

Extra information for chapter 'Customer focus' of the annual report 2014 Rabobank Group, page 22, paragraph '1c. Vision 2016'.

Launch of the Rabo Scanner

The Rabo Scanner was introduced in the second half of 2014 as a replacement for the Random Reader. Customers can use this device to log in, pay and quickly request an item or service or manage other business using Rabo Internet Banking and our mobile apps. The Rabo Scanner has been available to customers since October 2014; the bank will replace approximately 5.4 million Random Readers in total. The Rabo Scanner is more user-friendly than its predecessor, the Random Reader, as customers need to enter fewer codes. Customers can also view and check the amount of the transaction before transferring the amount.

Rabo Banking app

The number of active users of the mobile banking app increased by 27% in 2014, to 2.3 million. The Rabo Banking App is currently used for nearly 60% of all transfers between Rabobank accounts, while payments to third-party accounts constitute nearly 30% of all transactions.

The Rabo Banking App is constantly being updated and enhanced. We added a variety of new features in 2014. For one, customers can now use their app to apply for or block a payment card and they can set the withdrawal limit for payment terminal transactions and ATM access. The app also allows them to enable the card for international use or to purchase travel insurance.

A call button was recently added to the Rabo Banking App and a customer chat feature was piloted on the high-traffic internet banking pages. Customers can use the call button in the Rabo Banking App to quickly and easily phone an advisor at their local Rabobank. Because customers are already logged in when phoning, the advisor instantly sees the caller ID for the incoming call.

Rabo Investment app

We also offer an excellent app for investors that enables them to track their investments and allows them to place orders. The Rabo Investment App was ranked 'Best in the Market' in the annual IEX Net Profiler survey. The surveyors felt the app could be improved in a number of ways in the future, including by offering news updates and stock listings. Rabobank currently ranks third in terms of the quality of its overall online investment services, the highest ranking of any major Dutch bank. Feedback from investors indicates that they find the Rabo Investment App simple, user-friendly and intuitive.

Rabo Wallet

Rabobank began promoting the use of the smartphone as a payment tool some years ago. In 2014, we announced the Rabo Wallet, our latest innovation which is a new payment tool to be launched in 2015. The system is similar to payment by debit card, except customers use their mobile phone instead. They can use the app to scan cash receipts, check their account balance and load customer loyalty cards. The Rabo Wallet will be compatible with mobile phones featuring Near Field Communication (NFC).

OmniRegister and MyOrder

Rabo OmniRegister is an internet cash register which allows Rabobank customers who operate online stores to accept national and international payment methods and cash register services. The product offers online retailers and other online businesses a stable payment environment. Users can place mobile orders through MyOrder and pay for purchases and services at a growing number of restaurants, petrol stations and car parks, as well as being able to purchase tickets for amusement parks, theatres and cinemas. Both products were highlighted in the Vandaag bankieren zoals morgen ('Tomorrow's Banking Today') campaign, launched by Rabobank in the first half of 2014 to showcase its expanding range of online payment services.

Expansion of online mortgage services

We assisted our mortgage customers in 2014 through various customer-focused arrangements, well-prepared consultations with financial advisors and the Online Mortgage File.

Rabobank's mortgage lending process is increasingly being conducted online. Customers can use the Rabobank Mortgage File, which was introduced in 2013, to do online research before applying for a mortgage. For example, they can quickly and easily calculate the maximum mortgage loan amount and the amount of their monthly payment. They also have the option to prepare for their consultation with their mortgage advisor by uploading the documents and details required to the Rabobank Mortgage File. This enables the customer and the bank to use the same file. Customers who opt for this service pay a reduced consultation fee.

Rabobank's online services were further expanded in 2014 to include cross-channel customer services. This means that customers choose themselves how they would like to conduct the mortgage lending process: they can review the Rabobank Mortgage File at home by themselves or together with the advisor during the preparatory phase. Both customers and local Rabobanks make extensive use of the Rabobank Mortgage File. By the end of 2014, a total of 200,000 online Rabobank Mortgage Files had been created.



Read more about this subject [here](#).

At least one ATM within a five-kilometre radius virtually throughout the Netherlands

Rabobank boasts the highest ATM count of any bank in the Netherlands, even after having removed a number of its machines in 2013 and 2014. By the end of 2014, there were 2,291 Rabobank ATMs spread throughout the country.

Rabobank's ATMs offer 99.6% of the Dutch population the opportunity to withdraw cash at a maximum distance of five kilometres from their home. In addition, Rabobank also offers businesses the opportunity to deposit cash at more than 650 locations and retail customers at more than 550 locations across the Netherlands. A total of 280 locations provide the option of coin withdrawal.

| | 2014 | 2013 | 2012 |
|---------------|-------|-------|-------|
| Rabobank ATMs | 2,305 | 2,500 | 2,886 |
| Difference | -195 | -386 | -87 |

The ATM count has decreased in recent years in response to consumers' changing payment behaviour. Demand for cash continues to fall and we expect this trend to continue in the coming years. For example, we are seeing an increase in the number of secure payment transactions using in-store payment terminals. At the same time, a growing number of people in the Netherlands are purchasing items online (to the tune of nearly EUR 12 billion in 2014).

Meanwhile, mobile payment tools and refunds of debit card transactions are also becoming increasingly common.

Yet even though the use of cash is declining, we have gathered from customer feedback that they greatly appreciate having an ATM in the vicinity. We never remove ATMs without a thorough analysis by the local Rabobank in advance. They check the use of all ATMs in their field of operation. Sometimes maintaining an ATM is simply not profitable because the number of users is too small, while in other cases a machine may be found to be located in an unsafe area.


Prior to any ATM removal, the banks consult with their member council and local interest groups to assess to what extent any inconvenience can be reduced. This may prompt the bank to take compensatory measures, such as providing customers with the option to use in-store ATMs operated by local retailers or the possibility of having cash delivered at home. We have also found that there is still a demand for internet banking training sessions among our customers.

Both consumers and small and medium-sized enterprises (SMEs) indicated in the most recent survey (conducted in 2014) that they were satisfied with the degree of access of Rabobank banking and payment services, despite the reduction in the number of bank offices and ATMs.

New online application process for business loans

SME customers want to be able to apply for loans quickly and easily, as well as to be able to track the entire process and receive feedback on their application within a short space of time. In order to accommodate their needs, we introduced an additional option in 2014 for current Rabobank customers in the Netherlands to prepare business loan applications online, upload documents or request a consultation with a financial advisor. Rabobank business customers are able to submit loan applications themselves through the Rabobank.nl website (available 24 hours a day, seven days a week) and upload the necessary documents. The consultation with the financial advisor is then scheduled within five working days and customers receive feedback on their loan application within four days after the meeting.

One-fifth of all approved business loans in 2014 concerned loans for which the customer's exposure after provision did not exceed EUR 50,000.

 See [this link](#) for additional information about this subject.

 [Return](#) to page 22 of the annual report 2014 Rabobank Group.

Adjusting the rate structure for mortgages

We feel it is important that our customers pay fair prices and are aware why they are paying those prices. The loan-to-value (LTV) ratio expresses the amount of the mortgage as a percentage of the home value. Customers with a high LTV ratio pay a surcharge (unless the mortgage loan is subject to the terms of the National Mortgage Guarantee) because the risk that the mortgage loan cannot be repaid is more substantial in this case than for a low LTV ratio. We review these surcharges periodically, most recently in 2014. We increased the rate differences, as a result of which a lower LTV ratio results in a larger interest rate decrease for the customer. If the risk involved is lower (e.g. following repayment of the loan or if the property value increases), the LTV surcharge can be adjusted in favour of the customer. In all other cases, the LTV surcharge remains equal, even if the property is devalued.

Additional repayments in 2014

Gifts of up to EUR 100,000 were formerly exempt from taxation in the Netherlands, provided the beneficiary used the money to pay off their mortgage or remodel their home. Local Rabobanks and mortgage provider Obvion decided that customers taking advantage of this arrangement were exempt from having to pay penalty interest. This measure applied until 1 January 2015. The temporary increase in the gift tax exemption resulted in additional repayments in 2014. In addition, the relatively low savings interest rate served as an incentive for such additional repayments. Finally, a growing number of Dutch homeowners are becoming aware of the benefits of reducing their mortgage debt. In 2014, an additional EUR 4 billion was repaid on a total mortgage portfolio of EUR 205 billion.

