

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: This offering circular is being sent at your request and by accepting the e-mail and accessing this offering circular, you shall be deemed to have represented to us that you consent to delivery of such offering circular by electronic transmission.

You are reminded that this offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this offering circular to any other person. You will not transmit this offering circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the underwriters.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., J.P. Morgan Securities LLC, nor Merrill Lynch, Pierce, Fenner & Smith Incorporated, nor any person who controls each of them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this offering circular distributed to you in electronic format and the hard copy version available to you on request from Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., J.P. Morgan Securities LLC, or Merrill Lynch, Pierce, Fenner & Smith Incorporated.

This offering circular is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where the offer or sale of securities is not permitted.

This Canadian Offering Memorandum constitutes an offer of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and only by persons permitted to sell these securities. This Canadian Offering Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of these securities in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of these securities, and any representation to the contrary is an offence.

**CANADIAN OFFERING MEMORANDUM
DATED NOVEMBER 2, 2012**



Rabobank

Rabobank Nederland

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland), Utrecht Branch
(the “Issuer”)**

**Private Placement in Canada of
U.S.\$1,500,000,000 3.950% Subordinated Notes due 2022
(the “Securities”)**

THE OFFERING

The Securities are being offered in Canada in the Province of Ontario as part of an offering that is being made in one or more other countries (the “Offering”). The Offering is described fully in the attached prospectus or offering circular (the “Offering Document”), the full text of which is included in this Canadian Offering Memorandum and forms a part of it. The Offering Document may be supplemented by one or more documents sent to you by the dealers acting as underwriters, initial purchasers or selling agents (the “Dealers”) concerning the Offering, which may include a final term sheet containing pricing and other related information (“Supplementary Material”). The term Supplementary Material does not include the contents of any electronic roadshow for the Offering and, if the Offering is registered under the U.S. Securities Act of 1933, as amended, the term Supplementary Material only includes those documents filed with the U.S. Securities and Exchange Commission as a free writing prospectus. The full text of all Supplementary Material, if any, concerning the Offering shall also be incorporated by reference into this Canadian Offering Memorandum and deemed to form a part of it. Accordingly, the term “Canadian Offering Memorandum” means this introductory Canadian supplement, together with the attached Offering Document and any Supplementary Material. The definitions in the Offering Document (except as otherwise stated) apply throughout this Canadian Offering Memorandum.

RELATIONSHIP BETWEEN THE DEALERS OR CERTAIN OF THEIR AFFILIATES AND THE ISSUER

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer’s affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Issuer’s affiliates routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such short positions could adversely affect future trading prices of the Securities. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Accordingly, the Issuer may be considered a “related” or “connected” issuer of one or more of

the dealers for the purposes of applicable Canadian securities laws. For more information see the section titled “Plan of Distribution” in the accompanying Offering Document. The decision to offer the Securities was made solely by the Issuer and the terms upon which the Securities are being offered were determined by negotiation between the Issuer and the Dealers. The Issuer is currently in compliance with its credit facilities with the Dealers, and no breach thereof has been waived by any of the relevant Dealers or their affiliates since the execution of such facilities.

ADDITIONAL INFORMATION ABOUT THIS CANADIAN OFFERING MEMORANDUM

If the attached Offering Document remains subject to completion or amendment, this Canadian Offering Memorandum similarly remains subject to completion or amendment. The Offering is being made exclusively through this Canadian Offering Memorandum and not through any advertisement of the Securities. No person has been authorized to give any information or to make any representation other than those contained or incorporated by reference into in this Canadian Offering Memorandum and any decision to purchase Securities should be based solely on information contained or incorporated by reference in this document.

RESALE RESTRICTIONS

The Securities have not been nor will they be qualified for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of the Securities in Canada will be made on a basis which is exempt from the prospectus requirements of Canadian securities laws.

Any resale of the Securities must be made in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of those laws. In addition, in order to comply with the dealer registration requirements of Canadian securities laws, any resale of the Securities must be made either by a person not required to register as a dealer under applicable Canadian securities laws, or through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements. These Canadian resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers of Securities are advised to seek Canadian legal advice prior to any resale of Securities.

REPRESENTATIONS AND AGREEMENT BY PURCHASERS

Each purchaser of Securities in Canada will be deemed to have represented to the Issuer, any selling securityholder (if applicable) and the Dealer participating in the sale of the Securities that the purchaser:

- (a) is resident in the Province of Ontario and is entitled under applicable provincial securities laws to purchase the Securities without the benefit of a prospectus qualified under those securities laws;
- (b) is basing its investment decision solely on this Canadian Offering Memorandum (including the Offering Document forming part of it and any Supplementary Material subsequently deemed to be incorporated by reference) and not on any other information concerning the Issuer or the Offering;
- (c) has reviewed and acknowledges the terms referred to above under the heading “Resale Restrictions”;
- (d) is an “accredited investor” as defined in National Instrument 45-106 *Prospectus and Registration Exemptions* (“NI 45-106”) and, if relying on subsection (m) of the definition of that term, is not a person created or being used solely to purchase or hold securities as an accredited investor;
- (e) is a “Canadian permitted client” as defined in National Instrument 31-103 *Registration Requirements and Exemptions* (“NI 31-103”), or as otherwise interpreted and applied by the Canadian Securities Administrators, which includes, among other things: (i) a person or company, other than an individual or an investment fund, that has net assets of at least Cdn. \$25 million as shown on its most recently prepared financial statements; (ii) an individual who beneficially owns financial assets (being cash, securities, contracts of insurance, deposits, or evidence of a deposit) having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds Cdn. \$5 million; and (iii) a person or company acting on behalf of a managed account which is

managed by that person or company, if it is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of any province or territory of Canada, or the securities legislation of any other country; and

- (f) is either purchasing Securities as principal for its own account, or is deemed to be purchasing Securities as principal by applicable law.

