Unofficial translation on behalf of Rabobank

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To: the Executive Board and the Supervisory Board of the
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA

Attn. Dr P. Moerland and *ir.* W. Dekker

Date
29 October 2013

Subject
Libor and Euribor investigation: investigation findings and measures

Dear Sirs,

In 2012, De Nederlandsche Bank N.V. (**'DNB'**) conducted an in-depth investigation on the extent to which Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (**'Rabobank'**) complied with Section 3:10 and 3:17 of the Financial Supervision Act (*Wet op het financieel toezicht*; the **'Wft'**), particularly the requirements regarding controlled and sound business operations relating to the Libor and Euribor submission processes (the **'Investigation'**). The Investigation covered the period from 2006 to 4 December 2012. In the Investigation, DNB collaborated with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*; the **'AFM'**); the AFM contributed substantially in the form of manpower and expertise. The Investigation was prompted by signs that perhaps Rabobank's internal controls were insufficient, as suggested by Rabobank's own internal investigations, as well as by other regulators' investigations on, among other things, market integrity.

Findings
DNB is of the opinion that the Investigation shows that in this period the rules for controlled and sound business operations were seriously violated, as far as the extent and duration of the violation is concerned, and the degree of blame involved.

DNB's investigation findings are presented in the annex. These are, briefly summarised:
- In the period until 2011, Rabobank insufficiently recognised the risks of the Libor and Euribor submission processes and insufficiently addressed these in specific policy, procedures and measures.
- In the period 2006 to 2011 a number of internal events took place which could and should have prompted Rabobank to appreciate the inherent risks of the Libor and Euribor submission process and to take measures to limit and/or control these risks. Also external signals, such as consultations of the BBA and reports in the press to the effect that there were risks involved in the Libor submission process, were ignored by Rabobank.
- From April 2010 onwards, Rabobank was too slow in putting adequate remedial measures in place with regard to existing deficiencies.

- Rabobank's three lines of defence, namely i) the business, ii) compliance and operational risk management, and iii) the internal audit service, were not sufficiently effective in relation to the Libor and Euribor submission process.

Rabobank's own internal investigation also showed that traders of Rabobank trading in interest rate derivatives, among other things, prior to the moment of a Libor or Euribor submission being made, asked Rabobank's USD, GBP and/or JPY Libor and/or Euribor submitters to make a specific Libor or Euribor submission or to move the submission in a certain direction (**'internal communications'**). Rabobank employees also made their wishes regarding specific Libor or Euribor submissions known to other professional market parties and/or shared future submission information with them (**'external communications'**). No more internal communications were identified after November 2010, and no further external communications were identified after March 2011.

Measures

DNB and the Public Prosecution Service (*Openbaar Ministerie*; the **'OM'**) have coordinated their actions to enable joint Dutch government action. DNB as prudential regulator focused on (remedial) measures in response to its findings in the Investigation, and the OM as law enforcement agency focused on a punitive sanction. On 29 October 2013 Rabobank and the OM agreed to an out-of-court settlement to resolve the OM's Libor investigation. Based on the agreement, Rabobank will pay the OM an amount of EUR 70 million.

Rabobank has also been investigated by various foreign authorities. Rabobank has arrived at out-of-court settlements and/or reached agreement on measures with the U.S. Department of Justice (**'DoJ'**) and the U.S. Commodity Futures Trading Commission (**'CFTC'**), the United Kingdom Financial Conduct Authority (**'FCA'**) and the Japanese Financial Services Agency (**'JFSA'**). DNB as 'home supervisor' has supported Rabobank in its efforts to publish these settlements and measures simultaneously with the measures and the out-of-court settlement with the OM described in this letter (**'coordinated settlements'**). Indeed, DNB has participated in a coordinated process with these authorities.

Rabobank, in close consultation with DNB, has taken, or has already implemented, remedial measures. At the suggestion of DNB, Rabobank has taken additional disciplinary measures. These measures will contribute to reinforcing the public's confidence in Rabobank and/or the operation of the financial markets.

1. Executive Board

DNB respects the decision of Mr. Moerland to step down as Chairman of the Executive Board of Rabobank Group. DNB emphasizes that it does not question the personal integrity of Mr. Moerland. DNB expects that Rabobank, with Marinus Minderhoud as new Chairman and reinforced with two other new Executive Board members, will continue the vigorous implementation of the improvement programs which have been launched, also in response to the Libor investigations. In addition, the members of the Executive Board have forfeited their deferred compensation which was awarded in recent years, amounting to €2 million. The investigations have shown no indications that the executive management of Rabobank has been involved in influencing Libor and Euribor submissions or in attempts to do so.

The Supervisory Board has recently decided to abolish the variable remuneration of the Executive Board. This decision is not related to the Libor investigations, but is sets the right tone for the future.

2. Disciplinary measures

At DNB's insistence, Rabobank has taken additional disciplinary measures against the traders and/or the (back up) submitters directly involved and against the (senior) managers responsible, including termination of employment agreements and demotions. Bonuses for fourteen employees have been fully or partly withheld. This involves a withholding of, in total EUR 4.2 million, for the 2009-2012 period. It involves the full withholding of bonuses not yet paid out, except if this is disproportionate considering the degree of severity of actions of the person concerned.

3. Remedial measures

Partly in response to the deficiencies existing in the controlled and sound business operations relating to the Libor and Euribor submission process and the 'three lines of defence' model not functioning sufficiently effectively, Rabobank, in close cooperation with DNB, has put in place an extensive package of (remedial) measures. These measures are focused on the business and on enhancing the group staff functions of compliance, (operational) risk management and the internal group audit function.

The measures focusing on the business are:

- an entirely new Interest Rate Benchmark submission policy has been implemented, in which the most recent international requirements are incorporated, such as that of the CFTC and the 'Wheatley review'. In the internal audit in July 2013, this procedure was considered 'adequate' as far as its organisation and operation is concerned. This procedure will be audited internally every year and externally every two years.
- a significant, worldwide conduct and culture programme at Rabobank International (**'RI'**), with the aid of external experts. The programme focuses on enhancing:
  i) dedication to the client within RI - in an international retail and wholesale environment – and
  ii) integrity and compliance with rules.
- an intended conduct and culture programme at Rabobank Nederland, in line with the organisation of the change programme of RI.
- a strategic reorientation of high-risk activities of Global Financial Markets, to bring the activities in line with the RI strategy.