Negative equity scheme

Rabobank introduced a negative equity scheme in 2014, which enables customers to fund any negative equity balance on the sale of their home at the mortgage rate. If the customer no longer has their own home, an interest rate premium applies. If the customer does still have a home of their own and the total loan is less than 104% of the value of the home, no interest rate premium applies.

Launch of 'Zo wil ik wonen' ('Home Choices') online platform for consumers



Obvion launched the [zowilikwonen](http://zowilikwonen.nl) website in 2014, a forum which discusses the pros and cons of various housing choices and provides homebuyers with a platform to share their experiences. In addition, the website also provides information on 'greening' your home, the pros and cons of home improvement and how to purchase a plot of land for the construction of a new home. Through all these features, the website inspires people in making important housing-related decisions.

It needs to become easier for people with flexible employment contracts to obtain a mortgage. Temporary and other flexible workers who submit a special statement known as a *perspectieverklaring* can secure a mortgage after being subjected to a background check covering work experience, education, skills, position, and status in the labour market. This initiative is also supported by the Homeownership Guarantee Fund, which provides the National Mortgage Guarantee.

Launch of PeriodSavings

As a major player in the Dutch savings market, we are continuously involved in improving customer experience and the quality of our products and services. For example, we help customers find appropriate solutions and save their money as wisely as possible.

Customers, encouraged by low interest rates, set out to find alternatives for their savings. The PeriodSavings service was launched in 2014, as part of which customers 'park' money for 30 or 90 days at a slightly higher interest rate. We are pleased to report that the product is highly successful. We are also seeing customers make larger repayments, give more gifts and set aside more funds for future provisions and for their retirement.

Additional loans to SMEs


Rabobank has received an additional EUR 350 million from the European Investment Bank (EIB) for Dutch SMEs that are looking to invest. The European Union supports the recovery of the SME sector in Europe through this EIB facility. Businesses which require a bank loan to finance their investment needs and which satisfy the EIB criteria are eligible for an interest rate discount of up to 0.6% at Rabobank.

 Click [here](#) for more information about this subject.

Appropriate solutions for interest rate swaps

Rabobank provides interest rate derivatives for business customers to reduce interest rate risk associated with variable (Euribor) loans. Such an interest rate derivative protects customers from rising (Euribor) interest rates and helps businesses to keep their interest payments at an acceptable level.

For business customers who have both a loan and an interest rate derivative, the bank assesses, or reassesses, the individual position in 2014 (and into 2015). If a closed derivative turns out to no longer suit the customer's requirements, the bank and the customer set out to find a solution which is acceptable to the customer. This solution may range from restructuring to offsetting the derivative, a combination of these two measures, or full or partial compensation. Each of these solutions is tailor-made, which means that all the circumstances of the business are considered in the assessment.

 Please click [here](#) for more information.

Special Asset Management focused on customer continuity

Businesses whose financial health is in danger and who are at risk of no longer being able to meet their financial obligations are often referred to Rabobank's Special Asset Management department, which then assumes management of these businesses. Around 200,000 of Rabobank's 800,000 business customers in the Netherlands have taken out a business loan; of this number, some 25,000 are managed and supervised by Special Asset Management.

 Please click [here](#) for more information

Australia: RaboDirect app

RaboDirect Australia launched an app in 2014 that allows customers to access their financial products at all times. They can view their accounts, see their account balances, transfer funds and even reverse previously made transfers. Additionally, they can also view the costs of all products, change the app's look and feel by adding their own images and arrange the layout of their accounts.

Online customer influence

Denk Mee Met Je Bank ('Share Ideas with Your Bank') is an online community in which we engage in discussions with members. As well as being given the opportunity to share their opinion on our products, services and processes, they can also discuss events in their local community. In 2014, the members shared their experiences of applying for a replacement debit card, along with ideas for potential sponsorship initiatives and tips on the way in which Rabobank can implement the standards of sustainability.

International Business Day

Rabobank hosted the Rabobank International Business Day during the second half of 2014: a networking event where wholesale customers with international aspirations could discover new markets and opportunities. This is all part of Rabobank's intention to participate and provide advice.

- Please click [here](#) for more information on this subject.

'Banking for Food' knowledge exchange

Rabobank presented its 'Banking for Food' platform in 2014, in which it shares its vision on global food security and the role it can potentially play in this process. With a growing global population and an improving standard of living worldwide, the demand for food is projected to rise exponentially. Agricultural businesses and the food supply chains must therefore start increasing their output, but with a lower environmental impact and with a reduced supply of raw materials. We intend to identify shared goals and priorities for (for example) product portfolios and customer groups, both in the Netherlands and elsewhere. The strategy will be formally ratified and adopted in 2015.

- Click [here](#) to read more about 'Banking for Food'.

Rabobank also hosted a number of major international networking and knowledge exchange events in 2014 for customers in food and agribusiness. Guests at the 'Vision on Food' conference included European wholesale customers in food and agribusiness. They exchanged ideas on the challenges they and Rabobank currently face. Is the increase in the required food production a question of market forces? Should the sector intervene more proactively?

- Read more about this subject [here](#).

Other successful events held in 2014 included the Global Farmers Master Class in Australia and the Young Farmers Master Class in the Netherlands. Farmers from a total of twelve countries were invited by Rabobank to provide input on innovation, lower costs, greater sustainability, fairer prices and more effective risk management. The F20 Food Summit followed on the heels of the Master Class, in the run-up to the G20 Summit, also held in Australia.

- Click [here](#) for more information about the Global Farmers Master Class.

- More information about the F20 Food Summit can be found [here](#).

Sanctions on trade to and from Russia: Working Capital for Agricultural Companies Guarantee

Two key developments with a significant impact on our food and agri customers during the second half of 2014 included the implementation of trade sanctions by Russia and the outbreak of avian flu in the Netherlands. Two Dutch sectors strongly affected by the Russian sanctions included the greenhouse horticulture and fruit growing sectors. These problems were not limited to businesses supplying to Russia; there were, in fact, also a number of sector-wide, indirect consequences, such as lower prices as a result of saturated markets.


At the initiative of companies including Rabobank, the Garantstelling Landbouwondernemingen Werkkapitaal ('Working Capital for Agricultural Companies Guarantee', Dutch acronym: GLOW) was established in 2014 together with the Dutch Ministry of Economic Affairs. GLOW represents a 50% government guarantee on bank loans to farmers and horticulturists with a working capital requirement. This guarantee scheme reduces the risk to which banks are exposed if they provide loans to customers operating in this industry. The guarantee has increased the bank's options for providing working capital, thereby ensuring that companies can continue their business operations.

 Read more about this subject [here](#).

Support to banks/businesses affected by avian flu

The threat of avian flu is never really far away in the food and agri sector, but it had been some years since we saw outbreaks in the Netherlands of the kind witnessed in November 2014. The avian flu epidemics that beset the country have seriously dented the market outlook of the Dutch and European broiler industry. Total losses in this industry reached approximately EUR 40 million in recent months (source: LEI, Wageningen UR economic research institute). With the market responding as negatively to avian flu as it does, the damage is likely to increase further.

 Read more about this subject [here](#).

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page 27 'Sustainable agriculture and food supply'.

Accelerating sustainable development in agriculture and the food supply

Rabobank is currently an active participant in seven roundtables dedicated to making agriculture and the food supply more sustainable on a global scale, and aims to join three more such roundtables between now and 2020. We share the knowledge we acquire and the decisions we make during these roundtables with our customers, so they can use them as input for their business operations.

We also cooperate with innovative customers and social partners in developing ambitious sustainability projects in agricultural value chains. We hope that this will help a growing number of businesses to recognise the value of corporate social responsibility.

Rabobank is devoted to increasing sustainability in the agricultural value chains for soy, palm oil, cane sugar, forestry, beef, dairy, fish, coffee, cocoa and biomaterials. These chains are selected both for their relevance to our customers and because the companies operating in these sectors are increasingly under pressure from both consumers and NGOs to adapt their policies. We regard it as our duty to contribute to improving the sustainability of these value chains.

In the international fishing industry, a group of eleven producers holds 70% of the market share; Rabobank provides finance to eight of these producers. We finance 15 of the largest producers and traders in the palm oil industry, including the top six in terms of volume.

