Pillar 3
Report 2021

financial solutions partner

Contents

Notes to the reader

This document presents DLL's consolidated Capital Adequacy and Risk Management report (hereafter referred to as Pillar 3) for the period ending December 31, 2021.

De Lage Landen International B.V. (DLL) is a global provider of asset-based financial solutions working across 9 key industries: Agriculture, Food, Healthcare, Clean technology, Construction, Transportation, Industrial equipment, Office equipment and Technology. DLL is present in over 30 countries and operates via a Vendor Finance model, where DLL enters into partnerships with global manufacturers offering integrated solutions to their customers for the entire asset life cycle.

DLL is a credit institution under the Capital Requirements Regulation (CRR) and is a 100% subsidiary of the Coöperatieve Rabobank U.A. (Rabobank). DLL operates through local legal entities, which may conduct business using local licenses and under supervision of local regulators (e.g., DLL Finans AB in Sweden and Banco De Lage Landen Brasil S.A. in Brasil). For (part of) the business in Germany, Italy, Spain and Portugal, business is executed in branches of DLL where the passporting rights of DLL are leveraged. DLL holds 100% of the shares of its subsidiaries, except for "joint ventures," where DLL still controls the entities by having a majority in voting rights and economic interest.

DLL is a subsidiary institution that holds financial institutions in third countries. According to CRR article 22, DLL has to comply with solvency requirements on a sub-consolidated basis. DLL classifies as large subsidiary of an EU parent institution and therefore has to comply with the disclosure requirements explained in article 13 paragraph 1 of the CRR on a sub-consolidated basis. The information in Pillar 3 has not been audited by DLL's independent external auditors. However, the Pillar 3 disclosures are subject to DLL's internal controls and validation mechanisms to provide assurance over the information disclosed in this report as well as with regards to compliance with laws and regulations.

Key metrics and risk-weighted exposure

EU KM1 – Key metrics template

Key matrics *(amounts in millions of euros)*	2021-12	2021-06	2020-12
Available own funds (amounts)			
Common Equity Tier 1 (CET1) capital	2,990	3,748	3,552
Tier 1 capital	2,990	3,748	3,552
Total capital	3,046	3,799	3,613
Risk-weighted exposure amounts			
Total risk-weighted exposure amount	20,101	19,221	19,784
Capital ratios (as a percentage of risk-weighted exposure amount)			
Common Equity Tier 1 ratio (%)	14.88%	19.50%	17.95%
Tier 1 ratio (%)	14.88%	19.50%	17.95%
Total capital ratio (%)	15.15%	19.77%	18.26%
Additional own funds requirements based on SREP			
Additional CET1 SREP requirements (%)			
Additional AT1 SREP requirements (%)			
Additional T2 SREP requirements (%)			
Total SREP own funds requirements (%)	8.00%	8.00%	8.00%
Combined buffer requirement			
Capital conservation buffer (%)	2.50%	2.50%	2.50%
Conservation buffer due identified at the level of a Member State (%)			
Institution specific countercyclical capital buffer (%)	0.01%	0.01%	0.01%
Systemic risk buffer (%)			
Global Systemically Important Institution buffer (%)			
Other Systemically Important Institution buffer			
Combined buffer requirement (%)	2.51%	2.51%	2.51%
Overall capital requirements (%)	10.51%	10.51%	10.51%
CET1 available after meeting the total SREP own funds requirements	1,438	2,262	2,030
Leverage ratio			
Leverage ratio total exposure measure	42,857	41,004	n.a.
Leverage ratio (%)	6.98%	9.14%	n.a.
Own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
Additional CET1 leverage ratio requirements (%)			
Additional AT1 leverage ratio requirements (%)			
Additional T2 leverage ratio requirements (%)			
Total SREP leverage ratio requirements (%)			
Applicable leverage buffer			
Overall leverage ratio requirements (%)	3.00%	3.00%	n.a.
Liquidity Coverage Ratio			
Total high-quality liquid assets (HQLA) (Weighted value-average)			
Cash outflows – Total weighted value			
Cash inflows – Total weighted value			
Total net cash outflows (adjusted value)			
Liquidity coverage ratio (%)			
Net Stable Funding Ratio			
Total available stable funding			
Total required stable funding			
NSFR ratio (%)			

On December 31, 2021, our CET1 ratio amounted to 14.9%, which is well above the 13.5% ambition. Addition of net profit after distributions increased the capital position, which was offset by a dividend payment of EUR 750 million to our shareholder. Furthermore, risk-weighted assets (RWAs) increased due to the growth of our business.

The total capital ratio decreased to 15.2%, mainly caused by the dividend payment made. DLL has not yet included the 2021 profits in the CET1 capital.

EU OVC – ICAAP information

The Executive Board of DLL is responsible for DLL's capital management within the framework as set by its parent, Rabobank. It is the responsibility of the Executive Board to manage physical capital levels to ensure sufficient capital is held to meet (regulated) requirements and to assure mid- and long-term continuity. Capital requirements are managed actively through DLL's risk strategy, risk appetite and balance sheet management.

In the yearly Internal Capital Adequacy Assessment Process (ICAAP), DLL assesses the capital adequacy in the context of the current and foreseeable business environment in which it operates and the associated risk exposures as part of the Supervisory Review and Evaluation Process (SREP).

EU OV1 – Overview of risk-weighted exposure amounts

Overview of risk-weighted exposure amounts *(amounts in millions of euros)*	Risk weighted exposure amounts (RWEAs)		Own funds requirements
	2021-12	2020-12	2021-12
Credit risk (excluding CCR)	17,154	17,077	1,372
Of which the standardized approach	4,009	4,506	321
Of which the foundation IRB (FIRB) approach			
Of which slotting approach			
Of which equities under the simple risk-weighted approach			
Of which the advanced IRB (AIRB) approach	13,145	12,571	1,052
Counterparty credit risk – CCR	150	49	12
Of which the (simplified) standardized approach	150	0	12
Of which internal model method (IMM)			
Of which exposures to a CCP			
Of which credit valuation adjustment – CVA			
Of which mark to market method			
Settlement risk	0	0	0
Securitization exposures in the non-trading book (after the cap)	0	0	0
Of which SEC-IRBA approach			
Of which SEC-ERBA (including IAA)			
Of which SEC-SA approach			
Of which 1250%/deduction			
Market risk	0	0	0
Of which the standardized approach			
Of which IMA			
Large exposures	0	0	0
Operational risk	2,797	2,659	224
Of which basic indicator approach	2,797	2,659	224
Of which standardized approach			
Of which advanced measurement approach			
Amounts below the thresholds for deduction	300	487	24
Total	**20,101**	**19,784**	**1,608**