The measures relating to enhancement of the group staff functions are:

- establishing a future-proof and proactive worldwide compliance organisation with the aid of external experts. Rabobank's plan includes a substantial expansion of staff capacity, comparable to other international banks;
- enhancing the function of (operational) risk management, for example by strengthening the cohesion between group risk management and RI risk management;
- group audit and operational risk control are to review the policy and the processes in order to timely and correctly settle audit findings with an average risk. Also recurrent negative assessments on detail level must be recognised timely. This is also the case if the overall assessment of an audit is sufficient.

DNB will closely supervise the implementation of these measures. At the request of DNB, the Executive Board will keep DNB informed without fail of its progress in achieving the agreed results until the end of 2014. DNB will closely monitor the implementation of the separate measures. DNB will intensify its supervision if so required.

For an effective implementation of the measures, it is of crucial importance that the Executive Board and the Supervisory Board realise the required transformation process, including a culture programme. DNB expects the Executive Board and the Supervisory Board to demonstrate strong leadership and set a good example in connection therewith. Only in this way will Rabobank be able to achieve change within all sectors of the organisation.

In conclusion
DNB wishes to emphasise that Rabobank's internal investigations and the pending investigations of other regulators and authorities have not yet been finalised. If new facts or insights emerge from these pending investigations, DNB will take appropriate measures.

Yours sincerely,

Dr J. Sijbrand
Director

Annex: investigation findings DNB

ANNEX

1. *Investigation*

Scope of the investigation
In mid-2010, Rabobank informed DNB of requests made by the Commodity Futures Trading Commission (**'CFTC'**) concerning the investigation of USD LIBOR submissions (the **'Request for Information'**). The request for information was made in the context of the CFTC's task to ensure market integrity. From 2011, other foreign regulators and supervisory authorities have also investigated Rabobank's potential involvement in irregularities that arose in relation to its participation in the Libor and Euribor panels. These investigations focus on market integrity, among other things. DNB regularly discussed the progress of the various procedures and investigations of these foreign regulators and supervisory authorities with Rabobank. In the course of these investigations it became apparent that the controlled and sound business operations relating to the Libor and Euribor submission process of Rabobank might not be in order. On 24 October 2011 Rabobank notified DNB that Rabobank's submission process was "less strictly formalised". Further to correspondence and meetings on that topic, DNB notified Rabobank in its letter of 20 January 2012 that it would conduct an investigation into the question of whether Rabobank had complied with the requirements pursuant to Sections 3:10 and 3:17 of the Financial Supervision Act (*Wet op het financieel toezicht*; the **'Wft'**) (the **'Investigation'**).

DNB initially investigated the question whether Rabobank complied with the requirements concerning controlled and sound business operations with regard to Rabobank's procedures for the determination and making of 'Libor submissions' for the British Bankers' Association (**'BBA'**) in the period from 2006 to 2010. The investigation also included an assessment of the role and performance of the group compliance officers and the internal audit service (Audit Rabobank Group; **'ARG'**) in relation to the Libor submission process and related processes. After all, Rabobank uses the '*three lines of defence*' model, partly in order to comply with the legal requirements concerning controlled and sound business operations. The business units that have direct contacts with clients, and/or that conduct transactions in financial markets (business) form the '*first line of defence*' here. The business is wholly responsible for the organisation and implementation of business operations in compliance with the legal requirements. The compliance function and the operational risk management function are part of the '*second line of defence*' and play both an advisory and a monitoring role in relation to the *first line of defence*. The ARG forms the '*third line of defence*' and focuses, among other things, on an independent assessment of the performance of the *first* and *second line of defence*.

In its letter of 8 May 2012, DNB notified Rabobank that the Investigation Period had been extended to include the period after 2010. Ultimately, the Investigation in total covered the period from 2006 to 4 December 2012 (the **'Investigation Period'**). In its letter of 12 July 2012, DNB also notified Rabobank that the scope of its Investigation would extend further to include the process concerning the determination and making of Euribor submissions to the European Banking Federation (**'EBF'**), including the aforementioned aspects. The nature of the investigation findings gave cause to both extensions of the Investigation.

The Investigation was conducted at Rabobank International, the Global Financial Markets

(**'GFM'**) business line and the Liquidity & Finance (**'L&F'**) department of the Client Trading and Money Markets (**'CT&MM'**) division. The Investigation focused primarily on the business operations of the L&F department (the '*first line of defence*'), as well as the related '*second line of defence*' (compliance and operational risk management) and the '*third line of defence*' (the internal audit service), with regard to the identification and mitigation of risks associated with the Libor and Euribor submission process.

Requests for information and interviews
DNB requested information from Rabobank at different times during the Investigation. On the basis of the information provided by Rabobank to DNB, various meetings were held between Rabobank and DNB. DNB also interviewed Rabobank employees and former employees in the months of September and October 2012. Representatives and advisors of Rabobank also attended these interviews.

Primary conclusions of the Investigation

- In the opinion of DNB, Rabobank inadequately recognised the risks of the Libor/Euribor submission process in the period until 2011 and did not adequately address these risks in specific policy, procedures and measures. At least during the Investigation, DNB found no specific Rabobank policy, procedures and measures to secure the integrity of the Libor and Euribor submission process until March 2011 (for Libor) and September 2012 (for Euribor).

- In the period from 2006 to 2011, a number of internal events took place which, in the view of DNB, could and should have prompted Rabobank to recognise the Libor and Euribor submission process and the inherent risks associated with this and to take appropriate measures to mitigate or manage these risks. Also, Rabobank did not appreciate the implications from consultations with BBA and reports in the press, for example, to the effect that there were risks involved in Libor submission process.

- Upon receipt of the Request for Information from the CFTC in April 2010, Rabobank did not put in place adequate correction measures with sufficient vigour.

- In the opinion of DNB, the '*three lines of defence*' model as referred to above did not function effectively enough in relation to the Libor and Euribor submission process.

2. *Background information on Libor and Euribor*

What are Libor and Euribor
Libor (*London Interbank Offered Rate*) and Euribor (*Euro Interbank Offered Rate*) are interest rate benchmarks published daily, which, among other things, worldwide, serve as a basis for the valuation and settlement of various types of financial instruments and financial products, such as futures, options and swaps; banks use these interest rate benchmarks in determining interest rates for services including loans, savings accounts and mortgage loans. Although exact figures are not known, it was estimated in mid-2012 that the Libor interest rates influence financial instruments and financial products worldwide with an estimated underlying value of USD 350 trillion.