Each purchaser of Securities in Canada hereby agrees that it is the purchaser's express wish that all documents evidencing or relating in any way to the sale of the Securities be drafted in the English language only.

CANADIAN TAX CONSIDERATIONS

THIS CANADIAN OFFERING MEMORANDUM DOES NOT ADDRESS THE CANADIAN TAX CONSEQUENCES OF THE ACQUISITION, HOLDING OR DISPOSITION OF THE SECURITIES. PROSPECTIVE PURCHASERS OF SECURITIES ARE STRONGLY ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE CANADIAN AND OTHER TAX CONSIDERATIONS APPLICABLE TO THEM.

INDIRECT COLLECTION OF PERSONAL INFORMATION

By purchasing these Securities, the purchaser acknowledges that its name and other specified information, including the number of Securities it has purchased, may be disclosed to Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws. The purchaser consents to the disclosure of that information.

Notice to Ontario Purchasers

By purchasing these Securities, the purchaser acknowledges that personal information such as the purchaser's name will be delivered to the Ontario Securities Commission (the "OSC") and that such personal information is being collected indirectly by the OSC under the authority granted to it in securities legislation for the purposes of the administration and enforcement of the securities legislation of Ontario. By purchasing these Securities, the purchaser shall be deemed to have authorized such indirect collection of personal information by the OSC. Questions about such indirect collection of personal information should be directed to the OSC's Administrative Support Clerk, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or to the following telephone number: (416) 593-3684.

RIGHTS OF ACTION (Ontario Purchasers)

Rule 45-501 provides that when an offering memorandum, such as this Canadian Offering Memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) ("Section 130.1") is applicable unless the prospective purchaser is:

- (a) a Canadian financial institution, meaning either:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),

- (c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1 provides purchasers who purchase securities offered by an offering memorandum with a statutory right of action against the issuer of securities and any selling securityholder for rescission or damages in the event that the offering memorandum or any amendment to it contains a “misrepresentation”, without regard to whether the purchaser relied on the “misrepresentation”. “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made.

In the event that this Canadian Offering Memorandum, together with any amendment, is delivered to a prospective purchaser of Securities in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this Canadian Offering Memorandum contains a misrepresentation which was a misrepresentation at the time of purchase of the Securities, the purchaser will have a statutory right of action against the Issuer and the selling securityholder(s), if any, for damages or, while still the owner of the Securities, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that:

- (a) no action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or in the case of any other action, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action;
- (b) the defendant will not be liable if it proves that the purchaser purchased the Securities with knowledge of the misrepresentation;
- (c) the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Securities as a result of the misrepresentation relied upon;
- (d) in no case will the amount recoverable exceed the price at which the Securities were offered to the purchaser; and
- (e) the statutory right of action for rescission or damages is in addition to and does not derogate from any other rights or remedies the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and you should refer to the complete text of those provisions.

ENFORCEMENT OF LEGAL RIGHTS

The directors and officers of the Issuer and the selling securityholder(s), if any, as well as any experts named in this document are likely to be located outside of Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Issuer or those persons. All or a substantial portion of the assets of the Issuer and those persons is likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Issuer or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Issuer or those persons outside of Canada.

Each purchaser acknowledges that it has been notified that: (i) the Dealers are not registered as securities dealers in any province or territory of Canada (or, if any are so registered, they are not relying upon their registration status to trade the Securities); (ii) all or substantially all of the assets of the Dealers may be situated outside of Canada; and (iii) there may be difficulty enforcing legal rights against the Dealers for these reasons.

Offering Circular dated November 2, 2012



Rabobank

Rabobank Nederland
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland),
Utrecht Branch

(a cooperative with limited liability established under the laws of The Netherlands and having its statutory seat in Amsterdam, The Netherlands)

U.S.\$1,500,000,000 3.950% Subordinated Notes due 2022

Issue Price of the Notes: 99.869%

The U.S.\$1,500,000,000 3.950% Subordinated Notes due 2022 (the “Notes”) will be issued by the Utrecht Branch of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), a cooperative entity formed under the laws of The Netherlands with its statutory seat in Amsterdam, The Netherlands (the “Issuer”). The Notes will bear interest at an interest rate of 3.950% per annum, from (and including) November 9, 2012 (the “Issue Date”) to (but excluding) November 9, 2022, unless previously redeemed, payable semiannually in arrears (as more fully described under “Terms and Conditions of the Notes”). Interest will be payable semiannually on May 9 and November 9 in each year (each, an “Interest Payment Date”), commencing on May 9, 2013.

The Notes will have a final maturity date of November 9, 2022. Upon the occurrence of a Tax Law Change or a Capital Event (each as defined in “Terms and Conditions of the Notes”), the Notes may be redeemed (at the option of the Issuer) in whole but not in part in an amount equal to their principal amount, together with any accrued and unpaid interest.

All payments and deliveries of principal and interest on the Notes will be irrevocably and unconditionally guaranteed on a subordinated basis (the “Guarantee”) by the New York Branch of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the “Guarantor”), a branch duly licensed in the State of New York. Notwithstanding the foregoing, under Dutch law, a branch is not a separate legal entity and, therefore, from a purely Dutch law perspective, the Guarantee provided by the Guarantor for the obligations of the Issuer does not provide a separate means of recourse.

