in group companies	0.3%	16	(25.2%)	(594)
Other tax-exempt income	(1.2%)	(71)	(2.0%)	(46)
Impact of foreign tax rates	(0.2%)	(9)	(0.5%)	(11)
Non-deductible expenses	3.2%	187	4.8%	112
Tax losses not recognized in previous years	(0.0%)	(1)	0.0%	-
Other permanent differences	(0.9%)	(52)	(2.1%)	(49)
Adjustments of previous years	(0.8%)	(45)	(0.1%)	(3)
Adjustment due to changes in tax rates	0.0%	-	(0.2%)	(4)
Write-down deferred tax items	(0.1%)	(5)	0.1%	3
Other non-recurring tax items	0.2%	11	0.6%	13
Total income tax	**26.3%**	**1,533**	**1.2%**	**29**

The non-deductible expenses mainly relate to the bank tax and to interest expenses falling under the Dutch Thin Cap regulation for banks

Other Notes to the Financial Statements

27. Professional Securities Transactions and Assets Not Freely Available

Reverse repurchase transactions and securities borrowing agreements concluded by Rabobank are included under "Loans and advances to credit institutions" or "Loans and advances to customers".

Amounts in millions of euros	*2023*	*2022*
Loans and advances to credit institutions	20,814	4,516
Loans and advances to customers	15,814	8,836
Total	**36,628**	**13,352**

Repurchase transactions and securities lending agreements concluded by Rabobank are included under "Due to credit institutions" and "Due to customers" .

Amounts in millions of euros	*2023*	*2022*
Due to credit institutions	178	206
Due to customers	1	124
Total	**179**	**330**

The assets referred to in the table below (with exception of professional securities transactions) were provided to counterparties as security for (contingent) liabilities. Should Rabobank enter into default, the counterparties may use the security to settle the debt.

Amounts in millions of euros		*2023*	*2022*
Assets not freely available:	*Related to type of liabilities:*		
Loans and advances to credit institutions	Derivatives	2,446	2,370
Loans and advances to customers	Due to customers, Debt securities in issue	25,284	21,638
Interest-bearing securities	Due to customers	1,033	1,207
Total		**28,763**	**25,215**

28. Contingent Liabilities

Rabobank enters into irrevocable loan commitments as well as contingent liabilities consisting of financial guarantees and standby letters of credit on behalf of its customers. Under these contracts Rabobank is required to perform under an obligation agreement or to make payments to the beneficiary on third party's failure to meet its obligations. The following table shows the amount of the maximum potential utilization of contingent liabilities.

Amounts in millions of euros	***2023***	***2022***
Contingent liabilities consist of:		
Financial guarantees	6,556	7,178
Loan commitments	49,374	46,085
Other commitments	25,069	25,670
Total contingent liabilities	**80,999**	**78,933**
Of which:		
Contingent liabilities of group companies	10,109	13,484

Liability Undertakings

Pursuant to Section 403 of Book 2 of the Dutch Civil Code, Rabobank has assumed liability for the debts arising from the legal transactions of the following group companies:

- Bodemgoed B.V.
- De Lage Landen International B.V.
- De Lage Landen Vendorlease B.V.
- Rabo Direct Financiering B.V.
- Rabo Factoring B.V.
- Rabo Financial Solutions Holding B.V.
- Rabo Groen Bank B.V.
- Rabo Lease B.V.
- Rabo Merchant Bank N.V.
- Rabo Vastgoed Lease B.V.

Rabobank issued a liquidity guarantee for Rabo Groen Bank B.V.

Fiscal Unity for Corporate Tax Purposes

For corporate tax purposes Rabobank forms a fiscal unity with a number of domestic subsidiaries. Under the fiscal unity, each participating legal entity is jointly and severally liable for the fiscal unity’s corporate tax liabilities.

29. Principal Group Companies

In 2023, none of the group companies experienced any significant restrictions in the payment of dividends or the redemption of loans and repayment of advances. The option of group companies to pay dividend to Rabobank depends on various factors, including local regulatory requirements, statutory reserves and financial performance.

On December 31, 2023	*Share*	*Voting rights*
Principal group companies		
The Netherlands		
DLL International B.V.	100%	100%
BPD Europe B.V.	100%	100%
Obvion N.V.	100%	100%
North America		
Utrecht America Holdings Inc.	100%	100%
Australia and New Zealand		
Rabobank Australia Limited	100%	100%
Rabobank New Zealand Limited	100%	100%

30. Remuneration of the Supervisory Board and the Managing Board

The members of the Managing Board and the Supervisory Board are listed in Section 33. The information on remuneration of the members of the Managing Board and the Supervisory Board is included in Section 49 "Remuneration of the Supervisory Board and the Managing Board" in the Consolidated Financial Statements.

31. Proposals Regarding the Appropriation of Available Profit for Rabobank

Of the profit of EUR 4,287 million, EUR 711 million is payable to the holders of Rabobank Certificates and Capital Securities in accordance with Managing Board resolutions. Rabobank proposes to add the remainder of the profit to the general reserves held by Rabobank.

32. Events After the Reporting Period

There were no subsequent events to be disclosed.

33. Authorization of the Financial Statements

The financial statements were signed by the Supervisory Board and Managing Board on February 29, 2024. The financial statements will be presented for adoption to the General Meeting, to be held on April 15, 2024. With regard to the adoption of the financial statements of Rabobank, the Articles of Association state: "The resolution to adopt the financial statements will be passed by an absolute majority of the votes validly cast by the General Members' Council."

Managing Board

Stefaan Decraene, *Chair*
Bas Brouwers, *CFO*
Vincent Maagdenberg, *CRO*
Els Kamphof, *Member*
Kirsten Konst, *Member*
Mariëlle Lichtenberg, *Member*
Philippe Vollot, *Member*
Janine Vos, *Member*
Alexander Zwart, *Member*

Supervisory Board

Marjan Trompetter, *Chair*
Johan van Hall, *Vice Chair*
Matthew Elderfield
Petri Hofsté
Arian Kamp
Gail Klintworth
Mark Pensaert
Pascal Visée

Other information

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Statutory Provisions

Profit can be used under a Managing Board resolution to pay distributions on participation rights and distributions on additional tier 1 instruments.

