

**Coöperatieve Centrale  
Raiffeisen-Boerenleenbank B.A.  
(Rabobank Nederland)**

**U.S. Resolution Plan**

**Public Section**

**December 14, 2015**

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## **I. Introduction**

To promote financial stability, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the related rule (the “Title I Rule”) require each nonbank financial company supervised by the Board of Governors of the Federal Reserve System (the “FRB”) and each bank holding company with total consolidated assets of \$50 billion or more (each, a “Covered Company”) periodically to submit to the FRB and the Federal Deposit Insurance Corporation (“FDIC”) a plan for such company’s rapid and orderly resolution in the event of material financial distress (as defined in the Title I Rule, “Material Financial Distress”) or failure.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“Rabobank Nederland” and, together with its subsidiaries worldwide, “Rabobank”) is a foreign-based “Covered Company” under the Title I Rule. This resolution plan (the “Resolution Plan” or the “2015 Resolution Plan”) is Rabobank Nederland’s submission under the Title I Rule. The Public Section of the Resolution Plan can be accessed on the FRB website ([www.federalreserve.gov](http://www.federalreserve.gov)) and the FDIC website ([www.fdic.gov](http://www.fdic.gov)).

This Public Section of the Resolution Plan provides a high-level overview of the Resolution Plan. The Resolution Plan presents a strategy for the resolution of Rabobank Nederland’s material U.S. operations<sup>1</sup> in the unlikely event of Material Financial Distress at, or failure of, Rabobank Nederland. The Resolution Plan was developed as a roadmap to facilitate the orderly resolution of Rabobank Nederland’s material U.S. operations within a reasonable timeframe while preserving asset value.

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<sup>1</sup> As discussed in Sections II and III below, Rabobank Nederland has determined that Rabobank (representing Rabobank Nederland and its subsidiaries) has no core business lines in the United States for purposes of the Title I Rule (“Core Business Lines”); in addition, for purposes of this Resolution Plan, Rabobank Nederland has deemed the New York branch of Rabobank Nederland (“New York Branch”) to be its only material entity for purposes of the Title I Rule (“Material Entity”). Throughout this Resolution Plan, Rabobank Nederland’s “material U.S. operations” refers to Rabobank Nederland’s only Material Entity identified in this Resolution Plan—New York Branch.

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## **Overview of Rabobank Group**

Rabobank Group, to which Rabobank Nederland belongs, is an international financial services provider operating on the basis of cooperative principles. As of December 31, 2014, Rabobank Group comprised Rabobank Nederland and its subsidiaries and 113 independent local Dutch banks that are members of Rabobank Nederland and that are banking cooperatives in their own right (“Local Rabobanks”). Consolidated financial statements are published for Rabobank Group and, accordingly, financial information for Rabobank Group has served as the basis for this Resolution Plan. Rabobank Group, as of December 31, 2014, had €681.1 billion in assets.<sup>2</sup> Unless otherwise noted, the information provided herein is as of December 31, 2014.

Rabobank Group operates in 40 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, leasing and real estate. It serves 8.8 million customers around the world. In the Netherlands, its focus is on maintaining Rabobank Group’s position in the Dutch market and, internationally, on food and agri.

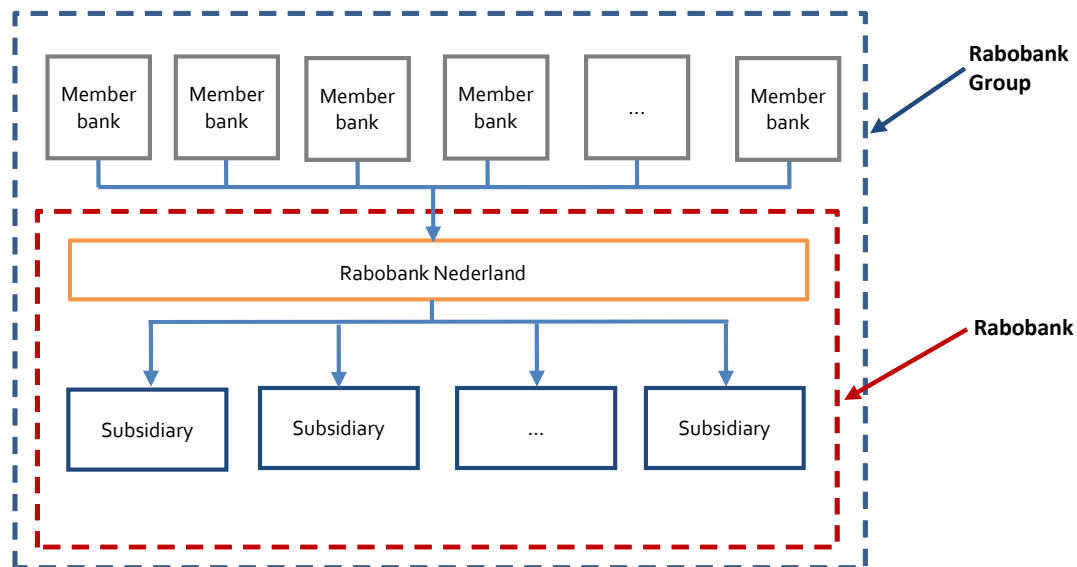
Rabobank Group’s cooperative core business comprises independent Local Rabobanks. Clients can become members of their Local Rabobank. In turn, the Local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organization that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency, and liquidity of the Local Rabobanks. With 547 branches and 2,305 cash-dispensing machines, the Local Rabobanks form an extensive banking network in the Netherlands. In the Netherlands, the Local Rabobanks serve approximately 6.7 million retail clients, and approximately 0.8 million corporate clients, offering a comprehensive package of financial services.