Pursuant to the exercise of any Statutory Loss Absorption (as defined herein) measures, the Notes could become subject to a determination by the Relevant Authority (as defined herein) or the Bank (following instructions from the Relevant Authority) that all or part of the principal amount of the Notes, including accrued but unpaid interest in respect thereof (and the related obligations under the Guarantee) must be written off or otherwise converted into common equity Tier 1 capital or otherwise be applied to absorb losses. Such determination shall not constitute an event of default and holders will have no further claims in respect of any amount so written off or otherwise as a result of such Statutory Loss Absorption.

The denominations of the Notes shall be U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof. The Notes will be represented by one or more global notes (collectively, the “Global Notes,” and individually, the “Global Note”). The Global Notes will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in registered, definitive form. The Notes will be governed by Dutch law. See “Provisions Relating to the Notes in Global Form”.

The Notes are expected upon issue to be rated A2, A+ and AA- by Moody’s Investors Service Limited (“Moody’s”), Standard & Poor’s Credit Market Services Limited (“Standard & Poor’s”) and Fitch Ratings Limited (“Fitch”), respectively. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES CONSTITUTE UNCONDITIONAL, SUBORDINATED LIABILITIES OF THE ISSUER, AND THE GUARANTEE CONSTITUTES AN UNCONDITIONAL, SUBORDINATED CONTINGENT OBLIGATION OF THE GUARANTOR. THE NOTES AND THE GUARANTEE ARE NOT BANK DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BANK INSURANCE FUND OR ANY OTHER U.S. OR DUTCH GOVERNMENTAL OR DEPOSIT INSURANCE AGENCY OR ENTITY.

Investing in the Notes involves certain risks. See the section entitled “Risk Factors”.

Joint Lead Managers

BofA Merrill Lynch
Goldman, Sachs & Co.

Credit Suisse
J.P. Morgan

This Offering Circular should be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Important Information - Documents incorporated by reference”) and should be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The Underwriters (as defined herein under “Plan of Distribution”) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Underwriters as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorized by the Issuer to give any information or to make any representation not contained in, or not consistent with, this Offering Circular or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of the Underwriters.

The information contained in this Offering Circular was obtained from the Issuer and other sources that the Issuer believes to be reliable, but no assurance can be given as to the accuracy or completeness of such information. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of the terms of such Notes. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Prospective investors should consult their own attorney, business advisor or tax advisor for legal, business or tax advice.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Underwriters expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference herein (as described in “Important Information - Documents incorporated by reference”) when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered with, recommended, approved or disapproved by the United States Securities and Exchange Commission (“SEC”) or any federal or state securities commission or regulatory authority. Rather, the Notes are being offered in reliance upon an exemption provided by Section 3(a)(2) of the Securities Act. Furthermore, the foregoing authorities have not passed upon the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE “RSA”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B OF THE RSA IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO TEXAS RESIDENTS ONLY: WE ARE NOT MAKING AN OFFERING OF THE NOTES IN TEXAS, EXCEPT AS SPECIFIED BELOW. WE DO NOT INTEND TO MAKE ANY SALES OF THE NOTES

IN TEXAS AND EACH UNDERWRITER HAS AGREED THAT IT WILL NOT DISTRIBUTE THIS OFFERING CIRCULAR OR ADVERTISE, OFFER OR SELL ANY NOTES, DIRECTLY OR INDIRECTLY, IN TEXAS OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF TEXAS (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN TEXAS, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF, OR RESIDING IN, TEXAS), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN TEXAS OR TO A RESIDENT OF TEXAS, EXCEPT TO INDIVIDUAL ACCREDITED INVESTORS AS DEFINED UNDER §139.16 OF THE TEXAS SECURITIES ACT, OTHER ACCREDITED INVESTORS, AS DEFINED IN RULE 501(A)(1)-(4), (7) AND (8) UNDER THE SECURITIES ACT OR TO QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, PURSUANT TO §§581-5(H), 109.3, 109.4 OR 139.16 OF, AND OTHERWISE IN COMPLIANCE WITH, THE TEXAS SECURITIES ACT AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND GUIDELINES OF TEXAS.

Unless the context otherwise requires, references in this Offering Circular to “**Rabobank Nederland**” or the “**Bank**” are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., and references to “**Rabobank Group**”, “**Rabobank**” or the “**Group**” are to Rabobank Nederland and its members, subsidiaries and affiliates. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in jurisdictions other than the United States of America (the “**United States**”). The Issuer and the Underwriters do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any of the Underwriters which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required other than the United States. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any such jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession or control this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes.

Unless otherwise specified or the context requires, all references in this document to “**U.S. dollars**,” “**U.S.\$**”, “**USD**” and “**\$**” refer to the currency of the United States. All references to “**EUR**” and “**€**” are to euro, which means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community.

All figures in this Offering Circular have not been audited, unless stated otherwise. Such figures are internal figures of Rabobank Nederland or Rabobank Group (as defined hereafter).

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive.

Capitalized terms used herein shall, unless otherwise defined, have the same meanings as in the terms and conditions of the Notes. See “Terms and Conditions”.

Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes

Business and general economic conditions

The profitability of Rabobank Group could be adversely affected by a worsening of general economic conditions in the Netherlands and/or globally. Banks are still facing persistent turmoil in financial markets following the European sovereign debt crisis that arose in the first half of 2010. Moreover, renewed tensions surrounding Iran’s nuclear programme, associated with the release of a new report of the International Atomic Energy Agency in November 2011, and the continuing social unrest (which started in the beginning of 2011) in certain Middle Eastern countries, particularly Syria, may also cause adverse economic effects which may adversely impact the Rabobank Group. Factors such as interest rates, exchange rates, inflation, deflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices can significantly affect the activity level of customers and the profitability of Rabobank Group. For example, an economic downturn, or significantly higher interest rates, could adversely affect the credit quality of Rabobank Group’s assets by increasing the risk that a greater number of its customers would be unable to meet their obligations. Moreover, the market downturn and worsening of the economy could reduce the value of Rabobank Group’s assets and could cause Rabobank Group to incur further mark-to-market losses in its trading portfolios or could reduce the fees Rabobank Group earns for managing assets or the levels of assets under management. In addition, a market downturn and increased competition for savings in the Netherlands could lead to a decline in the volume of customer transactions that Rabobank Group executes and, therefore, a decline in customer deposits and the income it receives from fees and commissions and interest. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Factors affecting results of operations - General market conditions”. Continuing volatility in the financial markets or a protracted economic downturn in the Netherlands or Rabobank Group’s other major markets could have a material adverse effect on Rabobank Group’s results of operations.

Credit risk

Credit risk is defined as the risk that the bank will suffer economic losses because a counterparty cannot fulfil its financial or other contractual obligations arising from a credit contract. A “**credit**” is each legal relationship on the basis of which Rabobank, in its role as financial service provider, can or will obtain a claim on a debtor by providing a product. In addition to loans and facilities (with or without commitment), credit as a generic term also includes, among other things, guarantees, letters of credit and derivatives.

An economic downturn may result in an increase in credit risk and, consequently, loan losses that are above Rabobank Group's long-term average, which could have a material adverse effect on Rabobank Group's results of operations.

Country risk

With respect to country risk, a distinction can be made between transfer risk and collective debtor risk. Transfer risk relates to the possibility of foreign governments placing restrictions on funds transfers from debtors in that country to creditors abroad. Collective debtor risk relates to the situation in which a large number of debtors in a country cannot meet their commitments for the same reason (e.g. war, political and social unrest or natural disasters, but also government policy that does not succeed in creating macro-economic and financial stability).

Unpredictable and unexpected events which increase transfer risk and/or collective debtor risk could have a material adverse effect on Rabobank Group's results of operations.

Interest rate and inflation risk

An important risk component for Rabobank Group is interest rate risk. Interest rate risk is the risk, outside the trading environment, of deviations in interest income and/or the market value of capital as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for Rabobank Group's liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of Rabobank Group's assets, such as mortgages, which have longer interest rate fixation periods. Sudden and substantial changes in interest rates could have a material adverse effect on Rabobank Group's results of operations. Inflation and expected inflation can influence interest rates. An increase in inflation may: (i) decrease the value of certain fixed income instruments which Rabobank Group holds; (ii) result in surrenders of certain savings products with fixed rates below market rates by banking customers of Rabobank Group; (iii) require Rabobank Group to pay higher interest rates on the securities that it issues; and (iv) cause a general decline in financial markets.

Funding and liquidity risk

Liquidity risk is the risk that not all (re)payment commitments can be met. This could happen if clients or other professional counterparties suddenly withdraw more funding than expected, which cannot be met by Rabobank Group's cash resources or by selling or pledging assets or by borrowing funds from third parties. Important factors in preventing this are preserving the trust of customers for retail funding and maintaining access to financial markets for wholesale funding. If either of these were seriously threatened, this could have a material adverse effect on Rabobank Group's results of operations.

Market risk

The value of Rabobank Group's trading portfolio is affected by changes in market prices, such as interest rates, equities, currencies, certain commodities and derivatives. Any future worsening of the situation in the financial markets could have a material adverse effect on Rabobank Group's results of operations.

Currency risk

Rabobank Group is an internationally active bank. As such, part of its capital is invested in foreign activities. This gives rise to currency risk, in the form of translation risk. In addition, the trading books are exposed to market risk, in that they can have positions that are affected by changes in the exchange rate of currencies. Sudden and substantial changes in the exchange rates of currencies could have a material adverse effect on Rabobank Group's results of operations.

Operational risk

As a risk type, operational risk has acquired its own distinct position in the banking world. It is understood to mean “the risk of losses resulting from inadequate or failed internal processes, people or systems or from external events”. Events of recent decades in modern international banking have shown on several occasions that ineffective control of operational risks can lead to substantial losses. Under the Basel II accord, banks must hold capital for this risk. Examples of operational risk incidents are highly diverse: fraud, claims relating to inadequate products, inadequate documentation, losses due to poor occupational health and safety conditions, errors in transaction processing, non-compliance with the law and system failures. The occurrence of any such incidents could have a material adverse effect on Rabobank Group’s results of operations.

Legal risk

Rabobank Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, Rabobank Group is exposed to many forms of legal risk, which may arise in a number of ways. Rabobank Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if Rabobank Group is successful. Although Rabobank Group has processes and controls to manage legal risks, failure to manage these risks could have a negative impact on Rabobank Group’s reputation and could have a material adverse effect on Rabobank Group’s results of operations.

Tax risk

Rabobank Group is subject to the tax laws of all countries in which it operates. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions, which could have a material adverse effect on Rabobank Group’s results of operations.