Own Funds

EU CC1 – Composition of regulatory own funds

Composition of regulatory own funds *(amounts in millions of euros)*	
Capital instruments and the related share premium accounts	1,233
Retained earnings	1,795
Accumulated other comprehensive income (and other reserves)	32
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**3,060**
Intangible assets (net of related tax liability)	(5)
Deferred tax assets that rely on future profitability	(9)
Negative amounts resulting from the calculation of expected loss amounts	(43)
Other regulatory adjustments on CET1 capital	(13)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(70)**
Common Equity Tier 1 (CET1) capital	**2,990**
Tier 1 capital (T1 = CET1 + AT1)	**2,990**
Credit risk adjustments	55
Tier 2 (T2) capital	**55**
Total capital (TC = T1 + T2)	**3,046**
Total risk exposure amount	**20,101**
Capital ratios and buffers	
Common Equity Tier 1 ratio	14.88%
Tier 1 ratio	14.88%
Total Capital ratio	15.15%
CET1 overall capital requirement	7.01%
Of which capital conservation buffer	2.50%
Of which countercyclical buffer	0.01%
Common Equity Tier 1 available to meet buffers	14.88%

EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Balance sheet as at December 31 *(amounts in millions of euros)*	
	2021-12
Cash and cash equivalents	305
Accounts receivable and other short-term assets	614
Derivatives	38
Due from banks	2,879
Due from customers	34,726
Fixed assets under operating lease	2,684
Goodwill and other intangible assets	5
Current tax receivables	89
Deferred tax assets	96
Other assets	152
Total assets	**41,588**
Short-term loans and overdrafts	6,495
Accounts payable and other short-term liabilities	638
Issued debt securities	2,613
Provisions	107
Derivatives	54
Long-term borrowings	26,796
Current tax payables	54
Deferred tax liabilities	269
Other liabilities	508
Total liabilities	**37,534**
Capital instruments and share premium	1,233
Retained earnings	2,282
Foreign currency translation reserve	41
Non-controlling interest	498
Total shareholders' equity	**4,054**
Total liabilities and shareholders' equity	**41,588**

Countercyclical buffer

EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer *(amounts in millions of euros)*

on December 31, 2021

	General credit exposures		Trading book exposure				Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate	Countercyclical capital buffer requirement
	Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Securitization exposure	Total exposure value	Of which General credit exposures	Of which Trading book exposures	Of which Securitization exposures	Total	(a)	(b)	(a)*(b)
Argentina	33	0				33	2			2	21	0.1244%	0.0%
Austria	14	107				121	5			5	64	0.3860%	0.0%
Australia	395	1,761				2,156	94			94	1,173	7.0974%	0.0%
Belgium	31	323				354	12			12	151	0.9130%	0.0%
Bahrain	0	0				0	0			0	0	0.0000%	0.0%
Brazil	29	1,272				1,301	42			42	527	3.1899%	0.0%
Bahamas	0	0				0	0			0	0	0.0000%	0.0%
Canada	58	1,940				1,998	42			42	524	3.1676%	0.0%
Switzerland	118	0				118	7			7	88	0.5332%	0.0%
Chile	165	0				165	11			11	137	0.8274%	0.0%
China	18	0				18	1			1	14	0.0853%	0.0%
Colombia	1	0				1	0			0	1	0.0055%	0.0%
Costa Rica	0	0				0	0			0	0	0.0000%	0.0%
Czech Republic	0	0				0	0			0	0	0.0000%	0.5%
Germany	318	2,921				3,240	84			84	1,047	6.3349%	0.0%
Denmark	61	319				380	13			13	162	0.9785%	0.0%
Estonia	0	0				0	0			0	0	0.0000%	0.0%
Egypt	0	0				0	0			0	0	0.0000%	0.0%
Spain	36	810				846	26			26	331	2.0034%	0.0%
Finland	3	91				94	3			3	32	0.1932%	0.0%
France	121	2,182				2,302	54			54	670	4.0563%	0.0%
United Kingdom	159	2,079				2,237	51			51	632	3.8219%	0.0%
Guadeloupe	0	0				0	0			0	0	0.0000%	0.0%
Guatemala	0	0				0	0			0	0	0.0000%	0.0%
Guyana	0	0				0	0			0	0	0.0000%	0.0%
Hong Kong	9	0				9	0			0	6	0.0369%	1.0%
Croatia	0	0				0	0			0	0	0.0000%	0.0%
Hungary	141	1				142	9			9	111	0.6746%	0.0%
Ireland	357	85				442	23			23	290	1.7555%	0.0%
Israel	0	0				0	0			0	0	0.0000%	0.0%
India	103	0				103	6			6	81	0.4893%	0.0%
Italy	112	1,767				1,879	81			81	1,012	6.1235%	0.0%
Jamaica	0	0				0	0			0	0	0.0000%	0.0%

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer *(amounts in millions of euros)*