Rabobank Nederland is the holding company of a number of specialized subsidiaries in the Netherlands and abroad. The figure below illustrates a simplified organizational structure of Rabobank Group.

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<sup>2</sup> Unless otherwise indicated, (i) all financial information provided in this Resolution Plan refers to the year ended December 31, 2014, or to the values as of that date, as the context requires; (ii) all financial information pertaining to Rabobank Group has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union; (iii) all financial information pertaining to Rabobank Nederland has been prepared in accordance with the accounting policies generally accepted in the Netherlands, which are the same as the IFRS with one exception concerning the measurement of associates (and joint ventures); and (iv) all financial information pertaining to New York Branch and Utrecht-America Holdings, Inc. has been prepared in accordance with the accounting principles generally accepted in the United States (“U.S. GAAP”).

Figure I-1 Illustration of Rabobank Group’s organizational structure



The profile of Rabobank Nederland and its subsidiaries includes the following:

#### Domestic retail banking

Rabobank Group is a leading player in the Netherlands in the field of mortgages, savings, and insurance. It is also an important financial services provider for the small and medium enterprise (“SME”) segment, the food and agri sector, and the mid-corporate segment.

#### Wholesale banking and international rural and retail banking

Wholesale banking serves the largest domestic and international companies. All sectors are served in the Netherlands. Internationally, Rabobank focuses on holding a leading position in the food and agri sector, with respect to both the industrial sector and farm financing, through its global branch network.

Businesses in the Netherlands with annual revenue of up to EUR 250 million are served mainly by the local Rabobanks, with support from regional teams of the Rabobank Mid-Corporates division. Wholesale, Rural & Retail (formerly known as Rabobank International) serves as the contact point for customers with annual revenue of more than EUR 250 million. This centralized department has an international branch network with branches in 27 countries. Rabobank also has RaboDirect internet savings banks in Belgium, Germany, Ireland, Australia, and New Zealand. The total number of employees in wholesale banking and international retail banking stands at approximately 9.500 full-time employees (“FTEs”).

#### DLL

DLL is the specialist in the field of leasing within Rabobank Group, Vendor Finance operates globally and supports manufacturers and distributors in selling products and services. DLL is active in ten European countries through its international mobility arm Athlon. DLL offers financial solutions in 36

countries. In the Netherlands, DLL provides a wide package of lease products and trade and consumer finance products, with the latter being provided through channels including online lender Freo. DLL has approximately 5,200 FTEs.

### Rabo Real Estate Group

Rabo Real Estate Group is active in the field of real estate and area development, real estate financing, investment management, and the management of community funds. The Rabo Real Estate Group comprises five divisions (1) Bouwfonds Property Development (operating under the name BPD since January 1, 2015) – development of residential environments; (2) MAB Development – commercial real estate developer (currently being phased out); (3) FGH Bank – specialist in financing commercial real estate (FGH Bank will be integrated into Rabobank in 2015); (4) Bouwfonds Investment Management – real estate funds manager; and (5) Fondsenbeheer Nederland – independent community funds manager dedicated to improving the quality of the living environment. Rabo Real Estate Group has approximately 1,500 FTEs and is primarily active in the Netherlands, France, and Germany.

### **Overview of Rabobank Group’s U.S. Operations and Activities**

Rabobank Group has diverse financial operations in the United States involving wholesale, rural and retail clients. Rabobank Group conducts its wholesale activities in the United States through New York Branch and certain subsidiaries of Utrecht-America Holdings, Inc. (“UAH” and, together with its subsidiaries, the “UAH Group”), the top-tier U.S. holding company indirectly wholly owned by Rabobank Nederland. Rabobank Group conducts its U.S. rural and retail activities primarily through certain subsidiaries of UAH and conducts its equipment leasing activities through DLL U.S. Holding Company, L.P. and its subsidiaries. Collectively, UAH Group and New York Branch hold approximately 90% of the U.S. operating assets of Rabobank Group.

### **II. The Name of the Material Entity**

Material entity is defined in the Title I Rule as “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line” (12 C.F.R. 243.2(1); 12 C.F.R. 381.2(l)). Rabobank Nederland has identified New York Branch as its sole Material Entity for purposes of the Title I Rule.

### **III. Description of Core Business Lines**

The Title I Rule defines core business lines as “those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value” to the Covered Company (12 C.F.R. 243.2(d); 12 C.F.R. 381.2(d)). Rabobank Nederland has conducted a review of Rabobank’s U.S. business lines, considering both quantitative and qualitative factors, and has determined that Rabobank does not have any Core Business Lines in the United States for purposes of the Title I Rule.

#### IV. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

##### Balance Sheet

The consolidated statement of financial position of Rabobank Group, as of December 31, 2014, and December 31, 2013, is presented below. For further information, please see Rabobank Group's Consolidated Financial Statements 2014.