Systemic risk

Rabobank Group could be negatively affected by the weakness and/or the perceived weakness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions and counterparties. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom Rabobank Group interacts on a daily basis. Concerns about the creditworthiness of sovereigns in Europe and North America have recently intensified. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions. Any of the above-mentioned consequences of systemic risk could have an adverse effect on Rabobank Group’s ability to raise new funding and its results of operations.

Effect of governmental policy and regulation

Rabobank Group’s businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the Netherlands, the European Union, the United States and elsewhere. Areas where changes could have an impact include, but are not limited to: the monetary, interest rate and other policies of central banks and regulatory authorities; changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which Rabobank Group operates; changes and rules in competition and pricing environments; developments in the financial

reporting environment; stress testing exercises to which financial institutions in general, and Rabobank Group in particular, are subject; or unfavourable developments producing social instability or legal uncertainty which in turn may affect demand for Rabobank Group's products and services. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorizations to operate.

As of 1 July 2012 a personal mortgage loan should not be higher than €320,000 to be eligible for being secured by the Dutch Homeownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woningen* or "WEW"), an institution that was founded by the Dutch government in 1993, through the National Mortgage Guarantee Scheme (*Nationale Hypotheek Garantie* or "NHG"). As of 1 July 2013, this maximum will be reduced to €290,000 and as of 1 July 2014 to €265,000. Moreover, on 1 July 2011 the Dutch government reduced the conveyance tax on privately owned houses (from 6% to 2%). Effective 1 October 2012, the Dutch government introduced a banking tax. Rabobank is expected to be liable to hand over one-third of the total tax liability of EUR 600 million. The establishment of an ex-ante funded deposit guarantee system, a system that protects bank depositors from losses caused by a bank's inability to pay its debts when due, has been postponed to 2013. Finally, the Dutch Central Bank (*De Nederlandsche Bank N.V.*, the "DNB"), has launched a proposal that implies a step by step reduction of the maximum permissible amount of a residential mortgage loan to 90% of the value of the property (instead of the maximum of 106% that Rabobank has applied since 1 July 2011 and other Dutch banks since 1 August 2011). All these factors may have material adverse effects on Rabobank Group's results of operations.

Currently, mortgage loan interest payments for Dutch homeowners are tax deductible. If the tax deductibility is reduced or abolished, which in Rabobank's view is increasingly likely, this could have a material adverse effect on Rabobank Group's results of operations.

On 21 July 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which provides a broad framework for significant regulatory changes that will extend to almost every area of U.S. financial regulation. Implementation of the Dodd-Frank Act requires detailed rulemaking by different U.S. regulators, including the Department of the Treasury, the Board of Governors of the Federal Reserve (the "**Federal Reserve**"), the SEC, the Federal Deposit Insurance Corporation (the "**FDIC**"), the Commodity Futures Trading Commission (the "**CFTC**") and the newly created Financial Stability Oversight Council (the "**FSOC**"). Many of the implementing rules have been finalized or proposed, but, in general, significant uncertainty remains about the final details, timing and impact of many of the rules. The Dodd-Frank Act provides for new or enhanced regulations regarding, among other things: (i) systemic risk oversight, (ii) bank capital standards, (iii) the liquidation of failing systemically significant financial institutions, (iv) derivatives, (v) the ability of banking entities to engage in proprietary trading activities and invest in hedge funds and private equity (the so-called "Volcker Rule") and (vi) consumer and investor protection. Although uncertainty remains about many of the details, impact and timing of many of these regulatory initiatives, implementation of the Dodd-Frank Act and related final regulations could result in significant costs and potential limitations on Rabobank's businesses and may have material adverse effects on Rabobank Group's results of operations.

In the United Kingdom, the Independent Commission on Banking, chaired by Mr John Vickers, released its Final Report on 12 September 2011. This report recommends that the retail banking activities of banks in the United Kingdom should be structurally separated, by a "ring-fence", from wholesale banking and investment banking activities. In the Netherlands, a similar recommendation was made by the '*Parlementaire Enquêtecommissie Financieel Stelsel*', a parliamentary commission that investigated the turmoil in the financial sector in recent years under the chair of Mr Jan de Wit which presented its final report on 12 April

2012. If the recommendation of the commission of Mr Jan de Wit is adopted, this could have a material adverse effect on Rabobank Group's results of operations.

Similarly, the High-Level Expert Group on reforming the structure of the EU banking sector, chaired by Erkki Liikanen, released a report on 2 October 2012 recommending "ring-fencing" of certain retail banking activities with respect to banking organizations the trading and other operations of which exceed certain thresholds or are a significant share of the organization's business. If the report's recommendations are adopted, this could have a material adverse effect on the European banking sector and on Rabobank Group's results of operations.

Minimum regulatory capital and liquidity requirements

Rabobank Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Under Basel II, capital requirements are inherently more sensitive to market movements than under previous regimes. Capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of Rabobank Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on Rabobank Group's results of operations. A shortage of available capital may restrict Rabobank Group's opportunities for expansion.

In the future, under the Basel III proposals ("**Basel III**"), capital and liquidity requirements will increase. On 17 December 2009, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". The Basel Committee published its economic impact assessment on 18 August 2010 and, on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements. On 16 December 2010 the Basel Committee issued its final view on Basel III, as discussed under "Regulation of Rabobank Group".

There can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, the European Commission and/or the Dutch Central Bank may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on Dutch banks.

If the regulatory capital requirements, liquidity restrictions or ratios applied to Rabobank Group are increased in the future, any failure of Rabobank Group to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on Rabobank Group's results of operations.

Credit ratings

Rabobank Group's access to the unsecured funding markets is dependent on its credit ratings.