on December 31, 2021

	General credit exposures		Trading book exposure				Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate	Countercyclical capital buffer requirement
	Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Securitization exposure	Total exposure value	Of which General credit exposures	Of which Trading book exposures	Of which Securitization exposures	Total	(a)	(b)	(a)*(b)
Japan	0	0				0	0			0	0	0.0002%	0.0%
Kenya	0	0				0	0			0	0	0.0000%	0.0%
Saint Kitts and Nevis	0	0				0	0			0	0	0.0000%	0.0%
Republic of Korea	228	0				228	14			14	173	1.0446%	0.0%
Cayman Islands	0	0				0	0			0	0	0.0000%	0.0%
Luxembourg	1	4				4	0			0	2	0.0129%	0.5%
Monaco	0	0				0	0			0	0	0.0000%	0.0%
Mexico	189	0				189	13			13	157	0.9494%	0.0%
Malaysia	0	0				0	0			0	0	0.0000%	0.0%
Nigeria	0	0				0	0			0	0	0.0000%	0.0%
Netherlands	89	5,379				5,468	262			262	3,273	19.8050%	0.0%
Norway	80	512				592	16			16	203	1.2293%	1.0%
New Zealand	434	72				507	29			29	368	2.2240%	0.0%
Panama	0	0				0	0			0	0	0.0000%	0.0%
Peru	3	0				3	0			0	3	0.0161%	0.0%
Philippines	0	0				0	0			0	0	0.0000%	0.0%
Poland	435	0				435	27			27	332	2.0077%	0.0%
Portugal	9	88				97	5			5	58	0.3499%	0.0%
Reunion	0	0				0	0			0	0	0.0000%	0.0%
Romania	0	0				0	0			0	0	0.0000%	0.0%
Russian Federation	280	0				280	16			16	196	1.1871%	0.0%
Sweden	64	690				755	20			20	249	1.5062%	0.0%
Singapore	74	0				74	5			5	62	0.3743%	0.0%
San Marino	0	0				0	0			0	0	0.0000%	0.0%
Suriname	0	0				0	0			0	0	0.0000%	0.0%
El Salvador	0	0				0	0			0	0	0.0000%	0.0%
Turkey	31	0				31	2			2	30	0.1830%	0.0%
Taiwan	0	0				0	0			0	0	0.0001%	0.0%
United States	297	12,169				12,466	348			348	4,349	26.3124%	0.0%
Total	**4,495**	**34,572**				**39,067**	**1,322**			**1,322**	**16,528**	**100.000%**	

Leverage ratio

EU CCyB2 – Amount of institution-specific countercyclical capital buffer

Amount of institution-specific countercyclical buffer *(amounts in millions of euros)*	
Total risk exposure amount	20,101
Institution-specific countercyclical capital buffer rate	0.0127%
Institution-specific countercyclical capital buffer requirement	3

EU LRA – Disclosure of LR qualitative information

DLL reported on the leverage ratio for the first time over June 2021. When the leverage ratio for December is compared with the June leverage ratio, the ratio decreased due to on the one hand organic portfolio growth and on the other hand a dividend payout to DLL's parent Rabobank of EUR 750 million.

The current level of the leverage ratio of DLL is well above the regulatory minimum requirement, therefore no explicit target has been defined. The leverage ratio has also never been below the minimum level. Our strategy is based on performance improvement, selective asset growth, and reduction of specific portfolios, which will further improve the leverage ratio. The leverage ratio is a less binding constraint for DLL in relation to the minimum requirements. Changes and potential changes in regulation relating to the leverage ratio are monitored and their potential impact is assessed. The risk profile of the bank (such as the risk-weighted assets) is our primary driver in controlling the business.

EU LR1-LRSum – Summary reconciliation of accounting assets and leverage ratio exposures

Reconciliation balance sheet and LR exposures *(amounts in millions of euros)*	
Total assets as per published financial statements	41,588
Adjustment for entities that are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	
(Adjustment for temporary exemption of exposures to central bank (if applicable))	
(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	
Adjustment for regular-way purchases and sales of financial assets subject to trade-date accounting	
Adjustment for eligible cash-pooling transactions	
Adjustments for derivative financial instruments	319
Adjustment for securities financing transactions (SFTs)	
Adjustment for off-balance-sheet items (i.e., conversion to credit equivalent amounts of off-balance-sheet exposures)	1,040
(Adjustment for prudent valuation adjustments and specific and general provisions that have reduced Tier 1 capital)	
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
Other adjustments	(57)
Leverage ratio total exposure measure	**42,857**

EU LR2-LRCom – Leverage ratio common disclosure

Leverage ratio common disclosure *(amounts in millions of euros)*			
		2021-12	2021-06
On-balance-sheet exposures (excluding derivatives and SFTs)			
1	On-balance-sheet items (excluding derivatives and SFTs, but including collateral)	41,534	40,075
2	Gross-up for derivatives collateral provided		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)		
5	(General credit risk adjustments to on-balance-sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(57)	(30)
7	Total on-balance-sheet exposures (excluding derivatives and SFTs)	41,477	40,045
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)		
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	53	37
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
EU-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardized approach	287	291
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivatives exposures	340	328
Securities financing transaction (SFT) exposures			
14	Gross SFT assets		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: counterparty credit risk exposure		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures		
Other off-balance-sheet exposures			
19	Off-balance-sheet exposures at gross notional amount	6,554	6,012
20	(Adjustments for conversion to credit equivalent amounts)	(5,514)	(5,049)
21	(General provisions associated with off-balance-sheet exposures deducted)		
22	Off-balance-sheet exposures	1,040	963

Leverage ratio common disclosure *(amounts in millions of euros)*			
		2021-12	2021-06
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks – Public sector investments)		
EU-22d	(Excluded promotional loans of public development banks)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks)		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions)		
EU-22i	(Excluded CSD related services of designated institutions)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted xposures)		
Capital and total exposure measure			
23	Tier 1 capital	2,990	3,745
24	Leverage ratio total exposure measure	42,857	41,336
Leverage ratio			
25	Leverage ratio	6.98%	9.06%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks – Public sector investments) (%)	6.98%	9.06%
25a	Leverage ratio (excluding any exemption of central bank reserves)	6.98%	9.06%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	Of which to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Disclosure of mean values			
28	Mean of daily values of gross SFT assets		
29	Quarter-end value of gross SFT assets		
30	Total exposures (including any exemption of central bank reserves)	42,857	41,336
30a	Total exposures (excluding any exemption of central bank reserves)	42,857	41,336
31	Leverage ratio (including any exemption of central bank reserves)	6.98%	9.06%
31a	Leverage ratio (excluding any exemption of central bank reserves)	6.98%	9.06%

EU LR3-LRSpl – Split-up of on-balance-sheet exposures (excluding derivatives, SFTs and exempted exposures)

Split-up of on-balance-sheet exposures *(amounts in millions of euros)*	
Total on-balance-sheet exposures, of which:	**41,534**
Trading book exposures	
Banking book exposures, of which:	41,534
Covered bonds	
Exposures treated as sovereigns	594
Exposures to regional governments, MDB	
Institutions	3,290
Secured by mortgages of immovable properties	
Retail exposures	26,084
Corporate	10,699
Exposures in default	496
Other exposures	371

Credit risk

Credit risk is defined as the risk of DLL facing an economic loss because its counterparties cannot perform their contractual obligations.