Figure IV-1 Rabobank Group's Consolidated Statement of Financial Position

<b>Rabobank Group Consolidated Statement of Financial Position</b> <i>In millions</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>		
Cash and cash equivalents .....	€ 43,409	€ 43,039
Due from other banks.....	45,302	40,787
Financial assets held for trading.....	4,279	5,289
Other financial assets at fair value through profit or loss .....	4,325	4,939
Derivative financial instruments .....	56,489	39,703
Loans to customers .....	462,447	455,909
Available-for-sale financial assets .....	39,770	46,552
Investments in associates and joint ventures.....	3,807	3,747
Intangible assets .....	2,059	1,991
Property and equipment .....	7,148	6,901
Investment properties.....	452	1,055
Current tax assets .....	211	170
Deferred tax assets .....	2,501	1,910
Other assets .....	8,560	8,030
Non-current assets held for sale and discontinued operations .....	327	9,073
<b>Total assets</b>	<b>€ 681,086</b>	<b>€ 669,095</b>
<b>Liabilities</b>		
Due to other banks .....	€ 17,883	€ 14,745
Due to customers.....	326,471	326,222
Debt securities in issue.....	189,060	195,361
Derivative financial instruments and other trade liabilities .....	67,560	50,171
Other debts.....	8,047	7,749
Other financial liabilities at fair value through profit or loss.....	19,744	19,069
Provisions.....	794	1,050
Current tax liabilities.....	255	266
Deferred tax liabilities.....	473	288
Subordinated debt .....	11,928	7,815
Liabilities held for sale and discontinued operations.....	—	7,825
<b>Total liabilities</b>	<b>€ 642,215</b>	<b>€ 630,561</b>

<b>Rabobank Group Consolidated Statement of Financial Position</b> <i>(continued)</i>	<b>December 31,</b>	<b>December 31,</b>
<i>In millions</i>	<b>2014</b>	<b>2013</b>
<b>Equity</b>		
Equity of Rabobank Nederland and Local Rabobanks .....	€ 24,894	€ 23,731
<b>Equity instruments issued directly</b>		
Rabobank Certificates .....	5,931	5,823
Capital Securities .....	6,349	7,029
	€ 12,280	€ 12,852
<b>Equity instruments issued by subsidiaries</b>		
Capital Securities .....	€ 181	€ 236
Trust Preferred Securities III to VI .....	1,043	1,269
	1,224	1,505
Other non-controlling interests .....	473	446
<b>Total equity</b>	<b>38,871</b>	<b>38,534</b>
<b>Total equity and liabilities</b>	<b>€ 681,086</b>	<b>€ 669,095</b>

### **Funding Sources**

Rabobank Group obtains funding from diversified funding sources in a range of currencies. Consistent with its retail Dutch heritage, domestic retail banking accounts for 64% of amounts due to customers, with the remaining 36% share being accounted for by wholesale banking and international retail banking (35%) and other activities (1%). At year-end 2014, unsecured bond funding was 49% denominated in Euros, 22% denominated in U.S. dollars, 11% denominated in Australian dollars, 4% denominated in Japanese yen, 2% in British pounds, and 12% in other currencies.

Liquidity risk has long been recognized as a major type of risk by Rabobank. In line with CRR (CRD IV), Rabobank's policy is aimed at financing long-term lending with stable funding, i.e. funds entrusted by customers and long-term funding provided by the professional markets. Responsibility for the day-to-day management of the liquidity position, the raising of professional funding on the money and capital market, and the management of the structural position lies with the Treasury department.

Liquidity risk management is based on three pillars. The first pillar sets strict limits for the maximum cash outflow of wholesale banking. This includes daily measurement and reporting of expected cash inflows and outflows for the next twelve months. Limits have been set for these cash outflows, per currency and per 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. An operational test of the Rabobank contingency funding plan took place in 2014.

An extensive buffer of liquid assets is maintained as a second pillar. In addition to credit balances held at central banks, these assets can be used to be pledged to central banks, in repo transactions or to be sold directly in the market as to generate liquidity immediately. The size of the liquidity buffer is



attuned to the risk Rabobank is exposed to in its balance sheet. In the past few years, Rabobank has (internally) securitized a portion of the loan portfolio, which can therefore be pledged to the central bank and accordingly acts as an additional liquidity buffer. As these are internal securitizations for liquidity purposes only, they are not shown in the balance sheet for financial reporting purposes but they do count towards the liquidity buffer in place.

The third pillar for limiting liquidity risk is a prudent funding policy, in order to be able to provide funding to Group entities at acceptable costs. Key success factors are the diversification of funding sources and currencies, the flexibility of the funding instruments used and an active investor relations role. This helps to ensure that Rabobank does not become excessively dependent on any single source of funding.

### **Capital**

At the end of 2014, Rabobank Group had a common equity tier 1 ratio of 13.6%, a tier 1 ratio of 16.0% and a capital ratio (BIS ratio) of 21.3%, relatively unchanged from the year-end 2013 levels of 13.5%, 16.6% and 19.8%, respectively. In the coming years, Rabobank intends to increase its capital ratios by improving its profitability and introducing strict targets for the volume of its risk-weighted assets.

Rabobank Group's capital buffer consists of retained earnings, Rabobank Certificates, supplementary tier 1 capital, and tier 2 capital. Rabobank's capital strategy is focused on increasing the relative proportion of retained earnings and tier 2 capital. The share of retained earnings increases by virtue of profit appropriation. To that end, Rabobank focuses throughout the Group on restraint and cost control. Although Rabobank does not seek to maximize profit, healthy profit growth is necessary for ensuring continuity, security, and selective growth. By expanding total capital with tier 2 capital by means of new issues, the relative proportion of Rabobank Certificates and additional tier 1 capital in total capital will automatically be reduced. Increasingly, the additional tier 1 instruments issued in the past are excluded in determining capital ratios. Therefore new instruments will be issued in the years ahead that do qualify as tier 1 capital.

Rabobank Group aims to achieve the following concrete financial targets by the end of 2016 in the areas of profitability, capital, and liquidity:

- Return on tier 1 capital of 8%;
- Common equity tier 1 ratio of 14% and capital ratio of more than 20%; and
- Loan-to-deposit ratio of 1.3.