The remainder of the profit is added to the general reserves held by Rabobank. The Managing Board can also decide to make interim distributions to holders of participation rights (and via AK Foundation to holders of Rabobank Certificates) and the holders of additional tier 1 instruments from the profit and/or the result. While Rabobank still exists, the reserves cannot be distributed to the members, neither in full, nor in part. The Managing Board has the right to make a distribution from the reserves on participation rights (and via AK Foundation on Rabobank Certificates) and/or additional tier 1 instruments. If the decision is taken at any time to dissolve Rabobank in order to have its business continued by another legal entity or institution, the reserves will be transferred to said other legal entity or institution.

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Independent auditor's report

To: the General Members' Council and the Supervisory Board of Coöperatieve Rabobank U.A.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Coöperatieve Rabobank U.A. together with its subsidiaries ('the Group', 'Rabobank' or 'the Bank') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code; and
- the company financial statements of Coöperatieve Rabobank U.A. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Coöperatieve Rabobank U.A., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements for 2023: the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of income for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

NLE00024420.1.1

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Coöperatieve Rabobank U.A. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, hence we do not provide a separate opinion or conclusion on these matters.

Overview and context

Rabobank is an international bank operating on the basis of cooperative principles. Rabobank operates globally in 37 countries with a focus on universal banking in the Netherlands and food and agricultural financing in the Netherlands and abroad. Its operations include domestic retail banking, wholesale banking, international rural banking, leasing and real estate. As the Group comprises multiple components, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

Rabobank continues to operate in a challenging environment due to increasing geopolitical tensions, historic interest rate hikes and a cooling economy. Furthermore, the Group is impacted by changes to customer preferences which require ongoing investments in digitisation and by high expectations from society towards compliance with laws and regulations. The reliability of information processing is significant to the Group's operational, regulatory and financial reporting processes and we have therefore identified the design and effectiveness of IT general controls as a key audit matter.

Furthermore, there is an industry risk that compliance areas have not or not sufficiently been identified and/or addressed by management that requires considerations for financial statement purposes. This includes considerations regarding the need for the recognition of a provision or a contingent liability disclosure on the future outcome of the ongoing criminal investigation in connection with the alleged violation of the Dutch Anti-Money Laundering and Anti-Terrorist

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Financing Act (*Wet ter voorkoming van witwassen en financiering van terrorisme, Wwft)* by Rabobank. On 7 December 2022 Rabobank was informed by the Dutch Public Prosecution Service that they consider Rabobank a suspect in connection with violation of the Wwft. The criminal investigation followed announcement of further punitive enforcement procedures following the instruction that was received from De Nederlandsche Bank N.V. ('DNB') on 23 December 2021 in which DNB determined that Rabobank did not meet the requirements of the Wwft.

We also identified matters relating to client care exposures, such as the industry wide discussion on the variable interest rates set in the past for certain consumer lending products, as an important matter in our audit. In this respect the Bank identified that it did not consistently adjust the interest rate of certain consumer lending products in accordance with the reference rate selected by Kifid. As a result of the above compliance and client care matters, we have identified regulatory and client care exposures as a key audit matter.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Managing Board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In paragraph 'Judgements and Estimates' in note 2.1 of the financial statements, the Bank describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. From the estimates and judgements mentioned in this paragraph, we considered the impairment allowances on loans and advances to customers as a key audit matter, given the significant estimation uncertainty in combination with the magnitude.
The continuing economic uncertainty has heightened the impact of certain estimations and judgements made by the Group, specifically towards forward-looking assumptions applied to the probability of default and the associated macroeconomic scenarios across the Group's loan portfolio. We refer to the section on key audit matters for procedures performed on impairment allowances on loans and advances to customers.

Other areas of focus, including estimates, that were not considered to be key audit matters, were revenue recognition, management override of controls, the provisions taken for the five new cooperative initiatives to accelerate the energy and food system transitions (refer to paragraph 'Going concern' in note 2.1), fair value of financial instruments (more specifically certain level 2 and level 3 financial instruments including debit/credit valuation adjustments), hedge accounting, recoverability of goodwill and other intangible assets, valuation of Rabobank's associate Achmea B.V., valuation of certain equity investments, and litigation and other provisions. Our procedures include assessments of these accounting matters and the relevant disclosures in the financial statements in accordance with the financial reporting framework applied by the Bank. Though these are areas of focus in our audit, they were not the matters of most significance in the audit of the financial statements of the current period.

The Group assessed the possible effects of climate change on its financial position. These effects impact the financial statements mostly as one of the potential drivers of credit risk exposures of the Group, refer to note 4.3.9 of the financial statements. We discussed the Group's assessment and governance thereof with the Managing Board and evaluated the potential impact on the financial position including underlying assumptions and estimates applied in connection with the impairment allowances on loans and advances to customers.

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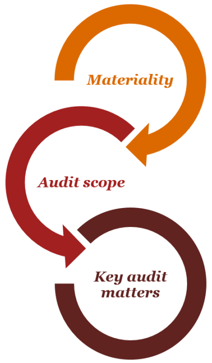
The expected effects of climate change are not considered a separate key audit matter, but we took this into account as part of the key audit matter on impairment allowances on loans and advances to customers.

We ensured that the audit teams, both at group and at component levels, collectively contain the appropriate skills and competences which are needed for the audit of a bank. We included specialists and experts in the areas of IT, cyber security, taxation, forensics, valuation of financial instruments, real estate valuations, employee benefits, macroeconomic forecasting and hedge accounting in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: €298 million (2022: €195 million).