Management of credit risk within the bank is governed by the DLL Group credit risk policy and standards that are further detailed in underlying specific credit risk procedures and local policies and/or manuals.

The primary responsibility for managing and monitoring credit risk lies with the countries as the first line of responsibility. The countries are required to identify, assess, manage, monitor, and report potential risks in the credit portfolios. Monitoring takes place on an ongoing basis to limit credit risk exposures to a level that is in line with the risk appetite.

In addition, risks in the credit portfolio are measured and monitored DLL-wide and at country level on a monthly basis, as well as by quarterly and ad-hoc portfolio reporting and analysis, with specific attention to risk developments and concentrations.

EU CRB – Additional disclosure related to the credit quality of assets

Credit risk quality

DLL has several parameter frameworks for assessing the credit quality of obligors/ facilities. Particularly in recent years, external regulation (e.g., regarding forbearance and non-performing) has forced the banking industry to extend the number of credit risk parameter frameworks.

Credit risk classification

The Credit Risk Classification (CRC) framework is being used to assess the credit quality of our clients. The CRC consists of four classifications: Good, Early Warning (EW), Financial Difficulties (FD) and Default. The four classes determine the required intensiveness and the appropriate level of account management. The determination of the CRC should be based on ability of the obligor to meet its financial commitments on a going-concern basis and should not take into account any elements related to the security position of the bank towards the obligor (e.g., collateral, guarantees etc.). The CRC helps to:

- Increase objectivity by using decision trees and improving and clarifying definitions;
- Simplify our broader Credit Risk Parameter framework by aligning the frameworks used within the bank (CRC, RRR, Forbearance and IFRS9 Stages);
- Identify signals earlier, report with more transparency on portfolio quality and manage clients more effectively; and
- Achieve a more forward-looking approach to credit classifications.

Past-due, defaults and loan impairment allowances

For the purpose of reporting, DLL distinguishes several types of loans for which servicing commitments are not being met, like:

- Past-due loans: Interest, repayments or overdrafts on a loan have been due for payment for more than one day;
- Defaulted loans: It is unlikely that the obligor/facility will pay its debt obligations (principal, interest and/or fees) in full, without recourse by the bank to actions such as realizing security (if held) or granting viable forbearance measures.

D1-D4, default, and Stage 3 are always fully aligned and therefore:

- When an obligor/facility is Defaulted, an IFRS 9 Stage 3 loan loss provision should be determined;
- When an obligor/facility is non-Defaulted, a RRR (R0-R20) is applicable,
- When an obligor/facility is non-Defaulted, IFRS 9 stage 1 or 2 is applicable.

As for forbearance:

- Forbearance measures are defined as concessions granted to obligors that are in CRC FD or CRC Default, and can only be granted by Collections & Recovery (C&R);
- All modifications to or refinancing of obligors/facilities in CRC Default must be seen as a forbearance measure;
- Obligors in the probation period for forbearance must be classified as CRC EW or CRC FD (depending on the credit quality analysis), but never as CRC Good.

In relation to the IFRS 9 staging:

- Obligors in the CRC Good category are always Stage 1;
- Obligors that are classified as CRC FD (and thus performing) always belong to Stage 2, but not vice versa (Stage 2 and FD triggers are not fully aligned);
- Obligors with Facilities in Stage 2 but not CRC FD should always be classified as CRC EW.

The obligor/facility is cured from default when all the requirements of the (i) Financial Exit Criteria and (ii) Probation Period for Default are met.

We flag exposures in the portfolio that are more than 90 consecutive days past-due even if they are not considered defaulted. These exposures are not considered materially past-due if they do not exceed EUR 500 or 1% of the obligor's on-balance-sheet exposure (for non-retail), and are not in excess of EUR 100 and 1% of a retail facility's on-balance-sheet exposure.

Classification

DLL classifies its financial assets within the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss) and
- those to be measured at amortized cost.

The classification depends on:

1. Business model assessment; Assessment of how the business is managed and how the business is seen from a strategic point of view:
   - Hold to collect: where the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; or
   - Hold to collect and sell: where the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; or
   - Other business model.

2. Contractual cash flow assessment: Assessment of whether the cash flows of the financial assets are Solely Payments of Principal and Interest (SPPI).

The business model assessment can be made on a portfolio basis, whereas the contractual cash flow assessment is made for each individual financial asset. DLL only reclassifies debt instruments when the business model for managing those assets changes.
A debt instrument that is held within a "hold to collect" business model and meets the SPPI test is measured at amortized cost unless the asset is designated at fair value through profit or loss.

A debt instrument that is held within a "hold to collect and sell" business model and meets the SPPI test is measured at fair value with fair value adjustments recognized in other comprehensive income unless the asset is designated at fair value through profit or loss.

All other debt instruments are mandatorily measured at fair value through profit or loss. All equity instruments in the scope of IFRS 9 are measured at fair value with fair value adjustments recognized in profit or loss or in other comprehensive income. The option to designate an equity instrument at fair value through other comprehensive income is available at initial recognition and is irrevocable.

Measurement

At initial recognition, DLL measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are expensed to profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the SPPI requirements. Derivative financial instruments are initially recognized and subsequently measured at fair value through profit or loss.

Impairment allowances on financial assets

The rules governing impairments 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 ("12-months expected credit loss" (ECL)). If credit risk has increased significantly since origination (but remains non-credit impaired), an allowance is required for the amount that equals the expected credit losses stemming from possible defaults during the expected lifetime of the financial asset ("Lifetime ECL"). If the financial instrument becomes credit-impaired, the allowance will remain at the Lifetime ECL.
The interest income for these instruments will be recognized by applying the effective interest rate on the net carrying amount (including the allowance). Financial instruments become credit-impaired when one or more events have occurred that had a detrimental impact on estimated future cash flows.