Rabobank Group's required regulatory capital was €6.9 billion at year-end 2014. 87% of the total regulatory capital concerns credit and transfer risk, 11% relates to operational risk and 2% to market risk. Due to the CRR (CRD IV) taking effect, the regulatory capital declined by EUR 0.2 billion. The decline was due to a reduction in the capital for credit risk that was partially offset by an increase in the capital for market risk. The regulatory capital also rose by EUR 0.4 billion due to a higher capital requirement for operational risk. The calculation for operational risk has been brought in line with Rabobank's risk profile by means of an adjustment and optimization of the model. The capital for credit risk fell by EUR 0.5 billion, mainly due to the sale of Bank BGZ.

Rabobank Group calculates the regulatory capital for credit risk for virtually its entire loan portfolio on the basis of the Advanced Internal Rating Approach approved by the prudential supervisor. The

Standardized Approach is applied, in consultation with the supervisor, to portfolios with relatively limited exposure and to a few smaller foreign portfolios that are not suited to the Advanced Internal Rating Approach. Operational risk is measured using the internal model approved by the supervisor that is based on the Advanced Measurement Approach. Regarding market risk, Rabobank has obtained permission from the supervisor to calculate the general and specific position risk using its own internal Value at Risk (VaR) models based on the rules of the Capital Adequacy Directive II (CAD II).

Capital values and risk weighted assets at December 31, 2014, is based on CRD IV and at December 31, 2013, is based on CRD III.

Figure IV-2 Rabobank Group's Financial Position and Capital Figures

<b>Financial Position and Solvency</b> <i>In millions</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Total equity .....	€ 38,871	€ 38,534
Common equity tier 1 capital.....	28,714	28,551
Tier 1 capital .....	33,874	35,092
Qualifying capital.....	45,139	41,650
Risk-weighted assets.....	211,870	210,829

Figure IV-3 Rabobank Group's Ratios

<b>Ratios</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Common equity tier 1 ratio .....	13.6%	13.5%
Tier 1 ratio.....	16.0%	16.6%
Capital ratio (BIS ratio) .....	21.3%	19.8%
Equity capital ratio.....	14.4%	16.1%
Leverage ratio .....	4.9%	4.8%
Loan-to-deposit ratio.....	1.33	1.35
Return on tier 1 capital.....	5.2%	5.2%
Efficiency ratio.....	62.7%	74.9%
Net profit growth.....	-8.2%	-2.5%
Return on assets	0.28%	0.27%

## V. Description of Derivative and Hedging Activities

Derivative financial instruments 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 as well as acquired). Derivative financial instruments can be traded either on the stock exchange or over the counter (OTC) between Rabobank and a client. All derivative financial instruments are recognized at fair value. The fair value is determined using listed market prices (a small bid-ask range applies to derivatives quoted in euros, U.S. dollars and/or pound sterling, and mid prices are used), along with prices offered by traders, cash flow discounting models and option valuation models based on current market prices and contracted prices for the underlying instruments, as well as the time value of money, yield curves, and the volatility of the underlying assets and liabilities. All derivative financial instruments are included under assets if their fair value is positive and under liabilities if their fair value is negative. Derivative financial instruments that are embedded in other financial instruments are treated separately if their risks and characteristics are not closely related to those of the underlying derivative contract and this contract is not classified as at fair value through profit and loss.

### Derivative Financial Instruments Issued or Held for Trading

Rabobank Group trades in financial instruments to take positions in tradable or OTC instruments, including derivative financial instruments, so that it can profit from short-term movements on share and bond markets and in exchange and interest rates. For this type of trading, Rabobank Group sets risk limits relating to market positions at the end of the day (overnight trades) as well as during the day (intraday trades). Except under specific hedging arrangements, the currency and interest rate risks associated with these derivative financial instruments are usually offset by taking counter positions in order to manage the volatility in the net amounts needed to liquidate the market positions.

The table below shows the notional amounts and the positive and negative fair values of Rabobank Group's derivative financial instruments held for trading as of December 31, 2014. For further information, please see Rabobank Group's Consolidated Financial Statements 2014.

Figure V-1 Rabobank Group's Derivative Financial Instruments Held for Trading

Derivative Financial Instruments Held for Trading <i>In millions</i>	Notional Amounts	Fair Values	
		Assets	Liabilities
<b>Currency derivative financial instruments</b>			
Unlisted tradable contracts (OTC)			
Currency swaps .....	€ 362,705	€ 5,190	€ 6,842
Currency options .....	3,990	81	58
Listed tradable contracts			
Currency futures .....	4,912	61	42
<i>Total currency derivative financial instruments</i>	€ 371,607	€ 5,332	€ 6,942
<b>Interest rate derivative financial instruments</b>			
Unlisted tradable contracts (OTC)			
Interest rate swaps .....	€ 1,993,667	€ 39,016	€ 35,237