In the soy industry, Rabobank has a significant interest in both production and processing. We also finance 85% of all cattle farming in the Netherlands, which makes our customers major consumers of soy, which is used as an ingredient in the production of fodder. The dairy, pig farming and poultry farming sectors have each committed to the short-term target of using 100% sustainable soy for their fodder. A large portion of the soy originates from Brazil, where Rabobank provides finance to a large number of customers.

Rabobank has endorsed the guidelines of the Banking for the Environment Initiative (BEI), which has resulted in cooperation with other financial institutions to set targets for sustainability in a variety of industries, including palm oil, soy, beef and forestry. An initial commitment related to this cooperation is that all customers with primary production in one of the sectors listed above will satisfy accepted global standards of sustainability by 2020 and will be able to provide proof of such compliance.

Based on its market position and the opportunities and responsibilities associated with this position, Rabobank feels it is important to develop strategies for all the above-mentioned value chains in terms of sustainability, by actively participating in a roundtable or similar initiative to help accelerate this sustainable development and by actively sharing both the vision and the insights of the roundtables with its customers.

Palm oil

The Round Table for Sustainable Palm Oil (RSPO) provided training in both Singapore and Jakarta last May on the various initiatives of the RSPO and the significance of sustainability in the sector. Around 60 relationship managers and credit analysts who serve customers in the palm oil sector attended these training courses. In another effort, a working group was established in Asia for relationship managers and credit analysts to discuss local risks and opportunities. Participants in this network published a guidance document in the past year, which sets out the details of our value-chain policy in relation to palm oil.

Coffee

Several of our customers have indicated in the past year that they feel it is important that Rabobank is a member of the 4C Association, a membership organisation for coffee farmers, trade and industry, and NGOs. Forty percent of all coffee produced worldwide is currently certified through an underlying certification programme managed by 4C (e.g. UTZ, the Rainforest Alliance and Fairtrade). Rabobank joined the 4C Association in the past year.

Fish

As part of a seminar organised by the Global Salmon Initiative (GSI) in conjunction with representatives of Rabobank, the World Wide Fund for Nature (WWF) and the Food and Agriculture Organization of the United Nations (FAO) at Boston's Seafood Expo, Rabobank gave a presentation on the potential role of banks in sustainable fish farming.

The bank has published a wide range of materials in the past year about the role of Rabobank in improving the sustainability of the fishing industry; the materials produced and distributed include videos, articles, interviews and infographics.

Soy

Rabobank was elected chair of the Roundtable for Responsible Soy (RTRS) in 2014.

Agustin Mascotena, director of RTRS, stated that he was pleased with Rabobank's long-term commitment to sustainable soy, as Rabobank is one of the largest international banks operating in the agribusiness and food industries.

Cane sugar

Rabobank partnered with the World Wide Fund for Nature (WWF) and a major business customer to launch a project in India designed to promote sustainability in the cultivation of sugarcane through water management and by reducing carbon emissions. The WWF provides technical expertise while Rabobank provides a substantial portion of the funds.

Milk

Biodiversity creates value for the natural world and helps dairy farms become stronger and more resilient. Together with its partners FrieslandCampina, the World Life Fund for Nature and agricultural preservation societies based in the northern Dutch province of Friesland, Rabobank embraced the challenge of achieving biodiversity in practice. This represents an all-new approach, the objective of which is to enable any dairy farm in the Netherlands to prepare a plan (known as a biodiversity building plan) in order to develop biodiversity on the farm and in the immediate environment.

Part of this initiative is to encourage farmers to achieve results through flexible economic business operations and market incentives. All these factors will contribute to building a viable biodiverse business model.

Strengthening value chains through partner banks

Rabo Development (RD) focuses on improving the sustainability of value chains in the agricultural sectors of various developing countries. It uses four different methods to achieve its objective: (i) strengthening local cooperatives, (ii) supporting the agricultural divisions of banks in developing countries, (iii) advising agricultural producers in 'supply chain financing' and (iv) conducting studies into bottlenecks in value supply chains.

The most effective approach is to support the chains through a combination of these methods, as is the case in Uganda, where RD analysed the problems affecting the coffee supply chain on behalf of a major Rabobank customer that operates in the international coffee trade. DFCU, a partner bank of RD based in Uganda, developed a coffee financing programme with the aid of RD as part of which farmers who supply to the Rabobank customer in question may also be eligible to receive financial support. Provided that the supply chain is well organised, there are better opportunities for banks to provide finance to farmers, which mitigates one of the main problems affecting the coffee sector.

In Vietnam, RD is involved in a project to strengthen the position of small holder farmers in the coffee sector. By uniting these farmers into a cooperative, their position is strengthened towards for example input suppliers and buyers of produced coffee. Two cooperatives have been established in the Lam Dong and Gia Lai provinces. RD is responsible for the institutional capacity building program, including in the area of financial literacy and loan management. The project is funded by Rabo Foundation, IDH, Douwe Egberts Foundation and the Vietnamese Ministry of Agriculture and Rural Development. In addition, Rabobank Foundation provides working capital loans, and recently for one of the cooperatives a mid-term investment loan.

Outlook for value chains

Rabobank will start developing a structured approach in 2015 within the value chains mentioned above. We will be establishing a team for each sector, comprised of a senior banker, a sustainability expert, a communications consultant and a supply chain analyst. The next step, then, is to determine the vision, strategic focus and timescale of the various activities.

The following pillars are decisive in this process:

- Acquiring the knowledge required to support relationship managers and credit analysts in their customer services and informing Rabobank's customers of the latest trends and developments;
- Mitigating risk by implementing Rabobank policies and, where necessary, initiating an engagement process together with customers;
- Strengthening the network in the most relevant roundtable meetings or a comparable industry initiative in order to actively share and acquire knowledge.



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Cooperation with business customers

Sustainability is essential to the long-term success of businesses. But how do you implement it in an intelligent way? We assist all our business customers in finding the answer to that question. We start out by assessing the customer's sustainability performance when they submit their loan application. If they satisfy our minimum requirements, they are eligible to receive financing. We then evaluate with them how their performance might be improved in order to diminish risk for our customer and ourselves and in order to help them take advantage of opportunities.

This involves exchanging knowledge related to sustainability with our customers and providing them with the tools to share best practices with each other. Naturally, we are right there throughout the entire process to provide customised financial solutions to our customers, creating new business opportunities for their company. We proactively support leaders in sustainability by prioritising them when we provide finance and by doubling the amount of services to them during the period until 2020.

Sustainability profile of business customers

Rabobank launched a new system in the Dutch market at the end of 2013 to assess customers' sustainability performance. This 'sustainability photo' is used for lending services to customers in the Netherlands with liabilities in excess of EUR 1 million. The system tells us which customers play a leading role in sustainability, along with the underachievers. We will continue to develop this system and adapt it for our international customers in the next few years.

We attempt to bring successful sustainable businesses in contact with institutional investors and the capital market, where there is a growing demand for these types of investments. In 2014, we structured a Green Loan for UK supermarket chain J. Sainsbury plc, together with Sustainalytics and Lloyds. In early 2015, this transaction was voted 'Deal of the Year' in Treasurer magazine (in the subcategory up to GBP 750 million), a trade journal published by the ACT (Association of Corporate Treasurers). Rabobank acted as the lead arranger for this transaction. In their commentary, the judges described the transaction as the first regular green corporate loan that links a standard loan with unambiguous environmental goals. In another transaction, we managed to arrange 5 Green Bonds and Sustainability Bonds for European financial institutions¹. The outstanding bonds had a total value of EUR 2.4 billion at year-end 2014.

¹ A portion of these transactions were established in cooperation with other book runners.

There are, unfortunately, also customers who do not meet our minimum sustainability requirements. If we detect this non-compliance when reviewing their loan application, we reject their application out of hand. At the same time, we do, however, regard it as a challenge to start thinking of sustainability as a spearhead. We make the effort to engage them in discussion, with the objective of getting them to comply with internationally accepted standards as soon as possible. If they fail to comply with our minimum requirements during the term of the loan, we call them to account. The purpose of these efforts is always to incite the customer to achieve compliance with our standards again. If a difference of opinion remains between us and the customer about the necessity of such measures, we have no other choice than to terminate the relationship.

