

Rated entity:

Mortgage Covered Bond Program issued by Coöperatieve Rabobank U.A.

Rating:

AAA

Rating outlook / watch:

Outlook stable

Rating summary:

This monitoring report covers our update of the mortgage covered bond program issued under Dutch law by Coöperatieve Rabobank U.A. („Rabobank“). Our rating of the Coöperatieve Rabobank U.A. Mortgage Covered Bond Program is reflected by our issuer rating opinion of its parent company Coöperatieve Rabobank U.A. due to its group structure. On 23 September 2021, Creditreform Rating AG (“CRA”) affirmed the unsolicited long-term issuer rating of Coöperatieve Rabobank U.A. (Group) at A+ and assigned a stable outlook. The rating decision is based on Rabobank’s global role as one of the leading banks in the food & agri sector, a strong retail business, strong capitalization and only little impact of the Corona crisis on Rabobank’s business. While risks may arise from the increasing potential problem loans (stage 2) exposure, CRA expects Rabobank to regain a solid level of profitability already in 2021.

During our monitoring, we did not come to any new findings with regard to the legal and regulatory framework, the liquidity and refinancing risk and the credit and portfolio risk. Therefore, we maintain a rating uplift of 4 notches for the legal and regulatory framework and a rating uplift of 1 notch for the liquidity and refinancing risk. Furthermore, the credit metrics from the last follow-up rating of 17 February 2021 are valid. The cover pool and cash flow analysis resulted in B+, which does not imply a second rating uplift.

Taking into consideration the updated issuer rating, our analysis of the regulatory framework, liquidity and refinancing risks, as well as our cover pool assessment and results of the cash flow analysis with credit metrics as of 17 February 2021, CRA affirms the covered bond program at AAA. The outlook of the covered bond program was set at stable. The AAA rating represents the highest level of credit quality and the lowest investment risk.

Risk Factor	Result
Issuer rating	A+ (rating as of 23 September 2021)
+ Legal and regulatory framework	+4 Notches
+ Liquidity and refinancing risk	+1 Notch
= Rating after 1 st uplift	AAA
Cover pool & cash flow analysis	B+ (credit metrics as of 17 February 2021)
+ 2 nd rating uplift	+/-0 Notch
= Rating covered bond program	AAA

Primary key rating driver:

- + Covered Bonds are subject to strict legal requirements.
- + Full recourse of the covered bond holders to the issuer
- + Covered bonds are backed by the appropriate cover asset class.
- Higher maturity mismatches between covered bonds and cover assets
- Rabobank’s increasing potential problem loans (stage 2) following the Corona pandemic

Rating sensitivities:

Best-case scenario: In this scenario, the base case assumptions remained stable, resulting in a cover pool rating of B+.

Worst-case scenario: In this scenario, we (ceteris paribus) reduced recoveries by 50% and increased credit risk by 50%, resulting in a cover pool rating of B-. This would not affect the 2nd rating uplift, still resulting in a rating of AAA for the covered bond program.

ESG-criteria:

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing Covered Bond ratings. Overall, ESG factors have a significant impact on the current rating of this Covered Bond program. CRA identifies governance factors, in particular, to have a highly significant impact on Covered Bond ratings. Since Covered Bonds are subject to strict legal requirements, regulatory risk plays an important role in assessing the credit rating.

The Dutch covered bond legislation defines clear rules to mitigate risks in particular regarding: insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the role and appointment of a special administrator, among other provisions. Additionally, risk management and internal controls as well as the macroeconomic factors such as hedging strategies, interest rates and yield curve are considered to have a highly significant impact on the assessment of the credit rating. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document ("The Impact of ESG Factors on Credit Ratings"), which is available on the homepage under the following link:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

Rating Date / disclosure to rated entity / maximum validity:

October 8, 2021 / October 8, 2021 / January 1, 2050

Between the disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

Initial rating date / rating:

August 10, 2020 / AAA - watch negative

Lead-analyst – position / Person approving (PAC):

Philip Michaelis (Lead) – Senior Analyst

Christian Konieczny (PAC) – Senior Analyst

Name & address of legal entity:

Creditreform Rating AG, Europadamm 2-6, 41460 Neuss, Germany

Status of solicitation:

The rating is an unsolicited rating. The degree of participation was as follows:

With Rated Entity or Related Third Party Participation: No

With Access to Internal Documents: No

With Access to Management: No

Rating methodology / Version / Date of application / Link:

[Rating Criteria and Definitions, Version 1.3, January 2018](#)

[Technical Documentation Portfolio Loss Distributions, Version 1.4, July 2018](#)

[Rating Methodology Covered Bonds, Version 1.0, July 2017](#)

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions".

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

Endorsement:

Creditreform Rating did not endorse the rating according Article 4 (3), CRA-Regulation.

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks. In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity. To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuing documents
4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore, CRA considers the quality and extent of information available on the rated entity as satisfactory. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.