Audit scope
- We conducted audit work on 14 components.
- We held meetings with the component teams and local Rabobank management in the following locations: the Netherlands, the USA, Australia, New Zealand, and Brazil.
- For the significant components, we gained digital access to component files and performed a review of selected working papers of the work performed by component auditors.
- Site visits were conducted to the following locations: the USA and Brazil.
- Audit coverage: 91% of total assets, 89% of profit before tax and 89% of net interest income.

Key audit matters
- Impairment allowances on loans and advances to customers
- Regulatory and client care exposures
- Design and effectiveness of IT General Controls

Materiality
The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

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Overall group materiality	€298 million (2022: €195 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before tax of the current period.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that *profit before tax* is an important metric for the financial performance of the Bank and is widely used within the industry. Furthermore, we utilised a 5% threshold, based on our professional judgement, noting it is within the range of commonly acceptable thresholds and the predominant threshold used for a bank with similar characteristics.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €37 million and €160 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons. Examples of areas that we focused on due to qualitative reasons are the accuracy of disclosures on impairment allowances on loans and advances to customers, fair value, recoverability of investments in associates, impairment of goodwill, regulatory exposures and the remuneration of the Supervisory Board and the Managing Board.

We agreed with the Supervisory Board that we would report to them any misstatement identified during our audit above €14.9 million (2022: €9.8 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Coöperatieve Rabobank U.A. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatieve Rabobank U.A.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

In determining the scope of the group audit, we first assessed the components that are individually financially significant to the Group (i.e., significant components), namely Domestic Retail Banking Netherlands (not including Obvion and other associated entities), Wholesale and Rural in the Netherlands ('W&R') and De Lage Landen ('DLL'). These components were subject to audits of their complete financial information (full scope audit). To achieve appropriate audit coverage over the consolidated financial statements, we further selected eleven additional components for full scope audit, audit of certain specific account balances, or specified procedures.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Net interest income	89%
Total assets	91%
Profit before tax	89%

None of the remaining components represented more than 2% of total group total assets, profit before tax or net interest income. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Group components in the Netherlands include the significant components Domestic Retail Banking, W&R, DLL, but also include Property Development ('BPD'), Obvion, the Bank's equity investment in Achmea and some other smaller components (including group components). The group engagement team utilised the work of component teams for these entities. For components in the USA, Australia/New Zealand and Brazil, we used component auditors who are familiar with the local laws and regulations to perform the audit work. Except for Achmea B.V., all components in scope for group reporting are audited by PwC member firms.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk assessment, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We were in active dialogue throughout the year with all component audit teams in scope for group reporting including upon the conclusion of their work. During these dialogues, we discussed the planning, risk assessment, significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements. For the significant components, we gained access to component files and performed a review of selected working papers of the work performed by component auditors.

We conducted a series of meetings with local management along with component audit teams, some of which were physical site visits, in the Netherlands, Brazil, the USA and Australia/New Zealand. During these meetings, we discussed the strategy and financial performance of the local businesses, as well as the audit plan of the component auditors and execution thereof, significant audit risks and other relevant audit topics. The active dialogues, clear communication and effective use of technology have allowed us to direct and supervise the performance of our component teams.

The group engagement team performed the audit work on the group consolidation, IT general controls, central cost centre, financial statement disclosures, certain specific accounts in scope and a number of complex items such as impairment allowances on loans and advances to customers, hedge accounting, and certain other accounting matters, such as the valuation of investments in associates, the impact of the adoption of IFRS 17/9 on the accounting for Rabobank's associate Achmea BV, impairment assessment of the Bank's goodwill, income tax on the Dutch fiscal unity, regulatory matters and the legal provisions at the head office.

Rabobank has an internal audit department (Audit Rabobank) that performs operational audits, compliance audits, IT audits, loan (valuation) audits and audits on internal control on financial reporting.

We considered, in the context of Dutch Standard 610 'Using the work of internal auditors', whether we could make use of the work of Audit Rabobank and we concluded that this was appropriate in the testing of design and operating effectiveness of certain controls (mainly relating to IT general controls, loan impairment provisioning, and a selection of controls in the Domestic Retail Banking domain), and procedures performed over individually assessed credit- impaired loans. To arrive at this conclusion, we evaluated the competence, objectivity as well as the systematic and disciplined approach applied by Audit Rabobank. Subsequently, we developed a detailed approach and model to make use of work of Audit Rabobank in our financial statement audit. We were substantially and independently involved in the higher risk areas and/or in areas or procedures that require significant judgement. During the audit process we worked closely with Audit Rabobank, had frequent status meetings and reviewed and reperformed some of their work which confirmed our initial assessment and reliance approach.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Bank and its environment and the components of the internal control system. This included the Managing Board's risk assessment process, the Managing Board's process for responding to the risks of fraud and monitoring the internal control system and how the Supervisory Board exercised oversight, as well as the outcomes. We refer to note 4.7.1 'Operational Risk' of the financial statements on how the risk of fraud is managed and mitigated by the Bank.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Together with our forensic specialists, we evaluated the risk of material misstatement due to fraud to the financial statements. We conducted interviews with members of the Managing Board and the Supervisory Board and others within the Bank, including the internal audit, legal and compliance departments, to obtain an understanding of the Bank's fraud risk assessment and of the processes for identifying and responding to the risks of fraud and the internal controls that the Managing Board has established to mitigate these risks. We asked members of the managing board, compliance department, component level management and the supervisory board whether they are aware of any actual or suspected fraud.

As described in the auditing standards, management override of controls and risk of fraud in revenue recognition are presumed risks of fraud. Inherently, management of a company is in a unique position to perpetrate fraud, because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We addressed this risk of management override of controls, including evaluating whether there was evidence of bias in management's estimates and judgements that may represent a risk of material misstatement due to fraud (we refer in this respect to the key audit matters 'impairment allowances on loans and advances to customers' and 'regulatory and client care exposures').