We have assessed the sustainability performance of more than 36,000 customers in the Netherlands to date – this is almost the entire portfolio of eligible customers. This evaluation process helps us to single out the small number of customers who fail to comply with our sustainability policy. Currently this is less than 1% of our customer base. We continue to work with these customers by keeping the lines of communication open and adopting a constructive and goal-oriented approach, which includes setting specific targets and deadlines.

This type of analysis can have a significant impact, particularly combined with effective communication with the customer. Rabobank Brazil launched a system in 2006 which tests customers' sustainability performance. The results are subsequently used as the basis for an action plan for the customer with the objective of improving the customer's business operations and reducing its risk profile. Rabobank Brazil provides incentives for its business customers, which includes presenting a Sustainable Farm Award to frontrunners. The division also regularly organises roundtable meetings, presentations and field days devoted to the challenges farmers face with regard to sustainability. Participants appreciate the exchange of knowledge during these events, and by using the system, the bank knows exactly which customers to invite for each area of interest.

Loans to businesses and organisations with a positive impact on society

Rabobank intends to provide more loans to businesses with a positive impact on society, and we test our business customers in the categories 'environment', 'animal welfare' and 'labour conditions'. One of the ways in which we do this is on the basis of sustainability quality seals and initiatives. We identified more than 3,300 customers who have received a sustainability quality seal of some sort, and have a total of EUR 9.8 billion in loans outstanding with these customers.

Besides this test, we focus specifically on financing six sectors, all of which can demonstrate that they contribute positively to society in areas such as sustainable technology and energy, the environment and recycling, education and research, social services, culture, and care for vulnerable populations and sheltered workshops.

As part of its efforts to further promote sustainability, Rabobank offers several products which are only available to businesses with a positive impact on society. Examples of this include 'green' loans, sustainable project financing and microcredit and start-up loans for small- and medium-sized enterprises in the Netherlands.

The total value of loans provided with a positive impact on society was EUR 21.9 billion at the end of 2014. The appendix to this annual report contains a quantitative overview of financing with a positive impact on society.

Sustainable energy: solar and wind energy

Rabobank has been a dominant presence in the financing of sustainable energy for many years. The preliminary rankings for 2014 show that we play a leading role in financing large-scale wind energy and solar energy projects in the US and Canada. In the Netherlands, we are also making rapid progress with our large-scale energy projects. This is a result of the recently signed Energy Agreement, which is aimed at energy-efficiency and improving sustainability in the energy supply.

Highlights in the past year included our investments in the Dutch wind farms NOP Agrowind and Westermeerwind. These projects contribute substantially (144 MW) to increasing the scale of renewable energy generation as provided in the Energy Agreement. In addition, Rabobank Project Finance has increased the capacity of on-shore wind farms by approximately 40MW.

As the market leader for many years, we continued to contribute to these efforts in 2014, accounting for roughly 75% of all growth in the Dutch market.

| Rabobank Project Finance transactions | | | |
|--|-------------------------------------|---|--|
| <i>By region</i> | <i>Total number of transactions</i> | <i>Number of transactions completed in 2014</i> | <i>Total number of loans outstanding¹</i> |
| Europe | 39 | 8 | 1.1 bn |
| USA | 48 | 12 | 1.2 bn |
| Asia | 4 | 2 | 0.1 bn |
| Total | 91 | 22 | 2.4 bn |
| <i>By sector</i> | <i>Total number of transactions</i> | <i>Number of transactions completed in 2014</i> | <i>Total number of loans outstanding¹</i> |
| Biomass | 4 | 1 | 0.1 bn |
| Offshore wind farms | 8 | 1 | 0.5 bn |
| On-shore wind farms | 47 | 13 | 1.0 bn |
| Solar energy | 32 | 7 | 0.8 bn |
| Total | 91 | 22 | 2.4 bn |

1 Outstanding loans in euros and only for Rabobank Project Finance within the Global Product Customers domain.

Rabobank Project Finance will continue to finance the sustainable energy sector in 2015. We trust that we will be able to strengthen and further expand our presence in North America. We are involved in a large number of high-potential projects and are regarded in the market as one of the leaders in the global financing of large-scale offshore wind farms. Investments in these types of projects often exceed 1 billion euros.

We work closely with local initiators, contractors, sponsors and financial partners such as pension funds and insurers in order to broker deals. Germany looks favourable as far as offshore projects are concerned; the United Kingdom offers opportunities for wind and solar energy, although it has also proved to be a fertile ground for biomass projects. Rabobank has identified opportunities for growth in both these countries.

In 2014, we reached the top 10 in the Bloomberg New Energy Finance League Table 2014.

| Bloomberg | | | | |
|---------------------------------------|--|--------------|---------------|------------------------|
| <i>Amounts in millions of dollars</i> | | | | |
| <i>Rank</i> | <i>Company Name</i> | <i>Count</i> | <i>Credit</i> | <i>Table Share (%)</i> |
| 1 | Banco Nacional de Desenvolvimento Economico e Social | 24 | 2,696.87 | 7.81 |
| 2 | Mitsubishi UFJ Financial Group Inc | 34 | 2,031.80 | 5.89 |
| 3 | Mizuho Financial Group Inc | 28 | 1,907.27 | 5.52 |
| 4 | Sumitomo Mitsui Financial Group Inc | 24 | 1,594.52 | 4.62 |
| 5 | European Investment Bank | 10 | 1,523.69 | 4.41 |
| 6 | Banco Santander SA | 27 | 1,347.31 | 3.90 |
| 7 | Societe Generale SA | 12 | 1,328.06 | 3.85 |
| 8 | KFW | 12 | 984.65 | 2.85 |
| 9 | Deutsche Bank AG | 12 | 910.47 | 2.64 |
| 10 | Cooperatieve Centrale Raiffeisen-Boerenleenbank BA | 14 | 865.30 | 2.51 |
| 11 | World Bank Group/The | 16 | 850.97 | 2.47 |
| 12 | HSH Finanzfonds AoeR | 23 | 820.19 | 2.38 |
| 13 | Japan Bank for International Cooperation/Japan | 3 | 807.44 | 2.34 |
| 14 | Morgan Stanley | 4 | 668.61 | 1.94 |
| 15 | KeyCorp | 9 | 632.71 | 1.83 |
| 16 | ING Groep NV | 10 | 559.60 | 1.62 |
| 17 | Green Investment Bank Ltd | 4 | 515.84 | 1.49 |
| 18 | BayernLB Holdings AG | 6 | 503.14 | 1.46 |
| 19 | Norddeutsche Landesbank Girozentrale | 12 | 476.29 | 1.38 |
| 20 | Natixis SA | 5 | 444.52 | 1.29 |

Circular economy

The finite nature of certain raw materials, changing consumer preferences, sustainably developed innovations by competitors and other factors have increased the need for sustainable business. Businesses can help meet this need by reusing more raw materials and other materials in their product design, partnering with companies to 'close the loop' or by developing new business models that prioritise product use over product ownership.

A 'circular economy' is an economy in which raw materials are managed more intelligently and less damage is caused to the environment. It enables people to reduce costs, promotes new forms of cooperation between companies, reduces the amount of waste and more effectively positions businesses in the market. We are currently on the verge of shifting from the existing, linear economy to a circular economy.

A special form of the circular economy is the bio-based economy. Bio-based enterprise is based on an economy which derives most of its ingredients from the natural world, particularly from residuals from agriculture, horticulture and forestry. The bio-based economy has a substantial impact on society: value chains become more sustainable and a new revenue model is created for the Netherlands, particularly for farmers and producers at the top of the value chain.

Rabobank adopts a proactive approach to these situations and responds to this trend by conducting studies, giving presentations and hosting conferences. The Circular Economy Challenge, launched on 3 July 2014, is a programme through which Rabobank and its partners assist nine companies in developing a business case related to circular enterprise. In late September 2014, for example, we hosted the Agri Meets Chemicals conference, and we also served on advisory boards of the Dutch and European governments in this area (CDB, WTC, BBP and BIC).

- Read more about the circular economy [here](#).
- For further reading, see the article [The worlds of agriculture and chemical move towards each other](#) on Rabobank.com.

Rabo Groen Bank

Rabo Groen Bank (RGB) financed a total of EUR 200 million in green projects. The wind energy, organic farming and horticulture, sustainable greenhouses, solar energy and geothermal heating sectors were the main applicants for green loans.