Thomson Reuters receives data from various contributing banks for the BBA and the EBF, on the basis of which Libor or Euribor rates are calculated and published each day. Libor and Euribor are

fixed on the basis of individual assessments by the panel banks in the interbank market. The panel banks are selected by the BBA and the EBF. Each panel bank must pass on submissions each day for the currencies for which it serves as panel bank, for various currencies and for 15 borrowing periods per currency. The submissions issued are the panel banks' estimates regarding the rate at which the panel bank or a 'prime bank' can borrow from other banks.

The BBA and the EBF use the following definitions for Libor and Euribor:

> Libor: "the rate at which an individual contributor panel bank could borrow funds, were it to do so by asking for and then accepting interbank offers in reasonable market size just prior to 11:00 London time"
>
> Euribor: "the rate at which interbank term deposits are being offered within the EMU zone by one prime bank to another at 11:00 am Brussels time"

The calculation ('*fixing*') of a specific Libor or Euribor rate is based on a trimmed average of the submissions from the various panel banks. For Libor, the highest and the lowest quartile of the submissions are not included in the calculation ('*trimming'*), although the number of submissions that are disregarded varies from one currency to another. For Euribor, the highest and lowest 15% of the submissions are disregarded in the calculation.

The Libor and Euribor submissions of the individual panel banks are disclosed after the Libor and Euribor rates have been published.

Developments relating to Libor
The definition of Libor was last amended in 1998. In the following years, the BBA did not provide any further explanation of the definition. This changed in 2008, after authoritative financial media reported that panel banks might have been making submissions that were not based on realistic market conditions at the time.

In March 2008, the Bank for International Settlements (BIS) published a report in response to the liquidity shortage that arose on the interbank market in the second half of 2007 and the resulting questions this raised about, among other things, Libor fixing in these markets. The BIS report explicitly referred to the following risks relating to the Libor submission process:

- Banks conduct themselves more strategically at times of unrest in financial markets;
- Submissions can be used as signalling information for a bank's creditworthiness and liquidity requirement;
- Submissions can be used (indirectly) to influence results on a bank's own positions relating to the relevant benchmark.

One of the BIS's objectives is to support central banks in relation to their task of promoting financial stability. The BIS does this for example by conducting investigations into policy issues in relation to financial supervision. The BIS also accommodates the secretariat of the Basel Committee for banking

supervision, a forum for cooperation in the field of banking supervision which is a leader in supervision in the (international) financial sector. In the financial markets, BIS publications are therefore regarded as authoritative.

On 16 April 2008, *The Wall Street Journal* published an article headed '*Bankers Cast Doubt on Key Rate Amid Crisis*', which called into question the integrity of the Libor submission process. The Wall Street Journal article referred to the BIS report of March 2008. This article is one of a number of articles that raised critical questions regarding the integrity of the Libor (and also the Euribor) submission process. DNB established that Rabobank was aware of the content of some of these publications, including those in which the potential impact of the financial crisis on Libor submissions was raised. A Rabobank manager[1] was also interviewed at the time with regard to the former market conditions in relation to an article in *Het Financieele dagblad* of 28 May 2008, which discussed the risks of manipulation of interest rate benchmarks.

In various publications in 2008 and 2009, the BBA then clarified the required basis for Libor submissions and the (general) requirements set to the panel banks in that regard. In any event, the following documents are relevant:

- '*Understanding the construction and operation of BBA Libor – strengthening for the future*': consultative document, 10 June 2008. The BBA emphasises that the Libor rates are a benchmark for 'cash', not for derivatives. The definition used since 1998 was repeated.

- '*Feedback statement'*: 5 August 2008. Publication in response to the reactions to the consultative document. The BBA states here, among other things, that Libor submissions:

  - must be based on the bank's expectations regarding interest payable in the interbank market (at that moment), which is fixed in London; and
  - must be issued by bank employees whose main task is to manage the bank's cash position and not by employees with primary responsibility for the bank's derivatives position.

- '*Libor Governance and Scrutiny',* 17 November 2008. The document concerns the governance of BBA Libor, the monitoring of the submissions received and the obligation to have the internal submission process audited annually, and is based partly on the outcomes of the consultation conducted earlier in 2008.

- *'Defining the L in BBA Libor':* press release dated 19 June 2009. BBA reports here that the

[1] In these investigation findings, 'managers' refers to GFM managers with direct responsibility for overseeing the Libor and/or Euribor submission process and/or activities of traders. 'Senior managers' are the GFM senior managers to whom managers are to report, who held general responsibility for the activities within GFM. 'Executive managers' are members of the Executive Board who had no direct involvement in the Libor and/or Euribor submission process, but who hold final general responsibility for the Libor and/or Euribor submission process.

explanation in its definition reading '*Contributions must represent rates formed in London and not elsewhere*' has been changed to '*Contributions must represent rates at which a bank would be offered funds in the London Money Market*'. This is relevant for Rabobank because at the end of 2008, the Libor submission process was among the activities transferred from Rabobank's offices in London to Utrecht, as part of a larger reorganisation.

- The BBA's '*Terms of Reference*' (**ToR**) dating from 2009. The ToR include the obligation to have the Libor submission processes audited annually and to confirm this in writing to the BBA. Each panel bank had to return the ToR, signed for consent, to the BBA. Rabobank signed the ToR on 25 August 2009.

- '*Guidelines for contributing BBA Libor rates*': 19 October 2009. In this document, the BBA provides guidelines to assist panel banks in setting a submission for a specific period, for example if there is no current offer of loans with that maturity for the panel bank: '*[i]n the event that a given period has no market offer then the contributing Bank is required to use its market knowledge to supply an appropriate rate that is, as far as is possible, a fair and accurate reflection of that bank's opinion of its cost of funds*.'

Rabobank is a member of the BBA and DNB has established that it received the above documents or could have known of these.

Developments relating to Euribor

Euribor was set up at the end of the 1990s with the aim of providing a single central euro interest rate benchmark within the euro zone as from 1 January 1999. Following a test phase from 27 June 2011, the EFB has also provided a Euribor rate for the US dollar (USD Euribor) since 2 April 2012.

On 15 December 1997, the EBF published the *Euribor Code of Conduct*. The Euribor Code of Conduct includes the definition of Euribor, as well as the general obligations with which a panel bank must comply. The Euribor Code of Conduct does not include an obligation for an annual internal audit of the submission process.