Two fundamental drivers of the IFRS 9 impairments requirements are a) the methodology for the measurement of 12-month and Lifetime ECL 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, DLL utilizes point-in-time PD x LGD x EAD models for the majority of the portfolio in scope. Three global macroeconomic 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

A framework of qualitative and quantitative factors has been developed in order to allocate financial instruments in scope between the categories 12-month ECL (stage 1), lifetime ECL non-credit-Impaired (stage 2) and Lifetime ECL Credit-Impaired (stage 3). The criteria for allocating a financial instrument to stage 3 are fully aligned with the criteria for assigning a defaulted status. In order to allocate financial instruments between stages 1 and 2, DLL uses criteria, such as days past due status, CRC, deterioration of the lifetime PD since origination, unit of account, and Purchased & Originated Credit Impaired (POCI). 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 will be made on groups of financial instruments with shared credit risk characteristics.

After a loan or lease has been granted, continuous client monitoring takes place.
New financial and non-financial information is assessed. DLL ascertains whether the client complies with the agreement made and whether it can be expected that the client will remain compliant in the future. If this is expected not to be the case, credit management is intensified, monitoring becomes more frequent, and a closer eye is kept on credit terms. If it is likely that a debtor will be unable to pay the amounts owed to DLL in accordance with the contractual obligations, this will give rise to an impairment (impaired loan). If necessary, an allowance is made that is charged to income.

Forbearance

The forbearance portfolio is composed of DLL obligors for whom forbearance measures have been put in place. Forbearance measures consist of concessions granted to an obligor which DLL only grants because the obligor is having (or is about to have) difficulty in meeting its financial commitments. DLL distinguishes two types of Concessions:

- Modification: a contractual adjustment of the previous terms and conditions of contractual obligations of an (joint) obligor, including the exercise of embedded clauses by the obligor.
- Refinancing: the use of new contractual obligation(s) to ensure:
  - the total or partial payment of other debt contracts, and/or
  - additional financing. The forborne portfolio is managed by C&R as the clients concerned have an CRC of Financial Difficulty or Default applies.

EU CR1 – Performing and non-performing exposures and related provisions

Performing and non-performing exposures and related provisions *(amounts in millions of euros)*

	Gross carrying amount/nominal amount						Accumulated impairment							Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment					
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
Cash balances at central banks and other demand deposits	314	314													
Loans and advances	37,301	32,809	4,493	696		696	(188)	(64)	(124)	(234)		(234)	0	32,806	351
Central banks															
General governments	222	162	60	3		3				(1)		(1)	0	210	2
Credit institutions	2,867	2,831	35	1		1								93	
Other financial corporations	686	620	65	12		12	(2)	(1)	(1)	(2)		(2)	0	646	7
Non-financial corporations	32,386	28,092	4,294	667		667	(182)	(60)	(122)	(229)		(229)	0	30,726	332
Of which SMEs	26,400	22,769	3,631	612		612	(164)	(51)	(114)	(187)		(187)	0	25,215	295
Households	1,141	1,102	38	13		13	(3)	(2)	(1)	(2)		(2)	0	1,131	9
Debt securities	275	275													
Central banks															
General governments	62	62													
Credit institutions															
Other financial corporations	213	213													
Non-financial corporations	0	0													
Off-balance-sheet exposures	6,554	6,554													
Central banks															
General governments	1	1													
Credit institutions	9	9													
Other financial corporations	65	65													
Non-financial corporations	6,479	6,479													
Households															
Total	**44,444**	**39,951**	**4,493**	**696**		**696**	**(188)**	**(64)**	**(124)**	**(234)**		**(234)**		**32,806**	**351**

The main topics regarding 2021 for the non-performing loan (NPL) portfolio are:
- Continuing downward trend in NPL stock and NPL ratio was boosted by active risk management, including the successful execution of our NPL strategy as well as government support measures limiting inflow;
- Total stage 2 and stage 3 non-performing exposures decreased compared to year-end 2020;
- A favorable economic environment in most of our geographies contributed to further decline in NPL stock.

DLL will implement the full EBA Definition of Default in the first quarter of 2022, which will have a limited upwards effect on our NPL ratio.

EU CQ1 – Credit quality of forborne exposures

Credit quality of forborne exposures *(amounts in millions of euros)*	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received
Cash balances at central banks and other demand deposits								
Loans and advances	282	169	169	169	(7)	(42)	355	104
Central banks								
General governments								
Credit institutions								
Other financial corporations	4	1	1	1	(0)	(0)	3	0
Non-financial corporations	279	168	168	168	(7)	(42)	351	104
Households		0	0	0		(0)	0	0
Debt securities								
Loan commitments given								
Total	**282**	**169**	**169**	**169**	**(7)**	**(42)**	**355**	**104**

With governmental measures to mitigate the COVID-19 impact coming to an end, also most support measures offered by DLL have ended. This has resulted in a decrease in the forborne portfolio, both for performing and non-performing exposures.

EU CQ3 – Credit quality of performing and non-performing exposures by past due days

Credit quality of performing and non-performing exposures by past due days *(amounts in millions of euros)*

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	314	314										
Loans and advances	37,301	36,994	307	696	418	108	81	48	32	5	4	696
Central banks												
General governments	222	215	7	3	2	1						3
Credit institutions	2,867	2,865	2	1	1							1
Other financial corporations	686	679	6	12	11	1						12
Non-financial corporations	32,386	32,103	283	667	400	101	79	48	31	5	4	667
Of which SMEs	26,400	26,160	240	612	369	85	78	42	30	5	4	612
Households	1,141	1,131	10	13	5	6	2					13
Debt securities	275	275										
Central banks												
General governments	62	62										
Credit institutions												
Other financial corporations	213	213										
Non-financial corporations												
Off-balance-sheet exposures	6,554											
Central banks												
General governments	1											
Credit institutions	9											
Other financial corporations	65											
Non-financial corporations	6,479											
Households												
Total	**44,444**	**37,583**	**307**	**696**	**418**	**108**	**81**	**48**	**32**	**5**	**4**	**696**

The majority of the non-performing exposures fall in the category "Unlikely to pay that are not past due or past due ≤ 90 days." Furthermore, DLL uses the same definition for non-performing exposures as for defaulted exposure.