RGB attracted substantial interest from our private customers year round in terms of green savings accounts and was even compelled to close its desk for a part of the year. This was necessary because the Dutch tax authorities demand that a total of 70% of the savings funds provided should be invested in projects on an ongoing basis. While there is a stock of projects available, the required green certificate can only be requested at the start of the project, which caused an imbalance between supply and demand at that time. A number of projects is therefore scheduled to be completed in the first quarter of 2015.

Rabo Groen Bank continues to be the Dutch market leader in green financing, with a market share of 49%. RGB expects to provide at least EUR 150 million more in green loans than in 2014 and continues to work on creating extra opportunities for companies which have a high impact in terms of sustainability and/or social or cultural activities.

Discussing controversies with customers

The best way for us to learn about the specific situation of our business customers is by engaging them in a discussion on the topic of sustainability. This sometimes brings to the surface certain negative aspects of their business operations. Even if this is the case, we negotiate with our customers in order to assess how we might be able to improve the sustainability of their business.

We take seriously any signs of potentially negative impacts on the part of our business customers – for example, following complaints or reports published by non-governmental organisations (NGOs). Reports in the media and analyst reports also inform us of companies' sustainability performance. We then make a point of ascertaining whether there is any truth to these signs, focusing strictly on the facts. Customers are always given the opportunity to share their perspective on the case (as we believe that both parties should always be heard in these cases). We also compare our own sustainability policy with that of our customers. If our sources point to anything conspicuous, we call the customers in question to account.

Of the 48 significant controversies which came to our attention in 2014, fifteen concerned social and human rights issues, nine involved environmental issues, one was related to governance aspects, five were concerned with policy, and eighteen cases entailed a combination of issues. The controversies occurred in the following sectors and industries: forestry, cocoa, cattle farming, beverages, energy/metals, cotton, agriculture, palm oil and sugarcane.

In several sectors, the accusations concerned alleged forced labour, child labour or land grabbing. We also discussed with customers the issues of deforestation, animal welfare, nature preservation and illegal fishery. We called into account a holding company with a subsidiary which we found to be non-compliant with our sustainability policy.

In several cases, it was not possible to have the controversy confirmed or verify the above-mentioned facts. In the majority of cases, customers had already taken action at the time we made enquiries in an attempt to resolve specific issues or to mitigate a certain negative impact. In other cases, we agreed on a number of terms and deadlines with them for implementing the required change.

| <i>Industry/sector</i> | <i>Number of customers</i> | <i>Number of issues</i> |
|------------------------|----------------------------|-------------------------|
| Forestry | 1 | 1 |
| Cocoa | 1 | 1 |
| Animal protein | 8 | 9 |
| Beverages | 1 | 1 |
| Cotton | 2 | 2 |
| Agriculture | 8 | 8 |
| Energy/metals | 2 | 2 |
| Palm oil | 12 | 21 |
| Sugarcane | 3 | 3 |
| Total | 38 | 48 |

| <i>Type of issue</i> | <i>Open issue</i> | <i>Closed issue</i> |
|----------------------|-------------------|---------------------|
| Social | 13 | 2 |
| Environment | 4 | 5 |
| Governance | 0 | 1 |
| Policy | 4 | 1 |
| Combination | 15 | 3 |
| Total | 36 | 12 |

We are also involved in a number of collaborative processes, typically in the form of roundtable conferences. In this format, we have discussions with customers, banks, investment institutions, NGOs and others about developments in the palm oil sector. We are increasingly finding that negotiations can play a powerful role in promoting change if many parties are involved in the discussions. A growing number of influential parties are engaging in discussion with businesses on the subject of controversies and are achieving a positive impact on society.

One example of this type of discussion is that with palm oil producer Bumitama Agri Limited. According to research by Friends of the Earth Netherlands, Bumitama was operating an illegal palm oil plantation and was guilty of engaging in deforestation. Rabobank approached this customer alone, as well as with partners. The company eventually increased its commitment to the RSPO, the Roundtable for Sustainable Palm Oil. This is an important step, as this membership is not without obligation. Members are expected to deal with any complaints received and find solutions fast. We remain in contact with Bumitama to discuss the steps they will take to achieve full RSPO certification, and about additional sustainability measures they will take. Bumitama obtained RSPO certification for two of its eight business entities in 2014.



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Extra information for chapter 'Customer focus' of the annual report 2014 Rabobank Group, page 30 'Advising private customers'.

Advising private customers

We support our private customers in achieving their goals by providing professional financial advice. We want to give vulnerable populations the guarantee that they have access to appropriate financial services. When providing advice, we offer them comprehensible, transparent products and services. These amounts are then invested based on meaningful sustainability criteria and on the standard of responsible saving and investment. We also offer an exclusive package of products and services for sustainable investment and sustainable housing to customers specifically interested in such products.

Sustainable housing

Rabobank has for some time been supporting developments in sustainable housing. For one, customers who make energy-efficiency investments in their home are entitled to a larger mortgage loan. We increased these efforts in 2014 through the Duurzaam Wonen ('Sustainable Housing') programme, the purpose of which is to make the process of 'greening' their home as easy as possible. This is important, as sustainable investments in private homes tend to pay off. In this case, residents cut down on their energy bill and enjoy a greater level of comfort of their home. More often than not, the value of the home increases, while energy-efficient homes are also more marketable. Added benefits are that they are environmentally friendly and slow down climate change.

The 'Sustainable Housing' programme comprises a wide variety of activities. Customers can find information on Rabobank's website about the energy-efficiency measures they can take and how these might be financed. Mortgage advisors are supported in providing the best possible advice. We also bring together homeowners and business customers operating in the construction and installation technology industry at Slim Verbouwen ('Smart Refurbishment') events. Five local Rabobanks organised one of these events in order to raise awareness of the options available to homeowners to 'green' their homes. Rabobank Leiden-Katwijk joined forces with the municipal government and the Energiek Leiden ('Energetic Leiden') platform to organise a well-attended information fair with a number of interesting speakers. The event was widely covered in the media and sealed the local Rabobank's reputation as a key player in sustainable housing.

In 2014, we also signed the Transition Zero agreement, a wide initiative of all ambitious players in the housing market to make as many for-sale and rental homes energy-neutral as possible. Another commitment we entered into was a partnership agreement signed with Energieke Regio. This initiative, launched in close cooperation with a local Rabobank, aims to encourage small- and medium-sized enterprises (SMEs) to reduce their expenses by making significant energy-efficiency improvements to their building, and supports them in this process. More than three-quarters of the businesses contacted in the first region signed up to join the initiative, and within a short space of time more than EUR 2 million was invested in highly successful energy-efficiency measures. Finally, Rabobank has partnered with Bouwend Nederland, an industry association for companies operating in the construction and infrastructure sectors, for the Kleur uw gemeente groen ('Paint the Town Green') initiative. This programme supports local initiatives to make more homes sustainable in a shorter period of time, in a partnership between municipal governments and businesses.

In 2013, Rabobank and ASN Bank decided, along with the Dutch national government, to establish a National Energy-Efficiency Fund (NEF). Launched on 21 January 2014, this fund enables homeowners to take out inexpensive loans in order to finance energy-efficiency measures. Rabobank has contributed a total of EUR 175 million to the fund, with ASN Bank and the government investing EUR 50 million and EUR 75 million each, respectively. This brings the total value of the fund to EUR 300 million. By the end of October, more than 500 loans had been provided with a total value of EUR 5.9 million. The bulk of the loans were used for the purchase of energy-efficiency glass, insulating doors and external wall insulation.

We will be organising dozens of Slim Verbouwen/‘Smart Refurbishment’ events this year, as well as supporting the regional rollout of Energieke Regio/‘Energetic Region’. We will be entering into a Green Deal for this purpose, together with the businesses involved and the government.

Socially responsible investment

Rabobank aims to improve the sustainability of its current range by offering sustainable investment products and services, and we also engage in discussion about socially responsible investment on behalf of all other investment funds. We expect our partner funds to satisfy a number of minimum requirements, and, in doing so, set the bar higher for all parties involved.

We have encouraged funds to take measures in this area in a number of ways in recent years. While we initially focused mainly on the managers of the funds we manage ourselves, the growing importance of passive investment or index investment has also increased the need to appeal to the providers of these solutions to make certain adjustments. We are pleased to say our efforts have been successful: 99% of the funds we manage ourselves have satisfied our requirements since 2013.