A downgrading in its credit ratings, as a result of a change in rating methodology or otherwise, could adversely affect Rabobank Group's access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements all of which could have a material adverse effect on Rabobank Group's results of operations.

See also "*Credit ratings may not reflect all risks.*"

Competition

All aspects of Rabobank Group's business are highly competitive. Rabobank Group's ability to compete effectively depends on many factors, including its ability to maintain its reputation, the quality of its services and advice, its intellectual capital, product innovation, execution ability, pricing, sales efforts and the talent of

its employees. Any failure by Rabobank Group to maintain its competitive position could have a material adverse effect on Rabobank Group's results of operations.

Business environment

Concerns about geopolitical developments (such as the renewed tensions surrounding Iran's nuclear programme since November 2011), social unrest (such as the continuing turmoil in certain Middle Eastern and North African countries), oil prices and natural disasters, among other things, can affect the global financial markets. Since the beginning of the 21st century accounting and corporate governance scandals have significantly undermined investor confidence from time to time. The occurrence of any such developments and events could have a material adverse effect on Rabobank Group's results of operations.

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events and responses to those acts/events may create economic and political uncertainties, which could have a negative impact on Dutch and international economic conditions generally, and more specifically on the business and results of Rabobank Group in ways that cannot necessarily be predicted. The occurrence of any such events could have a material adverse effect on Rabobank Group's results of operations.

Key employees

Rabobank Group's success depends to a great extent on the ability and experience of its senior management and other key employees. The loss of the services of certain key employees, particularly to competitors, could have a material adverse effect on Rabobank Group's results of operations. The failure to attract or retain a sufficient number of appropriate employees could significantly impede Rabobank Group's financial plans, growth and other objectives and have a material adverse effect on Rabobank Group's results of operations.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the final Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes and the Guarantee are subordinated obligations

The Issuer's and the Guarantor's obligations to make payments under the Notes and the Guarantee, respectively, are subordinated. In particular, the payment obligations of the Issuer under the Notes and the Guarantor under the Guarantee rank:

- (i) subordinated and junior to present or future unsubordinated indebtedness of the Bank;
- (ii) *pari passu* with Parity Securities (as defined herein) or any other present or future indebtedness of the Bank which ranks by or under its own terms or otherwise *pari passu* with the Notes or the Guarantee; and
- (iii) senior to any other present or future obligation of the Bank which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Notes or the Guarantee.

By virtue of this subordination, payments to the Holders will, in the case of (i) a bankruptcy of the Bank, (ii) a Moratorium, or (iii) a dissolution (*ontbinding*) as a result of the insolvency of the Bank, only be made after all payment obligations of the Bank ranking senior to the Notes and the Guarantee have been satisfied in full. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Bank under or in connection with such Note shall be excluded and each Holder shall be deemed to have waived all such rights of set-off. See also the risk factors entitled "*Future bank recovery and resolution regimes*", "*The Notes may be subject to statutory loss absorption*" and "*Holders waive protections under the New York Banking Law*".

Moreover, under Dutch law, a branch is not a separate legal entity and, therefore, from a purely Dutch law perspective, the Guarantee provided by the Guarantor for the obligations of the Issuer does not provide a separate means of recourse. See also the risk factors entitled "*Future bank recovery and resolution regimes*" and "*The Notes may be subject to statutory loss absorption*".

Holders waive protections under the New York Banking Law

Under Section 606(4)(a) of the New York Banking Law, (a) the Guarantor, as a New York state-licensed branch of Rabobank Nederland, is required to set aside and pledge certain liquid assets equal to a percentage of its liabilities, including the Guarantee, and the Superintendent of Financial Services of the State of New York (the "**Superintendent**") may increase that percentage, (b) the Superintendent may take possession of such assets and the rest of the property and business of Rabobank Nederland located in New York (which includes but is not limited to assets or other property of the Guarantor, wherever situated) for the benefit of the Guarantor's creditors, including the beneficiaries of the Guarantee, if, among other things, Rabobank Nederland is placed in liquidation or there is reason to doubt Rabobank Nederland's ability to pay its creditors in full, and (c) the Superintendent is authorized not to turn over any such assets or other property to the principal office of Rabobank Nederland or any Dutch liquidator or receiver until all of the claims of the creditors of the Guarantor, including the beneficiaries of the Guarantee, have been satisfied and discharged. Each Holder and beneficial owner of a Note will, by accepting a direct or beneficial interest in such Note, waive its rights to the preferred treatment it would otherwise receive under Section 606(4)(a) of the New York Banking Law and under any other similar law hereafter enacted to the extent necessary to give effect to the subordination provisions of the Notes and the Guarantee. See Condition 4. Investors in the Notes will instead be required to enforce their rights in any bankruptcy, winding-up or liquidation of Rabobank Nederland in the Netherlands. As a result, the rights of investors in the Notes will, notwithstanding the Guarantee, be determined by Dutch insolvency law applicable to Rabobank Nederland.

No limitation on issuing pari passu and senior securities; subordination

The Notes do not limit the Issuer's ability or the ability of any entity in the Rabobank Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Notes.

The issue of any such securities may reduce the amount recoverable by Holders on (i) a bankruptcy of the Bank, (ii) a Moratorium, or (iii) a dissolution (*ontbinding*) as a result of the insolvency of the Bank. Accordingly, in the event of (i) a bankruptcy of the Bank, (ii) a Moratorium, or (iii) a dissolution (*ontbinding*) as a result of the insolvency of the Bank, and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy the amounts owing to the Holders.

The ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes

The Notes are a new issue of securities for which there is no established public market. The Notes will neither be listed on any securities exchange nor included in any automated quotation system.

The Underwriters have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the Underwriters are not obligated to make a market in the Notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure investors that an active market for the notes will develop or, if developed, that it will continue. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar Notes, our performance and other factors.

Redemption at maturity

The Notes mature on 9 November 2022. Holders have no ability to require the Issuer to redeem their Notes unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are set out in Condition 10.

Notes subject to optional redemption by the Issuer prior to maturity

Upon the occurrence of a Tax Law Change or a Capital Event, the Notes may be redeemed at the option of the Issuer at their principal amount, as more particularly described in the Conditions. Such an optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Notes may be subject to statutory loss absorption

On 6 June 2012, the European Commission proposed a new directive, known as the Crisis Management Directive, on a comprehensive framework for dealing with ailing banks. This proposed directive includes proposals to give regulators resolution powers, *inter alia*, to write down the debt of a failing bank (or to convert such debt into capital) to strengthen its financial position and allow it to continue as a going concern, subject to appropriate restructuring measures being taken. It is currently unclear whether measures ultimately adopted in this area will apply to any debt currently in issue, or whether grandfathering rules will apply.

It is possible that pursuant to the Crisis Management Directive or other resolution or recovery rules which may in the future be applicable to the Bank (including CRD IV), new powers may be given to the Dutch Central Bank or another relevant authority/ies (each, a "**Relevant Authority**") which could be used in such a way as to result in the Notes absorbing losses ("**Statutory Loss Absorption**").

Pursuant to the exercise of any Statutory Loss Absorption measures, the Notes could become subject to a determination by the Relevant Authority or the Bank (following instructions from the Relevant Authority) that all or part of the principal amount of the Notes, including accrued but unpaid interest in respect thereof (and the related obligations under the Guarantee), must be written off or otherwise converted into common equity

Tier 1 capital or otherwise be applied to absorb losses. Such determination shall not constitute an Event of Default and Holders will have no further claims in respect of any amount so written off or otherwise as a result of such Statutory Loss Absorption.

Any determination that all or part of the principal amount of the Notes (and the related obligations under the Guarantee) will be subject to Statutory Loss Absorption may be inherently unpredictable and may depend on a number of factors which may be outside the Bank's control. Accordingly, trading behaviour in respect of Notes which are subject to Statutory Loss Absorption is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Notes (and the related obligations under the Guarantee) will become subject to Statutory Loss Absorption could have an adverse effect on the market price of the Notes. Potential investors should consider the risk that a Holder may lose all of its investment in such Notes, including the principal amount plus any accrued but unpaid interest, if those Statutory Loss Absorption measures were to be taken.

As used in this risk factor, "Crisis Management Directive" means any relevant laws and regulations applicable to the Bank at the relevant time pursuant to, or which implement, or are enacted within the context of, a directive and/or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, the first draft of which was published on 6 June 2012.

Potential investors should also refer to the risk factors entitled "*Future bank recovery and resolution regimes*", "*Holders waive protections under the New York Banking Law*", "*Basel III Reforms – Loss absorbency at the point of non-viability*" and "*Change of law*".

Future bank recovery and resolution regimes

The Dutch legislator has adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "SMFI"). The SMFI contains similar legislation to the rules outlined in the draft Crisis Management Directive – see the risk factor entitled "*The Notes may be subject to statutory loss absorption*" above. Pursuant to the SMFI, substantial new powers are granted to the Dutch Central Bank and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency. The SMFI aims to empower the Dutch Central Bank or the Minister of Finance, as applicable, to commence proceedings leading to: (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a "bridge bank"; and (iii) public ownership (nationalization) of the relevant bank and expropriation of its outstanding debt securities (which may include the Notes). Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the Dutch Central Bank or the Minister of Finance, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

Within the context of the resolution tools provided in the SMFI, holders of debt securities of a bank (including the Holders) subject to resolution could be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings. The draft Crisis Management Directive includes similar proposals.

It is possible that under the SFMI, or the Crisis Management Directive or any other future similar proposals, any new resolution powers given to the Dutch Central Bank or another relevant authority could be used in such a way as to result in the debt instruments of the Issuer, such as the Notes, absorbing losses or otherwise affecting the rights of Holders in the course of any resolution of the Bank.

It is at this stage uncertain whether the Crisis Management Directive will be adopted and if so, when and in what form. However, the SMFI and, if it were to be adopted in its current form, the Crisis Management Directive could negatively affect the position of Holders and the credit rating attached to the Notes, in particular if and when any of the above proceedings would be commenced against the Bank, since the application of any such legislation may affect the rights and effective remedies of the Holders as well as the market value of the Notes.

In addition, potential investors should refer to the risk factors entitled “*The Notes may be subject to statutory loss absorption*”, “*Basel III Reforms – Loss absorbency at the point of non-viability*” and “*Change of law*”.

Basel III Reforms - Loss absorbency at the point of non-viability

The Basel III Reforms provide that instruments, such as the Notes, which do not contain any contractual terms providing for their writing off or conversion into ordinary shares upon the occurrence of a Non-Viability Event (as defined below), will, subject to implementation of the Basel III Reforms and to applicable transitional provisions, cease to be eligible to count in full as Tier 2 Capital from 1 January 2013 unless, among other things, the jurisdiction of the relevant bank has in place laws that (i) require such instruments to be written down upon the occurrence of a Non-Viability Event, or (ii) otherwise require such instruments fully to absorb losses before tax payers are exposed to loss.