EU CQ4 – Quality of non-performing exposures by geography

Quality of non-performing exposures by geography *(amounts in millions of euros)*

	Gross carrying/nominal amount						
		Of which non-performing					
			Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
On-balance-sheet exposures	**38,586**	**696**	**696**	**35,586**	**(412)**		
United States	12,190	203	203	12,190	(94)		
Germany	3,336	63	63	3,336	(36)		
France	2,467	73	73	2,467	(42)		
United Kingdom	2,244	51	51	2,244	(23)		
Italy	1,898	65	65	1,898	(47)		
Canada	1,990	11	11	1,990	(13)		
Australia	1,905	18	18	1,905	(15)		
Netherlands	4,524	25	25	4,524	(12)		
Other countries	8,031	187	187	8,031	(130)		
Off-balance-sheet exposures	**6,554**						
United States	3,342						
Canada	846						
France	503						
Germany	433						
Australia	306						
Other countries	1,123						
Total	**45,140**	**696**	**696**	**38,586**	**(412)**		

Impairment charges were significantly lower compared to 2020, a decrease that can be explained by the resilience of the economies in which DLL operates. Also, government support measures to mitigate the impact of COVID-19 proved to be effective.

EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

Credit quality of loans and advances to non-financial corporations by industry *(amounts in millions of euros)*	Gross carrying/nominal amount					
		Of which non-performing				
			Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
Agriculture, forestry and fishing	10,375	163	163	10,375	(91)	
Mining and quarrying	269	18	18	269	(4)	
Manufacturing	3,031	71	71	3,031	(63)	
Electricity, gas, steam and air conditioning supply	110	2	2	110	(1)	
Water supply	203	3	3	203	(1)	
Construction	1,779	56	56	1,779	(24)	
Wholesale and retail trade	5,824	55	55	5,824	(59)	
Transport and storage	1,601	42	42	1,601	(23)	
Accommodation and food service activities	181	14	14	181	(12)	
Information and communication	732	23	23	732	(17)	
Financial and insurance actvities						
Real estate activities	302	11	11	302	(5)	
Professional, scientific and technical activities	1,205	25	25	1,205	(16)	
Administrative and support service activities	2,717	59	59	2,717	(24)	
Public administration and defense, compulsory social security						
Education	544	8	8	544	(4)	
Human health services and social work activities	3,008	60	60	3,008	(37)	
Arts, entertainment and recreation	402	37	37	402	(19)	
Other services	771	22	22	771	(10)	
Total	**33,054**	**667**	**667**	**33,054**	**(412)**	

The credit quality of our portfolio increased significantly compared to 2020. The non-performing portfolio decreased and macro-economic outlook improved. F&A sectors are in general less affected by general economic developments, which was also evidenced in the pandemic compared to non F&A sectors. DLL has identified vulnerable sectors for which the outlook is less positive, which are all in the non F&A sectors.

EU CQ7 – Collateral obtained by taking possession and execution processes

Collateral obtained by taking possession and execution processes *(amounts in millions of euros)*	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)		
Other than PP&E	16	0
Residential immovable property		
Commercial Immovable property		
Movable property (auto, shipping, etc.)	16	0
Equity and debt instruments		
Other collateral		
Total	**16**	**0**

When a foreclosure is executed, DLL normally tries to auction the asset that served as security for the loan or lease, which does not lead to the recognition of the collateral on our own book. Therefore, the number reported in the template is very limited.

Disclosure of the usage of credit risk mitigation techniques

DLL employs a range of mitigation techniques to reduce credit risk, which are covered below.

EU CRC – Qualitative disclosure requirements related to CRM techniques

For credit risk mitigation, DLL, being an asset-based finance company, mainly relies on the asset that is financed, being at the same time the primary source of collateral (credit risk mitigation). Balance sheet netting is not applied.

DLL has a specialized asset management department that is responsible for asset valuation and residual value estimation. These estimations are taken into account during underwriting new business. Value lines are available for every relevant asset, reflecting the value of the asset during the economic lifetime of the asset.

Assets that are financed by DLL (and that are the prime source of collateral for DLL) fall into the following industries: Agriculture, Food, Healthcare, Clean technology, Construction, Transportation, Industrial equipment, Office equipment and Technology.

DLL has a highly diversified portfolio, in terms of number of obligors, number of contracts, countries where exposures are booked and assets that are financed. Credit risk concentration from a credit risk mitigation perspective is not applicable.

EU CR3-CRM techniques overview – Disclosure of the use of credit risk mitigation techniques

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques *(amounts in millions of euros)*

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	2,760	35,237	33,156		
Debt securities	275				
Total	**3,035**	**35,237**	**33,156**		
Of which non-performing exposures		696	351		
Of which defaulted		696			

The use of the standardized approach to credit risk

DLL's policy is aimed at applying the Advanced Internal Ratings-Based Approach (A-IRB) approach to its credit portfolio as much as possible. However, there are exceptions where it is allowed, necessary or forced to apply less sophisticated approaches (SA instead A-IRB) to certain portfolios.

DLL does not use external ratings for risk weighting under the standardized approach. Permission has been asked to the ECB to move a portfolio of Institutions and CG&CB to SA in 2022.

EU CR4 – Standardized approach – Credit risk exposure and CRM effects

Standardized approach – Credit risk exposure and CRM effects *(amounts in millions of euros)*	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance	Off-balance	On-balance	Off-balance	RWAs	RWAs density
Central governments or central banks	535		535	0	296	55.2%
Regional government or local authorities						
Public sector entities						
Multilateral development banks						
International organizations						
Institutions	148		148	0	57	38.3%
Corporates	1,514	6,554	1,514	556	1,979	95.6%
Retail	2,378		2,378	0	1,631	68.6%
Secured by mortgages on immovable property						
Exposures in default	47		47	0	47	100.0%
Exposures associated with particularly high risk						
Covered bonds						
Institutions and corporates with a short-term credit assessment						
Collective investment undertakings						
Equity						
Other items						
Total	**4,623**	**6,554**	**4,623**	**556**	**4,009**	**77.4%**

The SA total exposure remained at the same level as the SA exposure in 2020 and mainly comprises of smaller portfolios where DLL does not have PD and/or LGD models in place.

The use of the IRB approach to credit risk

DLL's policy is aimed at applying the Advanced Internal Ratings-Based (A-IRB) approach to its credit portfolio as much as possible. However, there are exceptions where it is allowed, necessary or forced to apply less sophisticated approaches (SA instead A-IRB) to certain portfolios.