Derivative Financial Instruments Held for Trading <i>In millions</i>	Notional Amounts	Fair Values	
		Assets	Liabilities
Interest rate options .....	113,689	4,897	5,199
<i>Total OTC contracts</i>	€ 2,107,356	€ 43,913	€ 40,436
Listed tradable contracts			
Interest rate swaps .....	49,301	1	4
<i>Total interest rate derivative financial instruments</i>	€ 2,156,657	€ 43,914	€ 40,440
<b>Credit derivative financial instruments</b>			
Credit default swaps .....	€ 3,988	€ 6	€ 10
Total return swaps .....	1,996	15	49
<i>Total credit derivative financial instruments</i>	€ 5,984	€ 21	€ 59
<b>Equity instruments/index derivative financial instruments</b>			
Unlisted tradable contracts (OTC)			
Options – purchased and sold.....	€ 6,409	€ 446	€ 374
Listed tradable contracts			
Options – purchased and sold.....	3,122	187	138
<i>Total equity instruments/index derivative financial instruments</i>	€ 9,531	€ 633	€ 512
Other derivative financial instruments.....	€ 1,859	€ 272	€ 345
<b><i>Total derivative financial assets/liabilities held for trading</i></b>	<b>€ 2,545,638</b>	<b>€ 50,172</b>	<b>€ 48,298</b>

### Derivative Financial Instruments Held as Hedges

Rabobank concludes various derivative contracts that are intended as fair value, cash flow or net investment hedges, and which accordingly qualify as such. Rabobank also concludes derivative contracts as hedges against economic risks. It does not apply hedge accounting to these contracts.

#### **Fair value hedges**

The main components of Rabobank Group's fair value hedge are interest-rate swaps and cross-currency swaps which serve as protection against a potential change in the fair value of fixed-income financial assets and liabilities in both local and foreign currencies. The net fair value of these swaps at December 31, 2014, is -€12,869 million (2013: -€10,427 million).

Rabobank Group hedges a portion of its existing currency and interest-rate risk of securities issued by means of fair value hedges in the form of currency swaps and cross-currency interest-rate swaps. The net fair value of these interest-rate swaps as at December 31, 2014, is €3,908 million (2013: €1,947 million). For the year ending on December 31, 2014, Rabobank Group reported a profit of -€64 million (2013: €215 million) as a result of the portion of the fair value hedges which was classified as ineffective hedges.

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For the year ending on December 31, 2014, Rabobank Group reported a profit of -€2,242 million (2013: €2,782 million) for the hedging instruments. Total profit from the hedged position, allocable to the hedged risk, totaled €5,708 million (2013: -€2,567 million).

### **Cash Flow Hedges**

Rabobank Group's cash-flow hedges consist mainly of cross-currency interest-rate swaps which serve to protect against a potential change in cash flows from financial assets in foreign currencies with floating interest rates. The net fair value of the cross-currency interest-rate swaps, classified as a cash-flow hedge at December 31, 2014, is -€2,660 million (2013: -€2,405 million).

In 2014, Rabobank Group accounted for an amount of €48 million (2013: -€1,450 million) after taxation in equity as effective changes in the fair value of derivatives in cash-flow hedges. In 2014, an amount of -€86 million (2013: €1,459 million) after taxation of cash-flow hedge reserves was reclassified to the profit or loss account. The cash-flow hedge reserves as part of equity totaled €1 million (2013: €49 million) at December 31, 2014. This amount fluctuates along with the fair value of the derivatives in the cash-flow hedges and is accounted for in profit over the term of the hedged position as trading profit. The cash flow hedge reserve relates to a large number of derivatives and hedged positions with different terms. The maximum term is 97 years, with the largest concentrations exceeding five years. For the year ending on December 31, 2014, Rabobank Group reported a profit of €185 million (2013: €225 million) as a result of the portion of the cash-flow hedges classified as ineffective hedges.

### **Net Investment Hedges**

Rabobank Group uses forward foreign-exchange contracts to hedge a portion of the currency of the translation risk of net investments in foreign entities. The net fair value of these forward foreign-exchange contracts as at December 31, 2014, was €8 million (2013: €29 million).

At December 31, 2014, futures contracts with a nominal amount of €1,797 million (2013: €2,386 million) were designated as net investment hedges. These resulted in exchange gains and losses of -€87 million (2013: €279 million), which are deferred in equity. A total of €106 million was made in withdrawals from equity during the year (2013: nil). For the year ended December 31, 2014, Rabobank Group recognized no ineffectiveness as a result of the net investment hedges.

The table below shows the notional amounts and the positive and negative fair values of Rabobank Group's derivative financial instruments held as hedges as of December 31, 2014. For further information, please see Rabobank Group's Consolidated Financial Statements 2014.

Figure V-2 Rabobank Group's Derivative Financial Instruments Held as Hedges

<b>Derivative Financial Instruments Held as Hedges</b> <i>In millions</i>	<b>Notional Amounts</b>	<b>Fair Values</b>	
		<b>Assets</b>	<b>Liabilities</b>
<b>Derivative financial instruments designated as fair value hedges</b>			
Currency swaps and cross-currency interest rate swaps .....	€ 92,569	€ 3,950	€ 50
Interest-rate swaps .....	44,400	1,571	14,440
<i>Total fair value hedges</i>	€ 136,969	€ 5,521	€ 14,490
<b>Derivative financial instruments designated as cash flow hedges</b>			
Currency swaps and cross-currency interest rate swaps .....	€ 19,698	€ 788	€ 3,448
<b>Derivatives classified as net investment hedges</b>			
Currency futures contracts	1,797	8	—
<b><i>Total derivative financial assets/liabilities held as hedges</i></b>	<b>€ 158,464</b>	<b>€ 6,317</b>	<b>€ 17,938</b>

## VI. Membership in Material Payment, Clearing and Settlement Systems

Rabobank Group, through Rabobank Nederland, participates in a number of financial market utilities (“FMUs”). This section addresses those FMUs that are material to the operations of Rabobank Nederland’s only Material Entity, New York Branch.

The only material and direct FMU memberships of New York Branch are its memberships in Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) and Fixed Income Clearing Corporation—the Government Securities Division (“FICC-GSD”). New York Branch uses SWIFT to communicate with other banks with respect to cash payments and other activities and uses FICC-GSD for clearing trades in U.S. government securities.