Last November, US-based investment management group Vanguard, the last major company with which we were involved in negotiations, signed the UN Principles for Responsible Investment. Vanguard has even taken to implementing a number of additional measures. While the company has traditionally underscored the importance of issues such as corporate governance, it intends to encourage its investee companies to also focus more on issues involving humans and the environment. The fact that the company will also play a more active role in these negotiations is bound to have a significant impact, as Vanguard’s assets under management total roughly USD 3 trillion. This approach is consistent with our strategy, in which socially responsible investment is the standard.

The importance of sustainable investment further increased in the past year. Besides the large number of sustainable mandates Rabobank manages on behalf of institutions and charitable organisations, a total of EUR 1.3 billion is invested through the sustainable investment funds and trackers of more than ten different providers, distributed by Rabobank. It should also be noted that the first Green Bonds were added to the portfolios of various customers of Rabo Institutional Asset Management. Green Bonds are a form of impact investing whereby social returns are a goal in addition to financial returns.

In addition, we also provide investors with a wealth of information related to socially responsible investment and sustainable investment. For several years, we have been doing this at the portfolio level for the Rabo Select Investment product, which we offer to the customers to whom we provide advice. This makes it easier for them to consider sustainability aspects in their investment decisions. We are also increasingly offering investors similar information as part of our Rabo Direct Investment service.

The appendix to this annual report contains a quantitative overview of socially responsible investment.



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Extra information for chapter 'Meaningful cooperative' of the annual report 2014 Rabobank Group, page 107 'Partner banks in developing countries'.

| <i>Bank</i> | <i>Country</i> | <i>Partner since</i> | <i>Stake (%)</i> |
|---|----------------|----------------------|------------------|
| National Microfinance Bank | Tanzania | Sep-05 | 35% |
| United Rural Cooperative Bank of Hangzhou | China | Feb-07 | 9% |
| Zambia National Commercial Bank | Zambia | Apr-07 | 46% |
| Banco Terra | Mozambique | Dec-07 | 45% |
| Banco Regional | Paraguay | Jan-08 | 39% |
| Banque Populaire du Rwanda | Rwanda | Jun-08 | 38% |
| Banco Cooperativo Sicredi | Brazil | Jun-11 | 20% |
| Development Finance Company of Uganda | Uganda | May-13 | 28% |

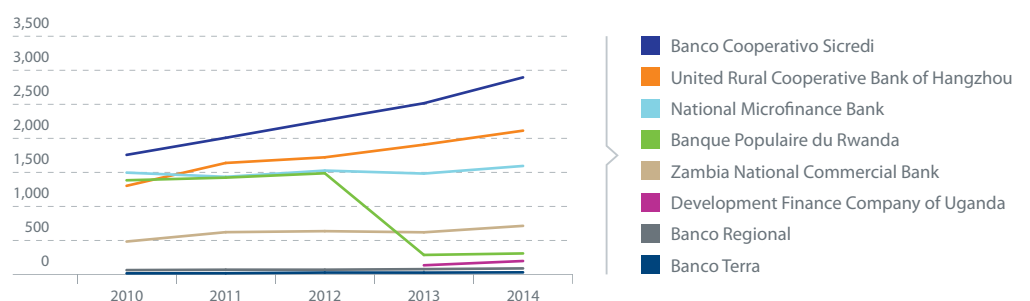
Rabo Development will increase its stake in its partner bank in Brazil, Banco Cooperativo Sicredi, in early 2015 from 20% (stake at year-end 2014) to 22%. This decision was made because Rabo Development's entire dividend for 2014 will be capitalised.

Rabobank's partner banks in Latin America collectively served some 3 million customers at the end of 2014. The African-based partner banks had a combined customer base of 2.8 million, mostly concentrated in Tanzania and Zambia, where the partner banks concerned were among the country's largest. Banque Populaire du Rwanda showed a sharp decline in the number of customers in 2013, after a large number of dormant accounts were discontinued. The Chinese partner bank served more than 2 million customers altogether.

Already one of the country's largest banks, Tanzania's National Microfinance Bank (NMB) was also voted 'Best Bank in Tanzania' by three institutions in 2014.

Providing technical assistance to partner banks is one of Rabo Development's core activities. Rabo Development also provides such assistance to other banks in which it does not own a stake, such as the cooperative banking system in the Indian state of Andhra Pradesh and Chinese-based Longjiang Bank. The technical assistance is divided into providing advisory services to banks and strengthening the agricultural value chains.

Number of customers partnerbank



Rabo Development spent approximately 105 man-months in 2014 (2013: 95) on projects involving both partner banks and non-partner banks. By the end of the year, these banks employed 24 managers and long-term consultants (2013: 21). Experience in these countries has proved to be valuable for the future careers of these consultants and managers, many of whom are experts employed by Rabobank. Other initiatives include an annual talent programme and various study tours organised in the Netherlands for employees of the partner banks.



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Extra information for chapter 'Remuneration' of the annual report 2014 Rabobank Group, page 115.

Supervisory Board Rabobank Nederland

Fee structure

Members of the Supervisory Board are not employed by Rabobank. Therefore they do not receive a salary, but a fee. The aggregate fee depends on their roles in the various committees, which are stated in the chapter Report of the Supervisory Board of Rabobank Nederland.

The fee structure in 2014 (excluding VAT and other charges) is as follows:

| <i>in euros</i> | <i>Chairman</i> | <i>Deputy Chairman</i> | <i>Member</i> |
|-------------------------------|----------------------|------------------------|---------------|
| Supervisory Board | 288,750 ¹ | 71,500 ² | 55,000 |
| Audit committee | 32,500 | 15,000 | 15,000 |
| Risk committee | 32,500 | 15,000 | 15,000 |
| Appeals Committee | 7,500 | - | 7,500 |
| Cooperative Affairs Committee | 15,000 | - | 15,000 |
| Appointments Committee | 3,750 | - | 3,750 |
| Remuneration Committee | 3,750 | - | 3,750 |

Individual fees

The charges for members and former members of the Supervisory Board totalled 1.6 (2013: 1.6) million euro. This includes VAT payable and employer's contributions. Their total remuneration depends not just on their role as member of the Supervisory Board but also on their roles in the various committees.

| <i>in thousands of euros</i> | <i>Fee</i> |
|---|--------------|
| W. Dekker | 341 |
| I.P. Asscher-Vonk | 85 |
| C.H. van Dalen | 78 |
| L.N. Degle | 85 |
| L.O. Fresco (in office until 19 June 2014) | 39 |
| S.L.J. Graafsma | 110 |
| E.A.J. van de Merwe | 103 |
| R. Teerlink | 89 |
| C.P. Veerman | 89 |
| A.J.A.M. Vermeer (in office until 19 June 2014) | 58 |
| A.A.J.M. Kamp (in office from 1 December 2014) | 7 |
| Total 2014 | 1,084 |
| Total 2013 | 1,256 |

1 Part of the fee for the Chairman of the Supervisory Board relates to the role as Chairman of the Supervisory Board and taking part in the various committees of the Supervisory Board. Another part of this fee relates to ensuring the proper operation of the cooperative members' influence that is unique to Rabobank and derives from its cooperative structure.

2 The fee for a Deputy Chairman is: EUR 55,000 (for a member) + EUR 16,500. This amount of EUR 16,500 is shared if there is more than one Deputy Chairman. That is the case at present (two Deputy Chairmen).

3 Excluding business financing for an amount of 3.8 at an average interest rate of 5.8%

Loans per member of the Supervisory Board

The loans, advances and guarantees provided to members of the Supervisory Board in office on 31 December 2014 and the average interest rates were:

| <i>in millions of euros</i> | <i>Loans outstanding</i> | <i>Average interest rate (in %)</i> |
|-----------------------------|--------------------------|-------------------------------------|
| C.H. van Dalen | 0.6 | 4.2 |
| A.A.J.M. Kamp | 1.1 | 2.8 |
| C.P. Veerman ³ | 0.9 | 3.1 |

Movements in the loans, advances and guarantees provided to members of the Supervisory Board in office on 31 December 2014 were as follows:

| <i>in millions of euros</i> | <i>2014</i> | <i>2013</i> |
|--|-------------|-------------|
| Amount outstanding at beginning of year | 1.5 | 1.1 |
| Granted during the year | 0.1 | - |
| Repaid during the year | -0.1 | -0.2 |
| Decrease due to members ceasing to hold office | - | -0.2 |
| Increase due to new members joining | 1.1 | 0.8 |
| Outstanding at 31 December | 2.6 | 1.5 |

No loans, advances or guarantees had been provided at the end of 2014 to members of the Supervisory Board not included in the table. These transactions, with Supervisory Board members personally, have been entered into at market rates. The level of the rates depends in part on the currency, the agreed fixed-interest period and the timing of entering into the transaction or the commencement of a new fixed-interest period.