The audit procedures to respond to the assessed risks include, amongst others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks (such as processing and review of journal entries), back testing of prior year's estimates, and procedures on unexpected journal entries with the support of data analytics. Furthermore, we paid attention to significant transactions outside the normal course of business. With regards to the risk of fraud in revenue recognition, based on our risk assessment procedures, we concluded that this risk is related to revenue recognition in areas that are more complex, non-systematic or manual in nature such as fee and commission income in the Wholesale and Rural segment and Domestic Retail Banking segment, property development income in the Property Development segment and the valuation of equity investments held by Rabo Corporate Investments. We instructed our component auditors to perform procedures over this risk, including evaluation of the design and implementation of relevant internal controls, and procedures over revenue recognition such as testing a sample of fees and commissions to ensure that the income recorded is accurate and had occurred, cut-off procedures to identify potential shifts in property development income, and the appropriateness of the valuation methodologies, inputs and assumptions applied in the valuation of equity investments. We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

Finally, as part of our procedures we had dialogues throughout the year with the Rabobank Financial Crime Compliance ('FCC') team. The FCC team investigates, amongst others, reported internal integrity, whistleblowing and (internal and external) fraud matters. We assessed the process which the Bank has in place. This assessment included: assessing the skills of the investigators, the investigation approach and based on risk-based criteria, selecting a number of individual cases, and reviewing the documentation, conclusions, reporting and responses from the FCC team. We involved our forensic specialists in these procedures. This did not lead to indications of fraud that could potentially result in the financial statements being materially misstated.

Audit approach to non-compliance with laws and regulations

The objectives of our audit, with respect to non-compliance with laws and regulations are:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

In line with Dutch Standard 250 we made in our audit approach a distinction between those laws and regulations which:

- have a direct effect on the determination of material amounts and disclosures in the financial statements. For this category, we obtained amongst others audit evidence regarding compliance with the provision of those laws and regulations; and
- do not have a direct effect on the determination of material amounts and disclosures in the financial statements, but where compliance may be fundamental to the operating aspects of the business. Those include amongst others the Bank's ability to continue its business or to avoid material penalties.

For this category, we performed specific audit procedures to identify non-compliance with those laws and regulations that may have a material effect on the financial statements, as described in the key audit matter: 'regulatory and client care exposures.'

The primary responsibility for the prevention and detection of non-compliance with laws and regulations lies with the Managing Board with the oversight of the Supervisory Board.

Audit approach going concern

As disclosed in paragraph 'Going concern' in note 2.1 to the financial statements, the Managing Board performed their assessment of the Group's ability to continue as a going concern for the foreseeable future and has not identified events or conditions that may cast significant doubt on the Group's ability to continue as a going concern (hereafter: going concern risks). Our procedures to evaluate management's going concern assessment include, amongst others:

- considering whether the Managing Board's going concern assessment includes all relevant information of which we are aware as a result of our audit.
- understanding and evaluating the Bank's medium-term planning and budget process (including the Group's funding plan), specifically for the next twelve months.
- understanding and evaluating the Group's financial position and stress testing of liquidity and regulatory capital requirements, including the severity of the stress scenarios that were applied.
- considering the results of our (other) risk assessment procedures and related activities performed to identify events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
- performing inquiries of the Managing Board as to their knowledge of going concern risks beyond the period of their assessment.
- reading and evaluating the adequacy of the disclosures in paragraph 'Going concern' in note 2.1 to the financial statements in relation to going concern.

Our procedures did not result in outcomes contrary to the Managing Board's assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

As compared to last year, there have been no changes in key audit matters. The key audit matters described below are mostly related to the nature of the Group and are therefore expected to occur every year.

These are described in more detail in the individual key audit matters below.

Key audit matter	*Our audit work and observations*
Impairment allowances on loans and advances to customers Refer to note 2.1 section 'Judgements and estimates', note 2.16 'Impairment allowances on financial assets and credit related contingent liabilities', note 4.3.4 'Impairment allowances on financial assets and credit related contingent liabilities' and note 11 'Loans and advances to customers'. In accordance with the requirements of IFRS 9, Rabobank calculated the impairment allowances on loans and advances to customers using a three-stage expected credit loss impairment model. Rabobank determined loan impairments in stage 1 and 2 on a modelled basis whereas the loan impairments in stage 3 are determined on either a modelled basis or on a specific loan-by-loan basis. *Model based loan impairments* For the model based loan impairments, Rabobank utilised point in time probability of default ('PD'), loss given default ('LGD') and exposures at default ('EAD') models for the majority of the loan portfolio. Three macroeconomic scenarios (consisting of a baseline, a baseline minus and a baseline plus scenario) were incorporated into these models and probability weighted in order to determine the expected credit losses. The estimation uncertainty due to economic impacts of uncertain geo-political and economic conditions in developing macroeconomic scenarios including the associated weightings given the range of potential economic outcome and suitability of models used, have led to a high degree of estimation uncertainty and required significant management judgement. To date, Rabobank's models do not (yet) specifically measure or quantify the impact of risk resulting from transitional or physical climate change impact into the credit risk provisions. Rabobank includes climate risk in the IFRS 9 assessment through: • determining impact of climate risk in individual client assessments; • determining sectors which are considered to be vulnerable to climate risk (all exposures in these sectors are moved to stage 2 to reflect the long-term challenging conditions and reflect the significant increase in credit risk ('SICR');	*Control design and operation effectiveness* We evaluated the design and tested the operating effectiveness of key controls over: • the internal credit management process to assess the loan quality classification to identify impaired loans; • the assessment of the future cash flows and existence and valuation of collateral, based on the appropriate use of key parameters for the specific impairment allowance; • the methodology and controls applied in measuring and determining significant increase in credit risk; • the governance over development, validation, calibration and implementation of the PD, LGD and EAD impairment models; and • the review and approval process that management has in place for the outputs of the impairment models, and the top level adjustments that are applied to model outputs. The majority of these controls were designed and operated effectively. For certain controls, impact assessments were performed by management. Based on the testing of controls and assessments of impact analyses, we determined that it was appropriate to place reliance on the above controls for the purpose of our audit. *Assessment of model-based impairment allowances* We have tested management's process for model-based loan impairments. We (together with our internal model experts) have: • evaluated the reasonableness of PD and LGD model methodology; • assessed model validation reports prepared by Rabobank's model validation department; • together with our internal economist office, evaluated the reasonableness of management's inputs and assumptions used in the design of multiple future macroeconomic scenarios, the forecasted macroeconomic variables, the probability weights assigned to the scenarios including evaluation of the consistency of these assumptions with external market and industry data; • performed back testing procedures on key model parameters; and