Although New York Branch makes use of several other FMUs, it does so through agent relationships established through third-party banks.

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## VII. Description of Foreign Operations

Through Rabobank Nederland, its subsidiaries and the Local Rabobanks, Rabobank Group provides services in the following four core business areas: domestic retail banking, wholesale banking and international retail banking, leasing and real estate. As of December 31, 2014, Rabobank Group had total assets of €681.1 billion, 48,254 full-time employees, and international branches in 40 countries. The majority of its assets are outside the United States. Unless otherwise noted, the description below is as of December 31, 2014.

### Domestic Retail Banking

Rabobank Group is a leading player in the Netherlands in the field of mortgages, savings, and insurance. It is also an important financial services provider for the SME segment, the food and agri sector and the mid-corporate segment. The 113 autonomous local Rabobanks had 547 branches and 2,305 ATMs at the end of 2014. They serve around 6.7 million retail customers and 800,000 corporate customers in the Netherlands, offering a comprehensive range of financial services. In addition to the local Rabobanks, domestic retail banking also includes the mortgage company Obvion and savings bank Roparco.

As of December 31, 2014, Rabobank Group's domestic retail banking operations had total assets of €354.3 billion, a private sector loan portfolio of €290.5 billion, and amounts due to customers of €209.1 billion. For the year ended December 31, 2014, the operations had after-tax net profit of €751 million. Domestic retail banking had a total of 23,993 full-time equivalent employees at year-end 2014.

The independent Local Rabobanks make up Rabobank Group's cooperative core business. Clients can become members of their Local Rabobanks. With 547 branches and 2,305 ATMs as of December 31, 2014, the 113 Local Rabobanks comprise one of the leading local banks in the Netherlands with a dense branch network. The share of Rabobank Group in the Dutch mortgage market amounted to 21.5% of new mortgage production in 2014. Rabobank Group's market share of lending to the sectors of trade, industry, and services (TIS) amounted to 39% in 2014. This loan portfolio includes the commercial real estate portfolio of domestic retail banking. Lending to the food and agri sector accounts for 10% of the total loan portfolio of domestic retail banking. Rabobank Group has had a stable market share in the Dutch food and agri sector of around 85% for many years and is indisputably the most important financier in this sector. Rabobank Group has acquired this position as a result of its agricultural roots and the knowledge of the sector it has accumulated over the years.

Obvion is a provider of mortgages and a number of service products, including guarantees and bridging loans. Obvion focuses exclusively on collaboration with independent brokers and is 100% owned by Rabobank Nederland.

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the Local Rabobanks and is 100% owned by Rabobank Nederland. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank Nederland and by the issuance of mortgage bonds.

Rabobank Group's asset management business is carried out by Schretlen & Co and the Local Rabobanks. Rabobank and Schretlen & Co are to combine the services provided to high net worth customers. Schretlen's services will all be provided via Rabobank and the product offerings will be

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combined as from July 1, 2015. This will make a wider offering of products and services available to high net worth customers. Former Schretlen customers can then also use the virtual facilities provided by Rabobank. The centrally organized Rabo Schretlen Asset Management department supports the local Rabobanks in servicing high net worth customers.

As a wide-ranging services provider, Rabobank Group offers its private and business customers a complete range of advisory services and product solutions, including insurance. In the field of insurance products, Achmea, via its brand Interpolis, is Rabobank Group's most important strategic partner and supplier. Interpolis offers a wide range of non-life, healthcare and life insurance policies for both private customers and businesses. Rabobank Group has a 29% shareholding in Achmea.

### **Wholesale, Rural & Retail Banking**

Wholesale, Rural & Retail (formerly Rabobank International) and Rabobank Nederland have been managed as one unit since mid-2014. The strategy for Wholesale, Rural & Retail has not changed: the main objectives are still to strengthen its market leading position in the Netherlands and to continue to play a leading role in the international food and agri sector for its customers. In the context of the provision of services to Dutch and international customers, Wholesale offers a number of specialist products and services that ensure an optimal service.

In the Netherlands, the wholesale banking division focuses on wholesale customers in all market sectors and provides a wide range of services with the objective of serving the Dutch business market effectively, and, wherever possible, being nearby. Rabobank distinguishes itself from its competitors by its in-depth knowledge of sectors, its network, and its innovative product solutions. Rabobank succeeded in maintaining its leading position in the Dutch corporate market in 2014. Service to the Dutch market is provided in close cooperation with the local Rabobanks. The implementation of specialist products in the areas of cash management, trade services, and export finance has further expanded the services provided to Dutch business customers abroad.

Much attention was devoted to the integration of Wholesale, Rural & Retail and Rabobank Nederland in 2014. The aim of this combination is that Rabobank will operate as one bank both inside and outside the Netherlands and that customers should experience Rabobank as one bank. Rabobank is making progress on intensifying the cooperation between the international and the local Rabobanks. This integration has created a new business structure in which wholesale banking is divided into customer groups.

*Wholesale:* Internationally, Rabobank is a prominent financial services provider for food and agri businesses. Wholesale encourages a strategic dialogue with Wholesale's clear vision of the future of the sector. Wholesale's extensive network provides us with a great deal of specialist knowledge of the food chains. Wholesale offers its Dutch customers and international food and agri customers high quality professional financial products and services in areas including Global Financial Markets, Acquisition Finance, Global Client Solutions (including Asset Securitization), Project Finance, and Trade & Commodity Finance. A certain degree of scale is needed to ensure an optimal cost and quality standard for the products concerned.