On 12 November 2007, the EBF sent a circular to the Euribor panel banks, referring to the obligations under the Code of Conduct. This emphasised that: '*[t]o avoid unwanted negative consequences, the panel banks are invited to ensure and maintain a systematic and close control in their daily quotations to effectively provide accurate information for the daily calculations of the EURIBOR® reference rate.*'

On 9 November 2009, the EBF circulated the draft minutes of the meeting of the Euribor Steering Committee of 5 June 2009, which show, among other things, that the meeting discussed that the derivatives desk of a panel bank should be segregated from the Euribor submitters, who should concern themselves primarily with interbank money markets. To that end, the following is included in the minutes: '*(...) the contributors must be really in charge of money market interbank operation and that derivative desks have to be excluded of the contributors*'.

3. *Rabobank organisation in relation to Libor and Euribor submissions*

Until about the end of 2008, the Libor submissions were made from Rabobank's branch in London. In early 2009, the trading books, apart from the trading books in sterling, were transferred from London to Utrecht as part of 'Project Vanilla'. During the Investigation Period, Rabobank's trading activities in relation to Libor and Euribor took place from branches in Utrecht, London and Tokyo and. Subsequently the Libor submissions were made from London and Utrecht. All the Euribor submissions were made from Rabobank's office in Utrecht.

Libor and Euribor at Rabobank
On 19 April 2010, the American supervisory authority CFTC sent Rabobank the Request for Information. This states, in summary, that the CFTC has opened an investigation into the question whether panel banks for the USD Libor may have made false, misleading or incorrect submissions. In response to this investigation, Rabobank opened an internal investigation into the Libor and Euribor submissions.

The internal Rabobank investigation showed that between September 2005 and late November 2010, a number of Rabobank traders, who also traded in interest derivatives, had occasionally sought contact with Rabobank's USD, GBP and/or JPY Libor and/or Euribor submitters before the time at which a Libor or Euribor submission took place. The investigation also showed that in several such cases, these traders explicitly or implicitly asked submitters to make a specific Libor or Euribor submission or to move the submission in a particular direction. These communications are also referred to as 'internal communications'. With regard to the internal communications that DNB is aware of, DNB can in any event infer that the written internal communications during the Investigation Period related to four reference interest rates – JPY, USD and GBP Libor and Euribor – and that these continued until November 2010. In total, some 29 persons (most of whom worked in Europe or Asia) were involved in these communications over a period of about six years.

In addition, Rabobank's internal investigation showed that in any event until March 2011, there had also been communications between Rabobank employees and other professional market parties, in which requirements regarding specific Libor or Euribor submissions were expressed and/or future submission information was shared. These communications are also referred to as 'external communications'.

4. *Investigation findings*

4.1 Bank within the meaning of the Wft

Rabobank is a 'bank', as defined in Section 1:1 of the Wft. Under the statutory regime applicable at the time, DNB granted Rabobank a banking licence on 1 March 1972. Rabobank's registered offices, according to its Articles of Association, are in Amsterdam. Since Rabobank is a bank with registered offices, according to its Articles of Association, in the Netherlands Sections 3:10 and 3:17 of the Wft apply to Rabobank.

4.2 No risk analysis of the Libor and Euribor submission process

It is a known fact that Libor and Euribor are interest rate benchmarks that have a major global impact on many products, worth trillions of euros in the financial markets. Rabobank has served as a panel bank for various Libor panels for different currencies since the 1990s. Rabobank has been a panel bank for Euribor since Euribor was first published as a reference interest rate on 4 January 1999. Rabobank was a contributor for the test phase of the USD Euribor panel for several months from April 2011.

DNB has not been able to establish that Rabobank, prior to the various times at which Rabobank joined Libor and Euribor panels, conducted risk analyses regarding participation in Libor and Euribor panels or regarding the Libor and Euribor submission processes. In view of the importance of Libor and Euribor as interest rate benchmarks that have a major global influence on may products worth many billions, or even trillions of euros in the financial markets, DNB takes the view that this would have been a clear step.

For example, the Libor and Euribor submission process was not recognised in the 2006 to 2010 period in the risk (self) assessments of GFM, CT&MM and L&F for the activities in Utrecht and amongst others the branches in London and Tokyo. Furthermore, the risks associated with the Libor/Euribor submission process were not recognised in the GFM analyses and management reports that were drawn up as part of operational risk management. The purpose of such risk (self) assessments is to recognise the relevant (business) risks and to state which measures are or will be taken to mitigate these. The purpose of analyses and management reports includes timely provision of information to the management responsible on relevant developments, such as, as in this case, BBA publications and risks relating to the Libor/Euribor submission process.

DNB’s interviews with GFM management and Rabobank's senior and executive management showed that management knew that Rabobank formed part of Libor and Euribor panels, but that it – erroneously – failed to recognise the Libor and Euribor submission processes as high-risk processes, at least up to and including the end of 2010.

In the period between 2006 and the fourth quarter of 2010, Rabobank did not specifically identify the Libor/Euribor submission process as a high-risk area and/or priority area for the compliance function. Furthermore, no Libor and/or Euribor-related risk or issues and incidents were recognised or reported in the quarterly reports and risk analyses of the Utrecht and London branches. Nevertheless, from 2010, Rabobank produced ‘Overall Global Compliance RI annual plans’ and compliance annual plans for each branch. The annual plans for 2010, 2011 and 2012 devoted no attention to the Libor/Euribor submission process, but at most, reported that the CFTC had made the Request for Information.

Internal signals did not lead to a risk analysis

On the basis of the Investigation, DNB concludes that there were serious known and knowable signs for Rabobank that risks were associated with the Libor and Euribor submission processes (see paragraph 2 above).

On the basis of the Investigation, DNB concludes that there were internal signals at Rabobank, which were known to local, regional and/or senior management, indicating that there were risks associated with participation in Libor and/or Euribor panels and in the Libor and/or Euribor submission process.