Key audit matter	*Our audit work and observations*
• a top level adjustment for climate and environmental risks reflecting both transition and physical risks in the mortgage and the corporate portfolio; and • top level adjustments in specific regions in response to extreme climate conditions. In case of data quality issues, or when unexpected external developments were not sufficiently covered by the outcome of the impairment models, adjustments were made (top level adjustments). This year, in addition to other adjustments, top level adjustments are recognised in relation to external conditions not captured in the IFRS 9 model including: • an adjustment of €186 million to reflect the risk of second order effects of geopolitical tensions, high inflation combined with increasingly higher interest rates on the client's abilities to continue servicing and repaying their loans; • an adjustment of €66 million for the elevated risk relating to interest only mortgages; • an adjustment of €47 million related to the transition risks of the Dutch government's approach relating to nitrogen in the Netherlands; and • an adjustment of€ 14 million related to climate and environmental risks in the mortgage and corporate portfolio. *Individually assessed credit-impaired loans* For credit-impaired loans that are assessed on an individual basis, the impairment allowance is based on the weighted average of the net present value of expected future cash flows (including forward looking information and the valuation of underlying collateral) in three different scenarios: a sustainable cure, an optimising scenario and a liquidation scenario. *Judgements and estimation uncertainty* The judgement and estimation uncertainty in the impairment allowance of loans and advances is primarily linked to the following aspects: • determining significant increase in credit risk which is applied to transfer assets from stage 1 to stage 2; • complex models such as the PD and LGD models that are used to estimate expected credit losses;	• evaluated the reasonableness of the prepayment rate applied in the EAD calculations based on historical prepayments. Based on the above we assessed the methodology in line with industry practice and the inputs to be reasonable. Finally, we evaluated the top level adjustments as at 31 December 2023 by obtaining supporting evidence and evaluating alternative and contradictory information whether these adjustments were necessary to balance underlying model and data limitations. Specifically, for the top level adjustments recognised in relation to external conditions not captured in the IFRS 9 model, we have exercised professional scepticism in our audit given the significance and subjective nature of these top level adjustments. In doing so, we challenged management to consider multiple scenarios and information such as historical analysis and sensitivity analysis. Also, together with our internal economist office, we evaluated the reasonableness of management's assessment of vulnerable sectors, which includes climate risk sensitive sectors. We found the provided supporting evidence to be reasonable in the determination of the impairment allowances on loans and advances to customers. As part of our audit procedures, we considered the risk of management bias, for this estimation but also together with other estimations, and concluded that the resulting impairment allowances are not indicative of such bias. In response to the impact of risk resulting from climate change on credit risk, we evaluated both corroborative and contradictory information on whether climate related adjustments were necessary to balance underlying model and data limitations. For that purpose, we evaluated managements risk analysis of the potential impact of climate change on certain clients and sectors. Based on this assessment, certain clients were classified as vulnerable and certain sectors were classified as climate risk sensitive. Furthermore, we assessed how the Bank considers the impact of climate risk on counterparties through individual loan assessments. In addition, we performed inquiry with both management at group level and management in the main territories.

Key audit matter	*Our audit work and observations*
• determining the EAD which takes into account expected changes due to prepayments; • determining the macroeconomic scenarios applied in the modelled loan impairments and associated probability weighting of these scenarios; • determining the top level adjustments to the outcome of models due to external conditions not captured in the IFRS 9 model, such as the second order effects of the geo-political unrest, increased interest rates, inflation and increased costs base of clients as well as risks relating to nitrogen; • estimation of the impact of transitional or physical climate related risks on the level of expected credit losses; and • estimation of the expected future cash flows and the weighting of the three scenarios for credit-impaired loans and advances that are assessed on an individual basis. Given the significance of the number of accounting policy choices, judgements taken by management, the complexity and the inherent limitations to the inputs required by the loan impairment models, this area is subject to a higher risk of material misstatement due to error or fraud. Therefore, we considered this a key audit matter in our audit.	We also evaluated other information gathered from our audit procedures, such as the assessment of the top level adjustments relating to nitrogen and climate and environmental risks, and our assessment of client rating settings on certain client exposures. *Assessment of individually assessed credit- impaired loans* Considering the inherent estimation risk of individually credit-impaired loans, we selected appropriate samples and analysed the latest developments at the borrowers and considered whether the key judgements and significant estimates applied in the impairment allowance were acceptable for 31 December 2023. This included the following procedures: • evaluating the reasonableness of the forecasted cash flows (including the use of forward-looking information) for each scenario by comparing them to historical performance of the customer and evidence (such as collateral values) to support forecasted cash flows; • assessing the external collateral valuator's valuations that we challenge with an independent valuation performed by our valuation experts, for a sample of loans; and • assessing management's analysis of the probability allocation of each individual scenario for each credit-impaired loan, corroborate with actual facts and circumstances. Based on the above, we assessed the methodology and inputs to be in line with market and industry practice for the determination of the impairment allowances on loans and advances to customers. Given the high estimation uncertainty, we gave specific and detailed attention as to whether the disclosures in the consolidated financial statements are adequate and in accordance with IFRS-EU. We found the disclosures to be appropriate in this context.