Global Financial Markets (including Debt Capital Markets) offers customers products that are aimed at risk management and capital market transactions relating to the worldwide financial markets. Global Financial Markets decided to discontinue its Equity Derivatives activities in 2013, and the FX Prime



Brokerage activities were also terminated in 2014. These specific activities are not adequately suited to the Group strategy and moreover their economic contribution is limited in relation to the risk profile.

Acquisition Finance offers financial services to customers having to deal with a merger or acquisition. Global Client Solutions provides tailor-made financial solutions for businesses and financial institutions for which expert knowledge is required in areas such as lending, legislation, financial reporting standards, and/or tax law. Project Finance focuses on financial solutions for customers with a strong focus on sustainable energy, on infrastructure projects, and on businesses in the international food and agri sector. Global Trade and Commodity Finance serves customers involved in international raw materials trade, specific funding, and trade finance solutions.

Rabobank's strong focus on food and agri can be seen in the customer base of the Wholesale Clients International department, where food and agri accounts for 98% of the total portfolio in 2014.

*Rural & Retail banking:* Within Rural & Retail banking, the Rural banking arm focuses on the funding of agricultural businesses abroad. Partly due to currency effects, lending to rural customers increased by 13% in 2014 to EUR 35.2 billion. A large proportion of these loans are provided to customers in Australia and New Zealand, where Rabobank has had a strong position for many years and where lending showed clear growth in 2014. The United States is also an important market where Rabobank operates actively under the name of Rabo AgriFinance, which focuses fully on the agricultural sector.

*International retail banking:* The international retail banking activities concern three countries: Ireland (ACC Loan Management), the United States (Rabobank, N.A.), and Indonesia. With the sale of Bank BGZ, the presence in Poland has been reduced to an interest of slightly less than 10%.

As of December 31, 2014, Rabobank Group's Wholesale, Rural & Retail banking operations had total assets of €495.1 billion, a private sector loan portfolio of €95.2 billion, and amounts due to customers of €115.8 billion. For the year ended December 31, 2014, these operations had after-tax net profit of €758 million. Wholesale, Rural & Retail had 9,546 full-time equivalent employees at year-end 2014.

## **Leasing**

De Lage Landen International B.V., a wholly owned subsidiary of Rabobank Nederland, is the subsidiary responsible for Rabobank Group's leasing business. DLL has been the global specialist in leasing at the Rabobank Group for over 45 years. For DLL, financing involves more than simply lending money. It involves collaborating with partners. The organization works together with the local Rabobanks on a daily basis to find the best solution for each customer requirement. In order to continue to grow, DLL aims to develop further. In September 2014, the company launched its new brand name DLL (formerly De Lage Landen). This general renewal of the brand reflects the growth and success of the organization and is supported by a new logo and the new slogan 'See what counts'. This is a promise to the customer that expresses what DLL stands for in three simple words. The business is not only about financing assets, it's about adding value through integrated financial solutions that help partners grow their business sustainably. DLL's mission is to enable customers to use the assets they need to contribute meaningfully to the world, both economically and socially.

As of December 31, 2014, DLL's lease portfolio totaled €33.0 billion, a slight increase from the year-end 2013 balance of €30.2 billion. For the year ended December 31, 2014, DLL earned an after-tax net profit of €436 million. At 2014 year-end, DLL had 5,217 full-time equivalent employees, up 2% from the prior year's level.

## **Real Estate**

Rabo Real Estate Group operates in property and area development, property finance, investment management, and community fund management. Its activities are carried out primarily by:

- Bouwfonds Property Development (“BPD”) – realizes comprehensive residential areas;
- MAB Development – commercial property developer;
- FGH Bank – specialist in property finance;
- Bouwfonds Investment Management – real estate fund manager;
- Fondsenbeheer Nederland – independent manager of community funds with the aim of increasing the quality of the living environment.

Substantial changes occurred in the Rabo Real Estate Group in 2014. The loan portfolio at real estate financier FGH Bank declined to EUR 16.7 billion from EUR 18.4 billion at year-end 2013. Assets under management at Bouwfonds Investment Management rose further by EUR 0.5 billion to EUR 6.4 billion. The phase-out of activities at MAB Development is now at an advanced stage. The foreign branches have now been closed and the Dutch office will close in March 2015. Rabo Real Estate Group sold the PalaisQuartier in 2014, which was the largest real estate project in its portfolio. The sale price of approximately EUR 800 million led to a substantial book profit being realized and this transaction was one of the largest in Europe in 2014.

FGH Bank is to be integrated into Rabobank. The phase-out of MAB Development and KP Investments is also planned. Clear decisions will be taken with regard to the strategic reorientation of Bouwfonds Investment Management and Fondsenbeheer Nederland in the first half of 2015. BPD continues to be an important activity for Rabo Real Estate Group and Rabobank. Rabo Real Estate Group will continue to adapt to developments in the coming period, within the context of Rabobank’s shareholding.

As of December 31, 2014, Rabo Real Estate Group’s loan portfolio totaled €16.7 billion, down from €18.4 billion from the prior year. For the year ended December 31, 2014, Rabo Real Estate Group earned a net result of -€263 million, driven by a bad debt cost of 364 basis points. At 2014 year-end, Rabo Real Estate Group had 1,519 full-time equivalent employees.