These internal risk signals are shown partly by internal email correspondence at Rabobank, in any event such as the following:

- A manager of Rabobank was involved in internal communications in the period 2007/2008. An example of this dates from 16 March 2007, in which this manager responded to a statement of a trader: "*one last thing, high 3mnth libor on Monday pls*" with: "*ok will tell [X]*";

- Email of 7 December 2007 from the BBA to the same manager as follows: "*As you know, accurate BBA Libor fixings are central to the on-going health of the markets, and so at this time of heightened stress and scrutiny more than ever, it is vital that the BBA Libor setting process is seen to be transparent and robust. (...) There has been increasingly prominent comment in the market and the media on rates and so we would like to invite you to a meeting (...) to discuss openly the integrity on the fixings and how to ensure their accuracy in the future*";

- Email of 24 January 2008, in which a senior derivatives trader at Rabobank's branch in Tokyo asks a submitter to make a lower submission for the three-month Libor; a senior manager and a local supervisor have been copied in on the response to this email, which forms part of a series of subsequent emails;

- Email of 9 December 2008 from a Rabobank back-up submitter to a Rabobank manager, noting that a JPY cash and derivatives trader in Tokyo sometimes made specific requests regarding Libor submissions;

- Various internal communications ('Bloomberg chats') showed that, in any event in the period from 18 March 2008 to 8 October 2008, a manager in Tokyo took part in communications which, in terms of their content and nature, were aimed at influencing JPY Libor submissions, and that he consented to this.

- On 19 October 2010, the first results of Rabobank's internal investigation were presented to the CFTC, showing that there had been internal communications; and

- In November 2010, a submitter informed a manager "*that the Yen Libor setter had a communication with the Japanese Yen trader (...), from which I understand that there was a direct request to influence a particular Yen submission*". The manager in question stated that he had discussed this with his senior manager and with the manager of the Japanese Yen trader to ensure that such conduct would not recur, but he did not discuss this with the compliance department nor with the relevant trader himself.

It is also shown that from mid-2009, a manager was involved in a discussion with submitters concerning matters including the difference in the definition of Euribor and Euro Libor submissions and in June 2010, in discussions by email on the level of Libor submissions in the light of risks that were also raised in publications such as the BIS article of March 2008.

DNB is of the opinion that Rabobank should have seized all these signals as an opportunity to subject its participation in Libor and Euribor panels and the Libor and Euribor submission process to a risk analysis. DNB found no evidence or indication that Rabobank conducted such a risk analysis in that regard.

Rabobank also did not conduct a risk analysis of the Euribor and Libor submission processes or of its participation in the various interest rate panels on the occasion of the transfer of the trade books, among other things, from London to Utrecht (Project Vanilla) in 2008 and 2009. That would have been an obvious step, since the transfer of a process from one branch to another affects the other processes at both branches, both in London and in Utrecht. Furthermore, the Libor submission process was a new activity for the branch in Utrecht.

Finally, until 2011, the Libor/Euribor process was not recognised as a risk (process) and described in e.g. the description of the administrative organisation and internal controls (AO/IC) of the L&F/CT&MM department. That would have been an obvious step in view of the importance of Libor and Euribor as interest rate benchmarks and certainly in view of the aforementioned internal and external signals (see below) that were known, or could have been known, to Rabobank.

External signals did not lead to a risk analysis either
On the basis of the Investigation, DNB concludes that Rabobank knew that the integrity of the Libor submission process was under discussion in the press worldwide. The media attention concerned different types of risk of manipulation of Libor. DNB takes the view that on that basis, Rabobank could and should have understood that risks were associated with the Libor and Euribor submission processes.

On the basis of the Investigation, DNB also concludes that there were various publications and consultations with the BBA and the EBF concerning the Libor and Euribor submission processes and the potential risks associated with those processes. A panel bank like Rabobank can be expected to draw this knowledge from such BBA and EBF publications. On 25 August 2009, Rabobank also signed the BBA ToR, making Rabobank subject to obligations including an annual audit of the Libor submission process and, for example, obligations with regard to the persons designated as (back-up) submitters. In April 2010, the CFTC also sent Rabobank the Request for Information concerning the question whether the panel banks for the USD Libor had made false, misleading or incorrect submissions.

Before April 2010, none of these external signals prompted Rabobank to conduct an investigation into the risks associated with its Libor and/or Euribor submission process. Rabobank's view of the risks associated with participation in Libor and Euribor panels and in the Libor and Euribor submission process was not altered by any of the external signals, or at least, DNB found no evidence or indication of this until, in the second half of 2010, Rabobank began the evaluation and analysis of the initial results of the internal investigation that the CFTC has asked Rabobank to conduct.

4.3 No policy directed at participation in interest rate benchmark panels

At the time of joining the Libor and Euribor panels, Rabobank had no formal procedures for joining such interest rate benchmark panels.

4.4 No policy directed at the Libor/Euribor submission process

Until 30 March 2011, there was no procedural description prescribing how Libor submissions should be set, which market information or transaction data should be taken into account and how these should be weighed, nor was there any record of the measures to be taken to secure the integrity of the submissions. The procedures ('*The Libor Setting Process*', dated 30 March 2011 and 10 October 2011) were directed to submitters, but not to traders and were also not rolled out to traders. The first (written) procedural rules aimed at Libor which were also directed at traders, date from 31 August 2012.

Until 30 August 2012, there was no procedural description recording how Euribor submissions should be set, either. It was not until 31 August 2012 that Rabobank drew up a modified procedure, '*The Interest Rate Benchmark Submission Process*', which also applies for Euribor.

Rabobank did have a Code of Conduct and 'global compliance policies', such as the *Worldwide Compliance Standards* and the *Global Policy Market Abuse & Conflict of Interest*, which prohibit market abuse, fraud and manipulation in general terms and, among other things, provide for the general obligation to comply with laws and regulations. However, these global compliance policies are by nature limited to general guidelines that, where necessary and relevant, are to be translated within specific business lines or at local branches into more explicit procedures, as these policies also explicitly state. These global compliance policies were not translated in terms of the specific Libor/Euribor process, or in terms of specific GFM activities (or this did not take place in good time).

4.5. Conflict of interest between submitters and traders

The appendix to the ToR states that '*the rates must be submitted by members of staff at a bank with primary responsibility for management of a bank's cash rather than a bank's derivative book*'. Like the BBA, the EBF also applied the principle that primary derivative traders may not simultaneously serve as submitters. The (draft) minutes of the Euribor Steering Committee, dated 5 June 2009, as published by the EBF, state the following in that regard: '*Members stressed that (…) the contributors must be really in charge of money interbank bank operations and that derivative desks have to be excluded of the contributors*'. DNB takes the view, therefore, that both the BBA and the EBF publications, of which Rabobank was aware, require that primary derivative traders should not be submitters, as an essential principle for a Libor submission process conducted with due care. However, the Investigation showed that until May 2010, Rabobank designated primary derivative traders as (back-up) submitters. DNB takes the view that Rabobank should have understood that the combination of such positions was unacceptable in view of the inherent risk that traders would influence the submissions in the interests of their own transactions.