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Regulatory and client care exposures Refer to note 4.9 'Legal and Arbitration Proceedings'. *Developments in emerging compliance areas* We identified that the risk of non-compliance with laws and regulations on the one hand relates to laws and regulations which have an indirect impact on the financial statements, such as Anti-Money Laundering and Anti-Terrorist Financing Act ('Wwft') (inclusive regulations on Anti-Money Laundering ('AML') in other territories relevant for Rabobank), Counter Terrorist Financing ('CTF') and sanctions, Know Your Customer ('KYC'), Market Abuse Regulation, Markets in Financial Instruments Directive II (MiFID II – including transaction reporting), the General Data Protection Regulation ('GDPR'), the Capital Requirements Regulations ('CRR') and Capital Requirements Directive IV ('CRD IV'). On the other hand, the risk of non-compliance with laws and regulations may also have a direct effect on the financial statements. In this respect, Rabobank disclosed the following matters in note 4.9 'Legal and Arbitration Proceedings': • following the instruction that was received from DNB on 23 December 2021 (in which DNB determined that Rabobank did not meet the requirements of the Wwft) Rabobank was informed by the Dutch Public Prosecution Service, on 7 December 2022, that they consider Rabobank a suspect in a criminal investigation in connection with violation of the Wwft. Rabobank disclosed that currently it is too early to determine the timeframe or potential outcome of the ongoing investigation and that the nature and materiality of subsequent fines, penalties or other related actions cannot be reliably estimated either other than stating these have the potential to be significant. Throughout 2023, Rabobank further strengthened its detection and prevention activities in Financial Economic Crime (FEC), and has continued to invest in training all staff, particularly employees working in FEC utilising €138 million of the provision established at year end 2022, leaving €8 million at December 31, 2023; • as announced by the European Commission by means of a press release on 22 November 2023, the Commission fined Rabobank €26.6 million in connection with certain historic communications	We obtained an understanding of the significant laws and regulations that are relevant to the Bank's operations and how the Bank is instituting and operating appropriate systems of internal control to comply with those laws and regulations. *Specific audit procedures to identify non-compliance with those laws and regulations that may have a material effect on the financial statements*. We had dialogues with members of the Managing Board, the compliance officer and chief legal officer on a regular basis to understand emerging and potential regulatory exposures. We challenged management's view on these regulatory exposures based upon our knowledge and experience of emerging industry trends and the regulatory environment. To identify potential regulatory investigations that could lead to the need for potential new provisions or disclosures in the financial statements, we read the Bank's relevant correspondence with its key regulators being the Autoriteit Financiële Markten ('AFM'), the DNB, the Federal Reserve Bank ('FRB') and the European Central Bank ('ECB'). Also, we met on a bilateral basis with the joint supervisory team of DNB and ECB during the year. We read the minutes of the Managing Board and the Supervisory Board meetings and attended all Risk and Audit Committee meetings throughout the year up to the signing date of our auditor's report. We held regular bilateral meetings with the chairs of the Supervisory Board, Audit Committee and Risk Committee. We inquired with the Bank's internal compliance department to understand the risk position of each new and ongoing regulatory investigations and reviewed reports and assessments of the Bank's internal audit department relating to compliance with laws and regulations. From our audit work, we noted that there are specific programs in place that aim to improve AML and KYC processes throughout the Group, and the remediation plan to address the shortcomings in the Netherlands in particular. These programs are also connected to the regulatory investigations related to AML and KYC in the Netherlands (including the remediation plan on the shortcomings on compliance with the Wwft) and the USA. We obtained an understanding of the

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Key audit matter	***Our audit work and observations***
between a small number of individuals at Deutsche Bank and Rabobank, which the Commission has concluded breached EU competition law. The bank has lodged an appeal against the Commission's decision before the EU General Court. The fine has been provided for as a payable on Rabobank's balance sheet as at 31 December 2023; • the Bank concluded in 2021 that it did not consistently adjust the interest rate of certain consumer credit products in accordance with the reference rate selected by Kifid. Therefore, Rabobank included a provision of €301 million in the financial statements at year end 2022 to compensate part of its clients with certain consumer credit products with a variable interest rates of which €56 million is remaining as at 31 December 2023; and • the AFM conducted an investigation into a number of files relating to consumer mortgage loans and decided to impose an administrative fine of €12 million, which is paid by the bank. Rabobank filed an objection against the decision with the AFM. *Management judgement* The recognition and measurement of provisions and the disclosure of contingent liabilities require considerable management judgement around the future outcome of further punitive actions, client care and regulatory investigations. Given the inherent uncertainty and the judgemental nature, we determined the provisions and disclosures on contingent liabilities due to non-compliance with laws and regulations to be of particular importance to our audit, since this area is subject to a higher risk of material misstatement due to error or fraud including to what extent there is evidence of management bias. Therefore, we determined this to be a key audit matter in our audit.	progress on the remediation plan through reading of progress reports, inquiry of the program owners, Managing Board, Audit Committee, reading correspondence with AFM, DNB, Federal Reserve and ECB related to these matters and discussed the outcomes of audits performed by the Bank's internal audit department with respect to AML and KYC. Furthermore, we held meetings with the Bank's internal and external legal counsel in connection with the status of the investigation by the Dutch Prosecution Service and read correspondence with the Dutch Prosecution Services office. We have performed audit procedures to assess the accuracy and completeness of the following provisions and how these provisions unwind, including validating key assumptions and source data: • The provision to cover for the incremental cost to resolve the backlog files in client due diligence and transaction monitoring; • The provision in connection with client compensation for certain consumer credit products with a variable interest rate. We have also assessed to what extent there was evidence of bias by management in determining these provisions. Based on these procedures we found these provisions to be within an acceptable range. We read the formal correspondence from the EC and the AFM on their respective fines given to Rabobank. Finally, we assessed the disclosures that were made in highlighting the uncertainties and exposures of contingent liabilities due to non-compliance with laws and regulations. When doing so, we paid specific attention to the disclosure on the further punitive action in response to the instruction received from DNB (including the status of the investigation by the Dutch Public Prosecution Service), the disclosure in connection with the fine following the antitrust proceedings by the EC and the disclosure on application of the variable interest rate conditions for certain products included in note 4.9 'Legal and Arbitration Proceedings' of the financial statements. We found the disclosures to be appropriate in this context.