## **VIII. Material Supervisory Authorities**

Rabobank Nederland is a bank organized under the laws of the Netherlands. The principal Dutch law on supervision applicable to Rabobank Nederland is the Financial Supervision Act (*Wet op het financieel toezicht*), which entered into force on January 1, 2007, and under which Rabobank Nederland is supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or the “AFM”) and the Dutch Ministry of Finance (*Ministerie van Financiën*).

The European Central Bank (“ECB”) assumed its supervisory duties under the Single Supervisory Mechanism (“SSM”) in November 2014. Since November 2014, the ECB is responsible through the SSM for supervision of all credit institutions in the Eurozone. The objective of the SSM is to safeguard the security and stability of the European banking system. In cooperation with national authorities, the

ECB carries out the direct prudential supervision of large credit institutions in the Eurozone, including Rabobank.

Rabobank Nederland and the various Rabobank Group entities are also subject to certain other European Union legislations, which have a significant impact on the regulation of Rabobank Group's banking, asset management, and broker-dealer businesses in the European Union, and the regulation and supervision of local supervisory authorities of the various countries in which Rabobank Group does business.

In the United States, Rabobank's regulators include, among others, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the New York State Department of Financial Services ("NYDFS"), the Securities and Exchange Commission, the Office of the Comptroller of the Currency, the FDIC, the Commodities and Futures Trading Commission and the Consumer Financial Protection Bureau.

## IX. Principal Officers

As of December 1, 2015, the following persons, all of whom are resident in the Netherlands, are members of the Supervisory Board and the Executive Board of Rabobank Nederland, respectively:

### Supervisory Board of Rabobank Nederland

Name	Role
W. Dekker (Wout)	Chairman
I.P. Asscher-Vonk (Irene)	Member
L.N. Degle (Leo)	Member
S.L.J. Graafsma RA (Leo)	Member
A.A.J.M. Kamp (Arian)	Member
E.A.J. van de Merwe (Erik)	Member
R. Teerlink (Ron)	Member
M. Trompetter (Marjan)	Member

### Executive Board of Rabobank Nederland

Name	Role / Responsibility
Wiebe Draijer	Chairman
Bert Bruggink	Chief Financial & Risk Management
Berry Marttin	Rural & Retail International division and Sustainability domain
Ralf Dekker	Chief Operating Officer
Rien Nagel	Services to retail banking, private banking and businesses in the Netherlands, and Cooperative and Governance domain
Jan van Nieuwenhuizen	Dutch and international Wholesale Banking activities

## X. Resolution Planning Corporate Governance

The resolution plan of Rabobank Group is prepared, maintained, and updated by the resolution authority for banks in the Netherlands (the “Resolution Authority,” which currently is the Dutch Central Bank). The Resolution Authority determines the strategy for Rabobank Group. As of December 2015, Rabobank has provided the Resolution Authority with information and the Resolution Authority is currently in the process of preparing an operational resolution plan.

In the United States this Resolution Plan has been overseen by senior officers of New York Branch, Rabobank Nederland’s only Material Entity for purposes of this Resolution Plan. Rabobank Nederland also has a Global Recovery and Resolution Planning Framework (the “Global RRP Framework”) in place. The Global RRP Framework incorporates policies and procedures regarding the preparation, update, maintenance, and approval for group and individual plans. This Resolution Plan, which includes a resolution strategy for New York Branch, is integrated into the governance structure of New

York Branch and the preparation and review of the Resolution Plan has been conducted in line with the Global RRP Framework.

This Resolution Plan was approved by the Executive Board of Rabobank Nederland prior to its submission.

## **XI. Description of Material Management Information Systems**

Rabobank Group utilizes Management Information Systems (“MIS”) to obtain data on the key metrics and information needed to manage the Rabobank Group under a “best practices” approach. The systems aggregate, analyse, and present information related to risk management, including credit, liquidity, operational and market risk management, accounting, financial and regulatory reporting and internal management reporting and analysis.

MIS is managed by the Information Technology and Operations Department of Rabobank Group, which is responsible for all systems hardware and software used by the Rabobank Group. Software has been developed internally and purchased from third-party vendors. Many of the third-party systems are supplemented with internally developed software to integrate the system into the infrastructure of the Rabobank Group and/or to enhance the functionality of the software.

MIS is used locally, globally, at the product and business line level, and by senior management. Reports are generated daily, monthly, and at other frequencies. The systems reside on mainframes, servers, and other hardware which is within the scope of Rabobank Group’s Business Continuity Planning activities. Internal users are staff of Rabobank Group’s local and global business units while external users are clients, investors, regulators and other stakeholders.

## **XII. High-Level Description of Resolution Strategy**

The resolution strategy for Rabobank Nederland’s material U.S. operations centers around its only Material Entity, New York Branch. The Resolution Plan takes into account that Material Financial Distress at or failure of Rabobank Nederland may occur under economic conditions consistent with the baseline, adverse and severely adverse scenarios published by the FRB on October 23, 2014, and assumes that, upon a failure of Rabobank Nederland caused by an idiosyncratic event, the Superintendent of the NYDFS takes possession of the business and properties of New York Branch, appoints a receiver for New York Branch and initiates the liquidation of New York Branch. The Superintendent is expected to “ring fence” all of New York Branch’s assets and all other assets of Rabobank Nederland located in New York in accordance with the New York Banking Law and apply these assets to repay the third-party liabilities of New York Branch. The key elements of the resolution of New York Branch are driven by the requirements of the NYDFS receivership procedures for the orderly liquidation of a banking entity determined to be insolvent. The resolution strategy takes into account the potential insolvencies of certain affiliates of Rabobank Nederland, including certain affiliates incorporated in or managed out of the United States, which may take place in the event of Rabobank Nederland’s failure.