DNB also established that, in any case until July 2012, at least one back-up submitter at Rabobank, who also acted as a money market trader, also traded in products related to Libor/Euribor (interest) derivatives. The aforementioned BBA and EBF publications do not oppose this in principle, since,

after all, money market traders hold '*primary responsibility for management of a bank's cash*'. However, trading in Libor/Euribor-related products does carry an inherent risk of a conflict of interest in making Libor/Euribor submissions, which calls for tighter internal supervision. Nevertheless, until July 2012 Rabobank took no specific measures to limit the risk of this form of conflict of interest, even after the commencement of the internal investigation in 2010.

The Investigation also showed that Rabobank had taken no specific measures to ensure that no internal communications on submissions could take place between money market traders, who traded in interest derivatives, among other things, and submitters. On the contrary, contact with money market traders in Asia, who also traded in JPY derivatives, was in fact encouraged at Rabobank because of their expertise with respect to borrowing and lending in JPY. This increased the risk that JPY submitters and traders would discuss the JPY Libor submissions. In the period from 2006 to 2011, such internal communications also took place in relation to Libor submissions.

4.6 No recorded substantiation for submissions

DNB has not been able to establish that there was adequate recording of substantiation for Libor and/or Euribor submissions during the Investigation Period. Contrary to its obligation under the BBA's TOR (Article 12 of the ToR) that a panel bank must be able '*to provide evidence to support its quotes*', Rabobank did not comply with that obligation, at least not until March 2011. In any event, it was not shown that the said submissions, including the substantiation for these, were administratively recorded in any way until March 2011. A senior manager also informed DNB that Rabobank did not document the support for the submissions until March 2011. ARG's audit of 2012 also found that Rabobank did not yet fully comply with this.

4.7 Inadequate measures in the course of 2010

Only in the course of 2010, after the CFTC Request for Information was received in April 2010, did Rabobank's senior management discuss the potential risks associated with the Libor and Euribor submission process. The scenario of (internal) manipulation, in addition to issuing lower submissions than the actual borrowing rates ('*lowballing*') and collusion with other panel banks ('*collusion'*) were raised here. However, this did not lead to the taking of immediate measures at the time, such as written instructions to traders/submitters to prevent oral and/or written requests to submitters. There was no question of any general set of measures applying to the entire relevant organisation. Only at the end of November 2010 did a manager issue an oral instruction, to a limited group of submitters, that they were not allowed to consider any internal communications regarding the level of submissions. Following this instruction, no further internal communications took place. A number of external communications with external brokers did take place after November 2010. These communications were discontinued in March 2011.

Procedural descriptions of the Libor and Euribor submission process were not finalised and implemented until 1 April 2011 and 1 September 2012, respectively. It is only since mid-July 2012 that physical segregation has been achieved between workplaces of traders and submitters. DNB therefore takes the view that Rabobank was too slow in taking adequate measures to mitigate the risks associated with the Libor and Euribor submission process.

4.8 Three lines of defence model: the role of compliance

The Investigation showed that Rabobank's compliance departments (the '*second line of defence*') did not monitor the Libor submission process in the period from 2006 to June 2011, or at least, Rabobank submitted no documents showing this to be the case.

For the monitoring procedures for the Euribor submission process and a review of the compliance work performed in the period from 2006 to 2012 in relation to the Euribor submission process, Rabobank referred to the procedures that exist for the Libor process. However, no specific procedural description concerning logistical requirements for the Euribor submission process existed until September 2012.

It was not until 1 June 2011 that the compliance department was shown to conduct monitoring activities in relation to the Libor/Euribor submission process. ARG's audit report of September 2012, however, does not make clear which monitoring activities were actually performed; according to ARG, this is not adequately recorded. It was also insufficiently clear which monitoring activities were performed by the compliance department in Utrecht and which by the compliance department in London. Furthermore, ARG could not determine whether the weekly and monthly monitoring reports described in the procedure were actually drawn up and issued. From 1 September 2012, the compliance monitoring procedures were supplemented by the '*Interest Rate Benchmark Policy*', but during the Investigation Period, the effect of this had not yet been subjected to a further audit by ARG.

Compliance had no full insight into relevant laws and regulations

Several ARG reports show that at least until 2011, Rabobank's compliance department and the compliance departments of several branch offices had no overall insight into laws and regulations that are relevant for the Libor and Euribor submission processes of Rabobank International. Furthermore, the compliance departments were not aware of the guidelines and rules issued by the BBA and EBF with regard to Libor and Euribor. In response to this observation, Rabobank's compliance department in Utrecht began recording a '*register of obligations*' in early 2012.

Understaffing of Compliance does not contribute towards independent and effective performance of the compliance function

In the period from 2007 to 2010, the department responsible for both the head office compliance function and for the local compliance function for the activities of Rabobank International performed in Utrecht was understaffed. In the period from 2006 to 2011, the compliance departments of the relevant branches was inadequately staffed, partly due to understaffing in various periods and partly due to high staff turnover in other periods. This does not contribute towards an effective performance of the compliance function.

Insufficient attention to compliance issues in appraisals
It has been established that compliance with global compliance policies (in particular the Global Policy Market Abuse and Conflicts of Interest and the Worldwide Compliance Standards) was in any

event not visibly and demonstrably taken into account in the appraisals by the GFM management of the employees of GFM and/or L&F who were directly involved in the Libor and Euribor submission process. The Investigation shows that little, if any, attention was devoted to compliance-related issues in Rabobank's appraisals of these employees. The compliance departments also failed to provide for this. In any event, the appraisal forms and interviews submitted to DNB show that compliance-related paragraphs (*regulatory reviews*) were structurally not filled in, that personal targets were directed at achieving financial results and sales and that compliance-related comments were made only if the employee had been involved in compliance-related matters in the preceding year. The compliance reports sent do not show that Compliance recognised that no attention is devoted to compliance with the global compliance policies in these appraisals.

DNB concludes from the foregoing that Rabobank's compliance function did not function sufficiently in relation to the Libor and Euribor submission process.

4.9 Three lines of defence model: role of operational risk management

On the basis of the Investigation, DNB concludes that the operational risk management department (**ORM**, as part of the *second line of defence*) did not function effectively enough.