For the A-IRB portfolio, internally developed Probability of Default (PD) and Loss Given Default (LGD) models are available. During the PD and LGD model development recoveries of all credit risk mitigation techniques are taken into account. DLL does not make use of credit derivatives.

EU CR8-RWEA flow statements of credit risk exposures under the IRB approach

RWEA flow statements of credit risk exposures under the IRB approach *(amounts in millions of euros)*

	RWA
RWA as at December 2020	12,571
Asset size	309
Asset quality	(456)
Foreign exchange movements	429
Other	291
RWA as at December 2021	13,145

Since the start of the pandemic, resilient economies and support measures so far have avoided a material deterioration in asset quality. The quality of our portfolio (PDs and/or LGDs) improved, leading to a decrease in RWEA. The asset size represents the growth of our business.

EU CR7-IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

IRB approach – Effect on the RWEAs of credit derivatives *(amounts in millions of euros)*

	Pre-credit derivatives RWA	Actual RWA
Exposures under FIRB		
Central governments or central banks		
Institutions		
Corporates		
Of which SMEs		
Of which Specialized lending		
Exposures under AIRB	10,354	10,354
Central governments or central banks	4	4
Institutions	269	269
Corporates	4,140	4,140
Of which Corporates – SMEs	1,256	1,256
Of which Corporates – Specialized lending		
Retail	5,941	5,941
Of which Retail – SMEs – Secured by immovable property		
Of which Retail – non-SMEs – Secured by immovable property		
Of which Retail – Qualifying revolving		
Of which Retail – SMEs – Other	5,649	5,649
Of which Retail – Non-SMEs – Other	292	292
Total (including FIRB exposures and AIRB exposures)	10,354	10,354

DLL does not make use of credit derivatives, hence there is no impact on the RWA.

EU CR7-A-IRB approach – Disclosure of the extent of the use of CRM techniques

IRB – usage of CRM techniques		Credit risk Mitigation techniques											CRM methods in the calculation of RWA	
		Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
	Total exposures	Financial collaterals (%)	Other eligible collaterals (%)	Immovable property collaterals (%)	Receivables (%)	Other physical collateral (%)	Other funded credit protection (%)	Cash on deposit (%)	Life insurance policies (%)	Instruments held by a third party (%)	Guarantees (%)	Credit Derivatives (%)	RWEA without substitution effects	RWEA with substitution effects
Central governments or central banks	58												4	4
Institutions	3,145												269	269
Corporates	9,337												4,140	4,140
Of which Corporates – SMEs	3,066												1,256	1,256
Of which Corporates – Specialized lending														
Of which Corporates – Other	6,272												2,884	2,884
Retail	24,386												5,941	5,941
Of which Retail – Immovable property SMEs														
Of which Retail – Immovable property non-SMEs														
Of which Retail – Qualifying revolving														
Of which Retail – Other SMEs	23,236												5,649	5,649
Of which Retail – Other non-SMEs	1,150												292	292
Total	**36,926**												**10,354**	**10,354**

Although DLL is an asset based financing company, which mainly has loans and leases that are backed by collateral, not all CRR requirements to recognize loans and leases as collateralized are met.

Remuneration

EU REMA – Remuneration Policy

DLL seeks to hire the best talent in each local market and therefore aims to provide a remuneration package that is market competitive and in line with responsibilities and performance. Furthermore, the remuneration policy is aimed at encouraging behavior in line with our core values, global alignment, cooperation and personal development.

Remuneration policy

Within the framework of our parent's vision on remuneration and Rabobank Group Remuneration Policy, we have our own global DLL remuneration policy. This policy is designed to promote fair and consistent employee compensation based on an effective job classification system. While the Global Remuneration Policy (GRP) applies to all DLL entities worldwide, minor differences may apply per country. This relates to the application of local legislation, national collective labor agreements or local labor market practices. Furthermore, the salary and incentive levels are country specific, aligned with local labor markets. In all countries we have implemented a remuneration package that consists of fixed and variable remuneration components and various fringe benefits. In many countries we have implemented a pension scheme.

The remuneration packages for the Executive Board are subject to review and approval by the Supervisory Board.

Rabobank Group Remuneration Policy

The principles and guidelines of Rabobank's vision on remuneration are detailed in the Rabobank Group Remuneration Policy. The requirements under external legislation and regulations are also enshrined in this policy, including the Dutch Financial Undertakings Remuneration Policy Act (Wbfo), the Regulations on Restrained Remuneration Policies, the Capital Requirements Directive IV (CRD IV) and the Dutch Banking Code. The Rabobank Group Remuneration Policy applies to the Rabobank Group as a whole, including DLL. Consequently, we follow this policy consistently. The policy supports solid and effective risk management processes and discourages employees from taking undesirable risks. It also encourages employees to consider the longer-term impact in the interests of both Rabobank Group and its clients.

Identified Staff

Employees who can have a significant impact on DLL's risk profile are designated as "Identified Staff." In 2021, 55 roles within DLL were determined to be Identified Staff (excluding Supervisory Board members). In general, these members are not eligible for variable remuneration. In exceptional cases where they are eligible, their incentive is governed by the principles laid down in the Rabobank Group Remuneration Policy. The most important of these risk-mitigating measures are discussed below. As is the case for all other employees, Identified Staff must meet a proper balance of performance objectives. Identified Staff are specifically subject to performance measurements at Group, business unit and individual levels.

If variable remuneration is granted, it is partly deferred in line with EBA regulations (a minimum of 40%). The direct portion of variable remuneration (50%) is unconditional, whereas the deferred portion (50%) is conditional. Each year one-third part of the deferred variable remuneration becomes unconditional. The cash component of the direct portion is immediately paid after it has been awarded. The cash component of the deferred portion is awarded to employees only after vesting. The other 50% of the variable remuneration is awarded in the form of an underlying instrument, 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 allocation on completion of the performance year. The number of DRNs is determined based on the closing rates of the RCs as traded during the first five trading days of February of each year. This therefore represents both the instrument component of the direct and the deferred portion of the variable remuneration. The final number of DRNs relating to the deferred portion is established on vesting. 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.

The deferred part of the variable remuneration vests for Identified Staff in equal parts during four years after the end of the relevant performance period, provided that (i) the participant is still employed by DLL at that time, and (ii) the ex-post evaluation does not give cause to adjust the deferred part of the variable remuneration (malus).