Certificates per Supervisory Board member

Several members of the Supervisory Board have, personally and/or via a pension B.V. (private limited liability company), invested in Rabobank Certificates. At year-end 2014, the number of certificates totalled 14,944.

| | <i>Number of Rabobank Certificates</i> |
|-------------------|--|
| I.P. Asscher-Vonk | 6,894 |
| L.N. Degle | 4,000 |
| S.L.J. Graafsma | 4,050 |

Benchmark

We periodically arrange for a benchmark review of the remuneration of the Supervisory Board. In this benchmark review, we compare the remuneration of the Supervisory Board with remuneration levels paid in the market. This comparison was last carried out in 2013. In this benchmark review, the remuneration of the Supervisory Board was compared on the basis of three perspectives, i.e. the Supervisory Board fees at large companies quoted in the AEX, fees on the basis of time spent in combination with an hourly rate and fees on the basis of the points system for supervisory board positions compared to the fixed salary of the Chairman of the Executive Board. The 2013 benchmark was no reason to adjust the fees.



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Extra information for chapter 'Remuneration' of the annual report 2014 Rabobank Group, page 118.

Domestic banking domain: Executives

Executives are employed in the layers immediately below the Executive Board. These layers are referred to as the "senior management". This consists of five position scales EK-I to EK-V. In 2014, over two hundred employees were working in senior management.

Remuneration package

The primary remuneration package of executives consists of fixed income and pension entitlements. Additionally, executives receive a management supplement that serves as a fixed reimbursement of expenses, and are eligible for an employee discount on mortgage loans. With the exception of a small group of specialist positions, executives ceased to be eligible for variable remuneration in 2014.

Fixed income

The position scales for senior management are based on the Hay system of job evaluation. There are five position scales for the senior management, for which the salary range (including holiday allowance and annual allowance) is shown in the table below:

| <i>In euros</i> | <i>Minimum</i> | <i>Maximum</i> |
|-----------------|----------------|----------------|
| Executives | 153,700 | 476,900 |

Pension

The pension scheme for executives qualifies as a collective defined contribution scheme. With effect from 1 January 2015, the maximum income on which pension can be accrued has decreased to EUR 94,600. The senior management supplement will be discontinued with effect from 1 January 2015. Instead, executives will receive an individual pension contribution that consists of the former senior management supplement and is equivalent to the individual pension contribution and the personal budget as they apply for the Executive Board and the Collective Labour Agreement target group, respectively.

Expense allowance

Executives are eligible for a fixed expense allowance to cover costs relating to the performance of their duties. These costs cannot be claimed separately. The underlying principle is that the amount of the expense allowance is based on customary practice in the market for similar positions.

Benchmark

The scale maximums for senior management were set on the basis of a representative peer group in 2008. In 2014, the remuneration of senior management was again compared by an external firm with the external market. The comparison was based on the calibre of the position compared with the Dutch general market and the financial sector in the Netherlands.

The benchmark results show that the total remuneration of all senior management scales is (well) below the median of the general market in the Netherlands. Compared with the Dutch financial sector the senior management scales are also (well) below the median. This is because the package does not include short-term and long-term variable remuneration; these are elements that are customarily paid in the rest of the market. The benchmarking did not provide any reason to adjust the levels of remuneration of senior management; as a cooperative bank, Rabobank is comfortable with the current positions of the senior management.

Performance management

The performance targets of executives who are designated as Identified Staff comply with the distribution prescribed for Identified Staff between Group targets, business unit targets and individual targets. Moreover, executives include at least three result targets and three competency targets, including mandatory targets in the areas of:

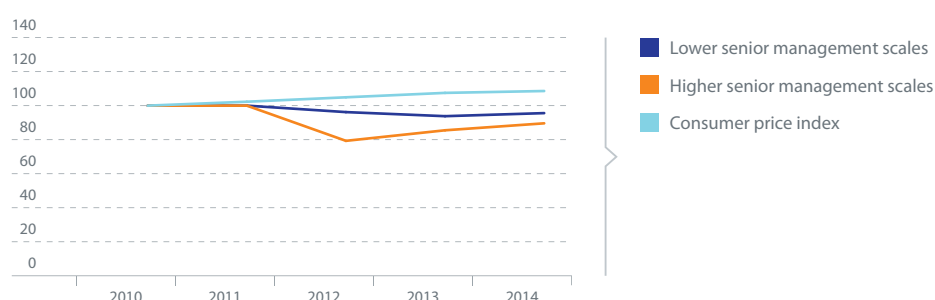
- personal development and/or the culture programme;
- CSR, sustainability and/or innovation;
- customer centricity / customer focus;
- cooperation.

Development of remuneration package

The salaries for the senior management scales have no longer been adjusted for inflation or increased in any other way since 2008. Variable income was eliminated for senior management with effect from 1 January 2014, as part of which it was agreed to increase the scale maximums by 13%. Overall, the adjustments lead to a retrenchment of the remuneration package.

The chart below shows the development of the overall remuneration package (policy levels) of the executive position scales in the past five years as indices compared with 2010. The index for 2014 is 96 for the lower executive position scales and 90 for the higher executive position scales, meaning that the overall remuneration package has decreased by 4% to 10% in a period of five years, while the consumer price index rose by over 8% in the same period. The sharp fall in the incomes of the higher senior management scales in 2012 is connected with the one-off elimination of the variable income. In 2013, the variable income was also significantly reduced for this group.

Overall remuneration package for Executives
2010 = 100



Domestic banking domain: Collective Labour Agreement population

The position scales below senior management consist of the two position scales for the senior kader (SK A and SK B) and the position scales 1 to 11. These position scales are subject to the scope of the Collective Labour Agreement.

Elements of remuneration

The primary remuneration package for the position scales 1 to 11 and SK A and SK B consists of the fixed income, pension entitlements and the employee benefits budget. In addition, employees are eligible for an employee discount on mortgage loans. The Collective Labour Agreement population ceased to be eligible for variable income in 2013.

Fixed income

The position scales in the Rabobank Collective Labour Agreement are based on the Hay system of job evaluation. The scale minimums and maximums are stated in de Rabobank Collective Labour Agreement.

The median proportion within the Dutch banking business is EUR 50,577, and consequently the proportion within the Dutch banking business between the median remuneration and the highest-earning employee is 1:19.4. Compared with 2013, the median remuneration within the Dutch banking business increased by 4.6% in 2014, while the highest remuneration fell by 0.5%.

Employee benefits budget

The employee benefits budget enables employees to purchase extra leave, for instance, or to save for extra pension, to purchase a bicycle in a tax-facilitated manner or to pay the trade union contribution. The amount of the employee benefits budget varies per position scale and is available in the Rabobank Collective Labour Agreement.

Pension

The pension scheme under the Rabobank Collective Labour Agreement qualifies as a collective defined contribution scheme. With effect from 1 January 2015, the maximum income on which pension can be accrued has decreased to EUR 94,600. Instead, employees with an income in excess of EUR 94,600 will receive a personal budget.

Benchmark

The remuneration of the Collective Labour Agreement population is periodically compared with that of the general market in the Netherlands. We do so in order to remain abreast of developments and to maintain a remuneration policy that enables us to attract and retain the right employees for the organisation. We aim for a position on or just shy of the median of the general market. The most recent benchmark review took place in 2014. The benchmark results vary for the different position scales. The remuneration of some scales is at around the median level in the general market, while remuneration in other scales is higher than the median remuneration. The remuneration in those scales is moving towards the median, partly owing to the pay freeze applied as of 2012.

Performance management

In order to achieve Rabobank's strategic goals, it is essential, in our view, to provide adequate direction and coaching and regular feedback to employees. We use performance management (PM) to engage in dialogue with employees on their contribution to customers' and the organisation's goals. The dialogue between the manager and the employee that is aimed at 'doing the right things' forms the basis for the PM interview cycle. Regular feedback interviews take place during the year. These exchanges contribute to continual improvement on the part of employees, and therefore of the bank. PM interviews provide motivation, ensure that

performance remains on track and provide an opportunity, if necessary, to correct or improve performance. In addition, these interviews support the culture movement within Rabobank in which we strive for an open dialogue with each other.