Key audit matter	*Our audit work and observations*
Design and effectiveness of IT General Controls The Bank's operations and financial reporting systems are heavily dependent on IT systems, including automated accounting procedures and IT dependent manual controls. The Information Technology General Controls (ITGCs) over IT systems include: • the framework of governance over IT systems; • controls over program development and changes; • controls over access to programs, data and IT operations; and • governance over generic and privileged user accounts. ITGCs assist to determine the continued reliability of information generated by applications and ensure automated applications operate effectively in a consistent manner. Effective ITGCs are conditional for reliance on automated controls in the Bank's operations, and in our audit approach. Deficiencies in ITGCs could have a pervasive impact across the Bank's internal control framework and may provide opportunities to commit fraud. The Bank has a number of long-term strategic regulatory and transformation projects, with important IT-components to continue to meet the high reporting standards and expectations from stakeholders relating to operating effectiveness, efficiency and data quality. The reliability of information processing is significant to the Group's operational, regulatory and financial reporting processes and we have therefore identified the design and effectiveness of IT general controls as a key audit matter.	Our procedures included evaluating and testing the design and operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting, focusing on: • entity level controls over information technology in the IT organisation, including IT governance, IT risk management and cybersecurity management; • management of access to programs and data, including user access to the network, access to and authorisations within applications and privileged access rights to applications, databases and operating systems. As the Bank uses automated tools to manage access rights, we have evaluated the appropriate use of these tools and tested the correct operation of these tools; • governance over the strategic IT transformation projects and assessment of the impact on our 2023 audit; • management of changes to applications and IT infrastructure, including the change management process and the implementation of changes in the production systems using automated deployment mechanisms; • computer operations, including monitoring of batch processing, back-up and disaster recovery testing and incident management; and • management of cybersecurity, through understanding of Rabobank's approach to enhancing cybersecurity and evaluating the status of the implementation in certain critical areas. We focused on the ITGCs to the extent relevant for the purpose of our audit of the financial statements. Most of these controls operated effectively. After identifying deficiencies in certain controls, particularly those concerning identify and access management, management took remedial actions. Subsequent testing, including verification of these remedial actions, led us to conclude that we could rely on these controls for our audit purposes.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Managing Board and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Coöperatieve Rabobank U.A. on 18 June 2015 by the Supervisory Board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 18 June 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 8 years.

European Single Electronic Format (ESEF)

Coöperatieve Rabobank U.A. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by Coöperatieve Rabobank U.A., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Bank and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 48 'Cost of external independent auditor' to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Managing Board and the Supervisory Board for the financial statements

The Managing Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Managing Board is responsible for assessing the Bank's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going-concern basis of accounting unless the Managing Board either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so. The Managing Board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Bank's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 1 March 2024
PricewaterhouseCoopers Accountants N.V.

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

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Appendix to our auditor's report on the financial statements 2023 of Coöperatieve Rabobank U.A.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board.
- Concluding on the appropriateness of the Managing Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Assurance report of the independent auditor

To: the General Members' Council and the Supervisory Board of Coöperatieve Rabobank U.A.

Assurance report on the internal control over financial reporting

Our opinion

In our opinion Coöperatieve Rabobank U.A. maintained, in all material respects, effective internal control over financial reporting as of 31 December 2023, in accordance with criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), as set out in the section 'Applicable criteria'.

What we have audited

The object of our assurance engagement concerns the internal control over financial reporting of Coöperatieve Rabobank U.A. (hereafter: Rabobank) as of 31 December 2023 (hereafter: the internal control over financial reporting).

For the purpose of this engagement, Rabobank's internal control over financial reporting is defined as the process designed, when working effectively, to provide reasonable assurance regarding the reliability of financial reporting for the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

The basis for our opinion

We conducted our assurance engagement in accordance with Dutch law, including the Dutch Standard 3000A Assurance engagements, other than audits or reviews of historical financial information (attestation-engagements). This engagement is aimed to provide reasonable assurance.
Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence and quality control

We are independent of Rabobank in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

Applicable criteria

For the purpose of this engagement Rabobank's internal control over financial reporting is the process designed, when working effectively, to provide reasonable assurance regarding the reliability of financial reporting for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Rabobank's internal control over financial reporting is designed in accordance with the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO, (hereafter: COSO criteria) and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with a generally acceptable reporting framework, and that receipts and expenditures are being made only in accordance with authorisations of management; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets that could have a material effect on the consolidated financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect and correct all misstatements. Also, the projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Responsibilities for the internal control over financial reporting and the assurance engagement

Responsibilities of The Managing Board

The Managing Board of Rabobank is responsible for implementing, maintaining and assessing effective internal control over financial reporting, in accordance with the COSO criteria as further set out in the section 'Applicable criteria' of our report.

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The Managing Board is also responsible for its conclusion as included in their 'Management Report on Internal Control over Financial Reporting', including the identification of the intended users and the COSO criteria being applicable for the purposes of the intended users.

Our responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our opinion.

Our opinion aims to provide reasonable assurance that Rabobank maintained, in all material respects, effective internal control over financial reporting in accordance with the COSO criteria, as set out in the section 'Applicable criteria'. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all weaknesses in the internal control over financial reporting.