In the period from 2006 to 2010, the ORM mistakenly failed to identify the Libor and Euribor submission process as a process with an increased or operational risk. It is part of the task of (operational) risk management to identify, assess and evaluate the risks to which a financial enterprise (or its business units) is or may be exposed. Despite the impact of Libor and Euribor interest rates on the financial markets and the internal and external risk signals in 2007, 2008, 2009 and 2010, Rabobank's operational risk management did not identify any risks in relation to the Libor and/or Euribor submissions. Rabobank in any event stated that the ORM reports usually contain no specific information concerning L&F. Instead, operational risks were considered at a 'higher' level, the level of GFM as a whole, resulting in the Libor/Euribor submissions process not being recognised as part of this.

4.10 Three lines of defence model: the role of the internal audit service

The Investigation showed DNB that ARG, the internal audit service of the Rabobank Group (the '*third line of defence*') did not perform its role regarding the Rabobank Libor/Euribor submission process adequately. This is also shown by the following.

Libor and Euribor not part of ARG analyses and planning

In the period from 2006 to 2011, the Libor and Euribor submission process was not included in the ARG risk analyses and audit planning as a separate (high-risk) process, as a result of which the process was not a specific subject of audits for the London and Utrecht branches. The Libor submission process (in historical terms) was treated as a process involving minor activities and which was not reflected in the cost and income budgets. ARG employees were not generally aware of the media publications, including the BIS reports in 2007 to 2008 concerning potential risks associated with the Libor and Euribor submission process. These publications and the subsequent Request for

Information from the CFTC (to open an investigation into USD Libor) in April 2010 did not lead to an update of the risk analysis. ARG took no specific action aimed at the management of the compliance department in order to determine whether it had an adequate risk analysis with regard to the Libor/Euribor submission process.

During a regular audit in 2009 of a part of GFM, the FX&MM Trading Desk, ARG recognised Libor only as a sub-process. The first specific audit of the Libor submission process was not planned until after the BBA had explicitly requested written confirmation in that regard, or confirmation of planning of this audit, in December 2010, and not at the initiative of ARG. ARG was not informed of the BBA audit obligation prior to that time. ARG conducted the first audit of the Libor submission process in March 2011. ARG did not conduct any specific audit of the Euribor submission process during the Investigation Period.

Audit opinion 2011

In 2011, ARG issued an overall audit opinion ('*adequate'*) for the Libor submission process, based partly on the work performed with the aim of determining '*the adequacy and operating effectiveness of controls around Libor rate setting activities*'. At the time of the commencement of this audit in March 2011, however, not all the relevant controls for the Libor framework (including independent compliance monitoring) had yet been implemented. ARG's opinion was therefore based primarily on the structure of the Libor control framework and its proposed implementation. The overall audit opinion of '*adequate'* with regard to '*the adequacy and operating effectiveness of controls around Libor rate setting activities*' is not consistent with the fact that the Libor control framework was still only a design that to a significant extent still had to be implemented.

Audit findings were not addressed

From 2006 through 2010, ARG conducted various investigations into the GFM activities at the Tokyo branch. This brought to light a number of shortcomings in the management environment, which were invariably brought to the attention of the local management of the Tokyo branch in different years; examples include insufficient segregation and a lack of internal supervision with respect to *trading after office hours*. In 2006, 2007, 2008 and in 2010, ARG pointed out issues including a combination of responsibilities in a single person. The shortcomings did not relate directly to the Libor submission process, but were relevant for its management environment. In particular, this concerned audit findings with a (low) significance of 3 or 4. The management of the Tokyo branch holds primary responsibility for solving the 3 and 4 audit findings. Audit findings with a significance of 3 must be addressed within 12 months. It has been established that these audit findings remained outstanding for long periods (sometimes several years), even after follow-up audits with the same findings, and were given insufficient timely attention at the local, regional and/or senior management levels. ARG did observe this, but attached no consequences to it. DNB is of the opinion that it would have been appropriate for both the business and ARG, as the internal audit service, to ensure that its audit findings were addressed promptly and adequately, or were escalated to a higher management level.

ARG not involved in internal investigations or assessed either

From 2010, in response to the investigations of external supervisory authorities, Rabobank conducted internal investigations into the Libor submission process, which, on the explicit instructions of those external supervisory authorities, were performed by external advisors. In the first instance ARG was not involved in their performance and was also unaware of their content or results. When ARG was informed, the director of ARG was basically only informed of the course of the investigations. Only in a late stage, in 2012, was he given an explicit role in the governance of the investigations as an advisor, but not as representative of the group staff function ARG. This in any event means that the facts and/or knowledge arising from these internal investigations were not used and/or taken into account in the assessment of the Libor submission process in relation to the audits conducted in 2011 and 2012 and the management measures taken.

In addition, DNB established that ARG itself was not the subject of these internal Libor/Euribor investigations.

4.11 Three lines of defence model: role of the management

The Investigation showed that parts of Rabobank's management (the *'first line of defence*') did not perform their role in relation to the Rabobank Libor/Euribor submission process, or did so inadequately. This is also shown by the following.

Role of managers

It is an established fact that in the period from March 2007 until November 2010 or March 2011, respectively, a substantial number of internal or external communications took place. These did not involve communications between traders and submitters alone. In any event, a manager was involved in potential internal communications from 14 March 2007 to 17 June 2008. From 18 March 2008 to 8 October 2008, a local manager at the Tokyo branch also took part in such internal communications and even consented to these. On 24 January 2008, a trader in Tokyo sent an email to a submitter in Europe, requesting to make a lower submission. The submitter copied in a local manager and a senior manager, who had not received the original email, on the response. The senior manager stated that he did not read the email in question, but DNB is of the opinion that this is not relevant since, after all, the senior manager in question could have viewed this email. At that time, these managers did not do anything about this.
DNB is of the opinion that Rabobank's management could and should have understood that it should not be involved in internal communications. DNB is also of the opinion that Rabobank's management at any rate from early 2008 should have conducted an investigation into an internal communication such as the email of 24 January 2008 and should not have missed such a signal.

DNB also found that one manager (referred to here as '**A**') was aware of internal communications, as also shown by the following exchange of emails of 9 December 2008 with a submitter (referred to here as '**B**'):
A: "*Good to hear that [X] is up and running. Short question: only question mark for me is him sending out the daily Rabo Libor fixings. (...) he has got no clue on this yet. What you think, is this going ok? Want to prevent that we get questions from BBA on this".*
B: "*(...)Yes, [X] is doing fine, regarding the libors(...) the yen libors sometimes [Z] will email from*

Tokyo to ask for any special requests (...)".