Managers and employees agree between three to six result targets, as well as three to six competency targets. The competencies 'customer centricity' and 'cooperation' are always mandatory elements. The overall set of targets is required to reflect the essence of the position.

Employees with customer contact

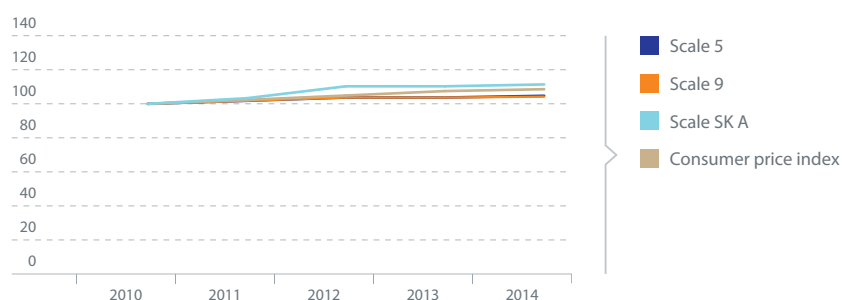
Performance management for employees who directly or indirectly influence the conscientious treatment of customers is designed to ensure that customers are treated fairly. The performance targets do not include incentives that are conducive to negligent behaviour that is not in the customer's interest. The performance targets form a balanced whole and consist of both financial and non-financial criteria.

Development of remuneration package

The last general increase for the salary scales within the Collective Labour Agreement took place in 2011. A pay freeze has accordingly applied to the Collective Labour Agreement salary scales since 2012. At the same time, variable income was discontinued in 2013, as was the personal budget and non-statutory leave. We partly compensated for this by means of a non-recurring salary increase of 1.5% at the start of 2014 and the employee benefits budget, which we have also been paying since 2014. Overall, this amounts to a limited retrenchment. In 2014, the Collective Labour Agreement, which was due to expire at the end of 2015, was extended by one year (to the end of 2016). The extension of the Collective Labour Agreement also entails an extension of the pay freeze until the end of 2016.

The chart below shows the development of the overall remuneration package (policy levels) of three scales under the Collective Labour Agreement for the past five years as indices compared with 2010. The average index for 2014 as calculated for all Collective Labour Agreement salary scales is 106, meaning that the overall remuneration package has increased by 6% in a five-year period, which is less than the consumer price index, which rose by over 8% in the same period.

Overall remuneration package for Collective Labour Agreement population
2010 = 100



Remuneration in the Wholesale, Rural & Retail domain

In 2014, Rabobank Nederland and Wholesale, Rural & Retail (WRR) were combined so that Rabobank operates more clearly as one bank in the Netherlands and abroad and customers experience us more clearly as one bank. Guided by that vision, we aim wherever possible to pursue uniform policies within all divisions of the bank. Local laws and regulations and employment market conditions call for a remuneration policy that is tailored to the local conditions in some respects, however. Variable remuneration, for instance, is far more customary abroad and in some markets it is an essential part of the remuneration package. Partly for that reason, variable remuneration is included within the WRR domain of Rabobank. Naturally we aim for a uniform structure in line with our Vision on Remuneration and Group Remuneration Policy. Applying a uniform system of employment position classification throughout the world is one of the principles for achieving this. The methods for benchmarking and setting the remuneration structure are standardised to the greatest possible extent throughout the world.

New developments

Various retrenchment measures were implemented in the Wholesale, Rural & Retail domain (WRR) in 2013 and 2014 as well. The measures referred to above for the senior management and the Collective Labour Agreement apply in full to the Dutch population within WRR. The bonus pool (from which the variable remuneration within the WRR domain is financed) has clearly been decreasing in the past few years. Additionally, in the Netherlands the bank has sought to systematically reduce the number of employees with discretionary variable remuneration exceeding 20% of the fixed salary. Worldwide, variable remuneration is capped at 100% of the fixed salary for all employees within WRR.

Remuneration policy for other Group entities

DLL

DLL introduced significant changes in its employment terms policy in 2014, both in the Netherlands and in the other countries. This Rabobank subsidiary did so in anticipation of new legislation in the Netherlands, on the basis of which the variable remuneration has been reduced substantially for all employees and capped at 20% of the basic salary. Additionally, all employees are eligible for the employee benefits budget, the EBB. The budget enables employees to choose specific benefits from a range of employee benefits. The costs of its introduction are limited (0.65% of the wage bill).

In addition, the variable remuneration scheme will be less complex and more moderate in some respects in 2015:

- The LTIP scheme (long-term variable remuneration) currently applying for senior management will be eliminated worldwide, partly in response to the new Dutch legislation.
- The CRM, the Corporate Result Multiplier, which provides a link between operating profit and variable income, will be eliminated. This will be done in 2015 in the Netherlands and in 2016 in the other countries in Europe, Asia and Oceania.
- A move has been initiated in the US to moderate variable remuneration and use other instruments instead, such as pension for senior management.
- In the Netherlands, DLL applies the pension scheme (PR) of Rabobank. Accordingly, the pension adjustments in the PR 2014 were implemented with effect from 1 January 2014. This pension scheme has been amended with effect from 1 January 2015 owing to new legislation.
- On the basis of the expectation that the Act on Remuneration Policies of Financial Undertakings (Wbfo) would become effective as of 2015, the implications of this act for DLL were assessed in 2014 and a revised remuneration policy was developed that complies with the Wbfo.

A worldwide remuneration system was also introduced in India and Chile, providing global coverage of this policy.

Rabo Real Estate Group

Rabo Real Estate Group applies its own remuneration policy that complies with the requirements of Rabobank's Group Remuneration Policy. In the Netherlands, in addition to the Executive Board (four employees), there are around fifty senior management employees and some 1,075 employees who are subject to the Collective Labour Agreement; each of these groups has its own package of terms of employment. The Collective Labour Agreement for Rabo Real Estate Group is agreed with the trade unions CNV, FNV and De Unie.

Around 550 employees work at subsidiaries abroad. Every organisation abroad has its own remuneration policy.

Owing to the range of activities of Rabo Real Estate Group, which vary from real estate project development, real estate financing to real estate investment management in the Netherlands and abroad, its terms of employment are compared with various markets, such as the general, financial and asset management market, as well as with specific markets. The integration of FGH Bank (currently part of Rabo Real Estate Group) in Rabobank was announced in January 2015.

Policy changes

Rabo Real Estate Group revised the remuneration policy for the senior management in 2014 on the basis of the earlier readjustment of its policy concerning employment position classification and remuneration.

Also, the terms of employment of the management at one of the subsidiaries in Germany were brought fully into line with the Group Remuneration Policy.

Policy changes due to changes in legislation

Rabo Real Estate Group is subject to various regulations and laws. A number of adjustments concerning remuneration were implemented in 2014 further to changes with regard to these legal and regulatory requirements.

AIFMD

The Alternative Investment Fund Managers Directive (AIFMD) has been effective since 22 July 2014. This is a European Directive that introduced harmonised rules for managers of alternative investment funds. These rules relate, for instance, to remuneration policy and performance management. This has an impact on Bouwfonds Investment Management. On the basis of an AIFMD impact analysis, measures were proposed and implemented in the year under review in order to comply with this European Directive.

Pension

As Rabo Real Estate Group applies the pension scheme (PR) of Rabobank, the pension adjustments in the PR 2014 apply to all employees of Rabo Real Estate Group with effect from 1 January 2014. This pension scheme has been amended with effect from 1 January 2015 owing to new legislation.

Wbfo

On the basis of the expectation that the Act on Remuneration Policies of Financial Undertakings (Wbfo) would become effective as of 2015, the implications of this act for Rabo Real Estate Group were assessed in 2014 and a revised remuneration policy was developed that complies with the Wbfo. The new remuneration policy for the executive board and executives will apply with effect from the performance year 2015.

Obvion

Since the Collective Labour Agreement 2013-2015, Obvion is fully subject to the scope of the Rabobank Collective Labour Agreement, including the remuneration package. Therefore, for more information on the remuneration package within Obvion, see the text on the Collective Labour Agreement population.



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