Procedures performed

An assurance engagement includes, amongst others, examining appropriate evidence on a test basis. We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our main procedures consisted, among other things of the following:

- identifying and assessing the risks that the conclusion of management on internal control over financial reporting is not fairly presented and that the internal control over financial reporting is not effectively maintained by Rabobank, whether due to fraud or error, designing and performing assurance procedures responsive to those risks, and obtaining evidence that is sufficient and appropriate to provide a basis for our opinion;
- gaining knowledge about Rabobank's internal control over financial reporting, including the effectiveness of controls in accordance with the COSO criteria;
- based on this knowledge, assessing the risks that the internal control statement contains material misstatements;
- responding to the assessed risks, including the development of an overall approach, and determining the nature, timing and extent of further procedures;
- performing further procedures linked to the identified risks, using a combination of inspection, observation, confirmation, recalculation, re-run, analytical procedures and making inquiries; such further procedures involve substantive procedures, including obtaining corroborating information from sources independent of the entity and, depending on the nature of the object, testing the actual effectiveness of the control measures; and
- evaluating the adequacy of the assurance information.

Amsterdam, 1 March 2024
PricewaterhouseCoopers Accountants N.V.

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

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Assurance report of the independent auditor

To: the General Members' Council and the Supervisory Board of Coöperatieve Rabobank U.A.

Assurance report with limited assurance on the non-financial and sustainability information 2023

Our conclusion

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the non-financial and sustainability information included in the annual report 2023 of Coöperatieve Rabobank U.A. does not present fairly, in all material respects:

- the policy with regard to sustainability; and
- the business operations, events and achievements in that area for the year ended 31 December 2023, in accordance with the International Integrated Reporting <IR> Framework (hereafter: the International <IR> Framework) of the IFRS Foundation and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the non-financial and sustainability information included in the following sections of the annual report for 2023 (hereafter: the non-financial and sustainability information):

- Key figures (non-financial figures only)
- At a Glance
- About Us
- Group Strategy
- Trends, Developments and Outlook
- Materiality Analysis
- Value Creation
- Better World
- Better Bank
- Appendices:
  - Appendix 1: About this Report
  - Appendix 2: Methodology & Definitions of Non-Financial Figures 2023
  - Appendix 3: Annex Financed Emissions

This review is aimed at obtaining a limited level of assurance.

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The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the non-financial and sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Coöperatieve Rabobank U.A. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria applied for the preparation of the non-financial and sustainability information are the International <IR> Framework of the IFRS Foundation and the applied supplemental reporting criteria, as disclosed in Appendix 1: 'About this Report', Appendix 2: 'Methodology & Definitions of Non-Financial Figures 2023' and 'Appendix 3: Annex Financed Emissions' of the annual report.

The absence of an established practice on which to draw, to evaluate and measure the non-financial and sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the non-financial and sustainability information needs to be read and understood together with the reporting criteria applied.

Limitations to the scope of our review

The non-financial and sustainability information includes prospective information such as expectations on ambitions, strategy, plans, expectations, and estimates. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the non-financial and sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the non-financial and sustainability information reviewed by us. We therefore do not provide assurance on this information.

With regard to the calculated CO_2 emissions related to Coöperatieve Rabobank U.A.'s loan portfolio (the financed emissions) per 31 December 2022 based on the PCAF methodology we have performed review procedures on the application of the methodology, not on the actual emissions itself. Our work did not include testing of proxies of industry related emission data and modelled data nor did it include testing of client data.

Responsibilities for the non-financial and sustainability information and the review thereon

Responsibilities of the Managing Board and the Supervisory Board for the non-financial and sustainability information

The Managing Board of Coöperatieve Rabobank U.A. is responsible for the preparation and fair presentation of the non-financial and sustainability information in accordance with the reporting criteria as included in section 'Reporting criteria', including applying the reporting criteria, the identification of stakeholders and the definition of material matters. The Managing Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of the intended stakeholders, considering applicable law and regulations related to reporting. The choices made by the Managing Board regarding the scope of the non-financial and sustainability information and the reporting policy are summarised in Appendix 1: 'About this Report', Appendix 2: 'Methodology & Definitions of Non-Financial Figures 2023' and 'Appendix 3: Annex Financed Emissions' of the annual report.

Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the non-financial and sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the company's reporting process on the non-financial and sustainability information.

Our responsibilities for the review of the non-financial and sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the non-financial and sustainability information is free from material misstatements and to issue a limited assurance conclusion in our report. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a review (limited assurance) is therefore substantially less than the assurance obtained in an audit (reasonable assurance) in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things of the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Obtaining an understanding of the value creation model of Coöperatieve Rabobank U.A.
- Evaluating the appropriateness of the reporting criteria applied, their consistent application and related disclosures in the non-financial and sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the Managing Board.
- Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the non-financial and sustainability information, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.
- Obtaining an understanding of the procedures performed by the external subject matter experts of Coöperatieve Rabobank U.A.
- Identifying areas of the non-financial and sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial and sustainability information responsive to this risk analysis. These procedures consisted among others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial and sustainability information.
  - Obtaining assurance evidence that the non-financial and sustainability information reconciles to underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
  - Considering the data and trends
- With regard to the calculated CO_2 emissions related to Coöperatieve Rabobank U.A.'s loan portfolio (the financed emissions) per 31 December 2022 based on the PCAF methodology we have performed review procedures on the application of the methodology, not on the actual emissions itself. Our procedures performed include:
  - Assessing the reasonableness of the scope of the measurement and the suitability of the methodology chosen;
  - Reviewing the final report of the measurement containing a description of the calculation models, assumptions used and the outcome(s) of the calculated CO_2 emissions;
  - Obtaining a key understanding of the calculation models;
  - Reviewing the relevant assumptions on suitability, reasonableness, completeness and relevance; and
  - Reconciling the loan portfolio balance per 31 December 2022 to the underlying financial administration.

Reconciling the relevant financial information to the financial statements.

- Considering the consistency of the sustainability information with information in the annual report, which is not included in the scope of our review.
- Considering the overall presentation, structure and balanced content of the non-financial and sustainability information.
- Considering whether the non-financial and sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the applicable reporting criteria.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 1 March 2024
PricewaterhouseCoopers Accountants N.V.

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