There are also other emails showing that this manager, on the basis of his position, was actively involved in the submission process and also intervened in discussions concerning the level of certain submissions. This manager (A) was also aware of discussions concerning the integrity of the Libor submission process and was or should have been aware of the risks associated with that process. DNB is of the opinion that he did not raise or report this knowledge within the Rabobank organisation, or did so inadequately.

This manager also signed the BBA's ToR on 25 August 2009, without coordinating this with a more senior manager. He did not consult the group legal affairs or compliance staff and/or ARG for advice on the ToR, nor did he ensure that those obligations could be acted on. At least in the first instance he did not inform ARG of the annual internal audit obligation pursuant to the ToR, and therefore ARG could not implement this. DNB therefore concludes that, with regard to the ToR, there was no question of adequate recording of rights and obligations by Rabobank.

No escalation of risk signals to senior management or compliance at some local branches

DNB did not find during the Investigation that risk signals issued in 2010 in connection with the internal Libor investigation at Rabobank were escalated to senior management and/or to compliance officers at the relevant branches in good time until 2011.

The aforementioned audit findings with significance 3 or 4 concerning the Tokyo branch, which are also relevant for the Libor submission process, also remained open for long periods (sometimes several years) – even after follow-up audits with the same audit findings – and did not receive sufficient timely attention at the local, regional and/or senior management levels.

No clear and transparent definition of tasks/responsibilities of the GFM management

On the basis of the Investigation, DNB concludes that the tasks and responsibilities of the various senior management tiers at GFM concerning the Libor/Euribor submission process were not clearly communicated within the organisation and were not clearly defined in the hierarchical line. DNB concludes that the various tiers of the GFM management did not address those tasks and responsibilities, either.

No/inadequate supervision of GFM management

In the period from 2007 until at least April 2010, when Rabobank received the Request for Information from the CFTC, the various GFM management tiers in fact conducted little, if any, internal supervision of the Euribor submission process. It has been established, for example, that in the period 2006 through 2011, the Libor/Euribor submissions were in any event not a separate topic in the regular GFM management reports; only general reports were made on this matter. Furthermore, until March 2011, no measures were taken to recognise and mitigate the risks associated with the Libor and Euribor submission process through e.g. risk (self) assessments, drawing up process descriptions and setting up monitoring activities or controls, while GFM management, as well as one manager and the

executive manager responsible were aware, or should have been aware, of one or more risk signals relating to the Libor/Euribor submission process during the period 2008 through 2010. The various tiers of GFM management failed to recognise these signals, or failed to do so adequately.

Senior management conducted no active supervision of the contacts with the BBA and compliance with the obligations arising from this.

4.12 Attestation to the BBA dated 21 December 2010

Rabobank signed the BBA's ToR on 25 August 2009. The provisions of the ToR impose legally binding obligations on Rabobank. Article 10 of the ToR states that: '*Contributors undertake to have their internal processes for submitting rates audited as part of their firm's annual compliance procedures and provide written confirmation to the FX & MM Committee that this audit has been completed*'.

However, it was not until December 2010 that ARG was informed of this annual audit obligation by a manager, after the BBA had requested written confirmation that the mandatory audit had been conducted, or confirmation that this audit would be completed on a particular date, in an email of 16 December 2010. The said manager signed a written attestation to the BBA on 21 December 2010, reading: '*Rabobanks Money Market Desk has been audited in 2009 and the next specific Libor submitting processes audit is planned for early 2011 (...) Rabobank's Compliance department is checking the internal process for submitting Libor rates. Going forward, this process will be covered by the compliance monitoring program. Date by which the internal audit is expected to be completed: March 31, 2011*'.

DNB established that the first part of this attestation implies that the audit in 2009 also related to the Libor submission process. As already described above, ARG did not assess whether the BBA guidelines had been correctly complied with in the relevant audit from 2009; this 2009 audit is not the audit of the Libor submission process as prescribed in the ToR.

4.13 Attestation to the FSA dated 18 March 2011

With reference to the questions arisen about Libor as an interest rate benchmark since the start of the financial crisis in 2007, the FSA requested Rabobank's office in London on 2 February 2011: *'(...) to provide an attestation as to the adequacy of the systems and controls arrangements currently in place for the determination and agreement of their Libor submissions*' (underlining added) no later than 18 March 2011.

Rabobank provided the attestation requested by the FSA on 18 March 2011, signed by a senior manager and a senior compliance manager. Rabobank stated in this: '(…) *we can confirm that the arrangements in place for Rabobank International's LIBOR submissions are adequate and fit for purpose*'.

On 18 March 2011, however, the procedures described for the Libor submission process had not yet been fully implemented and the desk procedures for London were still in progress. After all, the

description of the Libor procedure dated from 30 March 2011 and had not been rolled out within the organisation until April 2011. As already stated above, the ARG audit of March 2011 was based primarily on the design of the Libor control framework and the proposed implementation of this. ARG also still noted significant shortcomings in the compliance monitoring process in its audit of 2012.

Neither Rabobank's attestation to the BBA of 21 December 2010 nor its attestation to the FSA of 18 March 2011 appear to present a full view of the underlying facts.

4.14 Restrained remuneration policy regulation

The Investigation showed that Rabobank agreed to severance schemes in 2012 with four employees who worked as traders or submitters. However, the Investigation did not show, or at least, Rabobank has not recorded adequately, that the Rabobank Group-wide remuneration policy was observed in the determination of the amounts involved in the severance schemes. According to Rabobank, the Group-wide remuneration policy contains the minimum requirements that must be met in relation to a risk-mitigating remuneration policy under the current legislation. The Group-wide remuneration policy includes the '*no reward for failure*' principle (paragraph 2.2 of the Group remuneration policy): '*Severance pay will never include a reward for an employee's failure and will reflect the employee's performance*';

It follows from the severance packages presented to DNB that these include substantial severance payments. The redundancy agreements require that the employees in question cooperate in internal and external investigations concerning the Libor submission process in return for this severance pay and that they undertake to protect confidentiality. However, the Investigation also showed that the severance packages were agreed because Rabobank took the view that the employees concerned could no longer be 'retained' and should be suspended. DNB is of the opinion that such a view is not consistent with the aforementioned substantiation of the severance pay.

Consequently, DNB has not been able to assess the compliance of the agreed severance pay and payment of accumulated rights with the aforementioned '*no reward for failure*' principle.