With respect to the application of malus the following assessment framework is applied to all Identified Staff:

- proof of material errors by the employee;
- award of the variable remuneration on the basis of incorrect, misleading information or as a result of fraudulent conduct by the relevant employee;
- participation in or responsibility for conduct that has led to considerable loss and/or damage to the reputation of Rabobank;
- proof of the employee not meeting the applicable standards with respect to ability and correct conduct;
- overall financial performance. The minimum requirement is that after award and payment of variable remuneration, Rabobank's CET1 capital ratio must be at or above the threshold laid down under the applicable legislation (Basel). If and to the extent that this minimum requirement is not met, variable remuneration will not be awarded or paid (in full);
- a significant breach in risk management;
- a significant negative change in the CET1 capital ratio of Rabobank.

DLL offers no fixed or variable remuneration in the form of options or shareholding rights to employees.

Guaranteed variable remuneration is only permitted in the form of a sign-on bonus in the first year of employment. These bonuses can only be awarded if Rabobank has a strong and solid capital basis.

Severance payments must be demonstrably related to the performance of the employee over time. For daily policy-makers (Dagelijks Beleidsbepalers) severance payments are capped at a maximum of 100% of the fixed pay on an annual basis.

EU REM1 – Remuneration awarded for the financial year

Remuneration awarded for the financial year *(amounts in thousands of euros)*		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of Identified Staff	4	5	50	
	Total fixed remuneration	209	3,971	16,955	
	Of which cash-based				
	(Not applicable in the EU)				
	Of which shares or equivalent ownership interests				
	Of which share-linked instruments or equivalent non-cash instruments				
	Of which other instruments				
	(Not applicable in the EU)				
	Of which other forms				
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff				
	Total variable remuneration				
	Of which cash-based				
	Of which deferred				
	Of which shares or equivalent ownership interests				
	Of which deferred				
	Of which share-linked instruments or equivalent non-cash instruments				
	Of which deferred				
	Of which other instruments				
	Of which deferred				
	Of which other forms				
	Of which deferred				
Total		**209**	**3,971**	**16,955**	

EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (Identified Staff)

Special payments to staff whose professional activities have a material impact on institutions' risk profile (Identified Staff) *(amounts in thousands of euros)*	MB Supervisory function	MB Management function	Other senior management	Other Identified Staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards – Number of Identified Staff				
Guaranteed variable remuneration awards –Total amount				
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year – Number of Identified Staff				
Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount				
Severance payments awarded during the financial year				
Severance payments awarded during the financial year – Number of Identified Staff		1		
Severance payments awarded during the financial year – Total amount		1,304		
Of which paid during the financial year				
Of which deferred				
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
Of which highest payment that has been awarded to a single person				

EU REM3 – Deferred remuneration

Deferred remuneration *(amounts in euros)*								
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function								
Cash-based	3,882	3,882	0				3,882	0
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments	94,429	90,884	3,544				0	90,884
Other forms								
Other senior management								
Cash-based	45,518	20,759	24,759				0	20,759
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments	322,217	276,480	45,737				0	45,737
Other forms								
Other identified staff								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Total amount	**466,046**	**392,005**	**74,040**				**3,882**	**157,380**

EU REM4 – Remuneration of 1 million EUR or more per year

Remuneration of 1 million EUR or more per year	
EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1,500,000 to below 2,000,000	1

EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (Identified Staff)

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (Identified Staff) *(amounts in thousands of euros)*

	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of Identified Staff										59
Of which members of the MB	4	5	9							
Of which other senior management								20	30	
Of which other Identified Staff										
Total remuneration of Identified Staff	209	3,971	4,180					4,638	12,317	
Of which variable remuneration	0	0	0					0	0	
Of which fixed remuneration	209	3,971	4,180					4,638	12,317	

Declaration Executive Board

The Executive Board of DLL declares that the risk management arrangements of DLL are adequate and assures that the risk management systems put in place are adequate to DLL's profile and strategy.

C.G.M. van Kemenade, Chairman (as from February 14, 2022)
M.M.A. Dierckx, CFO
T.L. Meredith, CCO
M.J. Janse, COO
Y.E. Hoefsmit, CRO

Appendix

EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

Main features of regulatory own funds instruments	
Issuer	De Lage Landen International B.V.
Unique identifier (e.g; CUSIP, ISIN or Bloomberg identifier for private placement)	Shares number A1 – A215 and B1 – B2
Public or private placement	Private
Governing law(s) of the instrument	Governed by laws of the Netherlands
Contractual recognition of write-down and conversion powers of resolution authorities	n/a
Regulatory treatment	
Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
Post-transitional CRR rules	Common Equity Tier 1
Eligible at solo/(sub-)consolidated/solo&(sub-)consolidated	Subconsolidated
Instrument type (types to be specified by each jurisdiction)	CET1 instruments as published on EBA list
Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 1,233 million
Nominal amount of instrument	EUR 98 million
Issue price	EUR 98 million (excluding share premium)
Redemption price	n/a
Accounting classification	Shareholders' Equity
Original date of issuance	05/04/1974 (April 5, 1974)
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	n/a
Optional call date, contingent call dates and redemption amount	n/a
Subsequent call dates, if applicable	n/a
Coupons/dividends	
Fixed or floating dividend/coupon	n/a
Coupon rate and any related index	n/a
Existence of a dividend stopper	n/a
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	No
Non-cumulative or cumulative	Non-cumulative

Main features of regulatory own funds instruments	
Convertible or non-convertible	n/a
If convertible, conversion trigger(s)	n/a
If convertible, fully or partially	n/a
If convertible, conversion rate	n/a
If convertible, mandatory or optional conversion	n/a
If convertible, specify instrument type convertible into	n/a
If convertible, specify issuer of instrument it converts into	n/a
Write-down features	n/a
If write-down, write-down trigger(s)	n/a
If write-down, full or partial	n/a
If write-down, permanent or temporary	n/a
If temporary write-down, description of write-up mechanism	n/a
Type of subordination (only for eligible liabilities)	n/a
Ranking of the instrument in normal insolvency proceedings	n/a
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	None
Non-compliant transitioned features	n/a
If yes, specify non-compliant features	n/a
Link to the full term and conditions of the intrument (signposting)	n/a

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