It is possible that any powers which result from any future change in law to give effect to the Basel III Reforms could be used in such a way as to result in the Notes absorbing losses in the manner described in (i) or (ii) above. Accordingly, the operation of any such future legislation may have an adverse effect on the position of Holders. See also the risk factors entitled “*The Notes may be subject to statutory loss absorption*”, “*Future bank recovery and resolution regimes*” and “*Change of law*”.

As used herein, “**Non-Viability Event**” means the earlier of (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, without which the relevant bank would become non-viable, in each case as determined by the relevant authority. This definition is for illustrative purposes only and may not necessarily reflect the meaning ascribed to the term “**Non-Viability Event**” (or any term equivalent thereto) pursuant to any law or regulation implementing the Basel III Reforms.

See also the risk factors entitled “*The Notes may be subject to statutory loss absorption*”, “*Future bank recovery and resolution regimes*”, and “*Change of law*” for further information.

Modifications and waiver may apply to the Notes absent consent of all Holders

The Terms and Conditions of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Agency Agreement may be amended by the Issuer without the consent of Holders (i) for the purposes of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein or (ii) in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders, or to comply with mandatory provisions of law or to evidence a successor obligor. See Condition 13.

The Notes will not be registered or listed

The Notes and the Guarantee are not and will not be registered under the Securities Act or under any state laws. The Notes and the Guarantee are being offered pursuant to an exemption from the registration requirements of the Securities Act contained in Section 3(a)(2) of the Securities Act. Neither the SEC nor any

state securities commission or regulatory authority has recommended or approved the Notes or the Guarantee, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Offering Circular. The Notes will not be listed on an organized securities exchange. This may adversely affect the liquidity and, therefore, the value of the Notes.

Neither the Notes nor the Guarantee are insured by the FDIC

Neither the Notes nor the Guarantee are deposit liabilities of the Issuer or the Guarantor, respectively, and neither the Notes nor the Guarantee or any investment in the Notes are insured by the United States FDIC, the Bank Insurance Fund or any U.S. or Dutch governmental or deposit insurance agency.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, or market risks. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Credit ratings may not reflect all risks

The Notes are expected to be assigned on issue a rating of A2 by Moody's Investors Service Limited, A+ by Standard & Poor's Credit Market Services Europe Limited and AA- by Fitch Ratings Ltd. There can be no assurance that the methodology of the rating agencies will not evolve or that any ratings once given will not be suspended, reduced or withdrawn at any time by the assigning rating agency.

The credit rating(s) of the Notes from time to time may not be reliable and changes to the credit ratings could affect the value of the Notes. Credit ratings may not reflect the potential impact of all risks relating to the value of the Notes. Real or anticipated changes in the credit ratings of the Bank will generally affect the market value of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

EU Savings Directive

The EU has adopted EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"). The EU Savings Directive requires Member States of the European Union (each an "**EU Member State**") to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person to an individual resident, or to certain other types of entity established, in another EU Member State, except that Austria and Luxembourg may instead impose a

withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. A number of non-EU countries and territories have adopted similar measures with effect from the same date.

If a payment were to be made or collected through an EU Member State (or a third country or territory which has adopted similar measures) which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of the EU Savings Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Reliance on the procedures of DTC

The Notes will be represented by one or more Global Notes except in certain limited circumstances described under ‘Provisions Relating to the Notes While in Global Form’ below. The Global Notes will be deposited with a custodian on behalf of DTC in the name of Cede & Co. as nominee. DTC will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their entitlements only through DTC. The Global Notes will be exchangeable in very limited circumstances described herein, in whole but not in part, for Notes in registered, definitive form.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the Fiscal Agent, which then makes payments to DTC or a nominee thereof, for distribution to its account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of DTC to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holder of beneficial interests in the Global Notes may have to rely on DTC and/or their respective custodian bank to exercise voting rights with respect to such Notes in any creditors meeting in relation to the Notes or to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes. Rather, Holders will have to rely upon their limited rights under the Terms and Conditions. See “Provisions Relating to the Notes While in Global Form” below.

Integral multiples of less than U.S.\$250,000 not permitted

The Notes are denominated in amounts of U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof. Under the Terms and Conditions, a Holder will be required to hold an amount of Notes that is not less than the minimum denomination of U.S.\$250,000.

Change of law

The terms and conditions of the Notes are based on Dutch law in effect as at the date of the final Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to Dutch, European or any other applicable laws, regulations or administrative practices after the date of the final Offering Circular. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Bank through the Issuer or otherwise, including the Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Bank is no longer considered viable by its regulator or upon the occurrence of another trigger (see the risk factors entitled “*The Notes may be subject to*

statutory loss absorption”, “*Future bank recovery and resolution regimes*” and “*Basel III Reforms — Loss absorbcency at the point of non-viability*” above for further details).

Enforcement of U.S. laws against the Issuer

The Issuer is a Dutch branch of a Dutch bank. Many of the Bank’s directors and executive officers are resident outside the United States, and all or a substantial portion of the assets of its directors and executive officers are located outside the United States. As a result, it may be difficult for investors to serve legal process within the United States upon the directors and executive officers of the Bank or to enforce, outside the United States, judgments obtained against the Issuer, the Bank or the Bank’s directors or executive officers in courts in jurisdictions inside the United States in any action, including actions predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

U.S. Foreign Account Tax Compliance Withholding

The Bank and other non-U.S. financial institutions through which payments on the Notes are made, may be required to withhold U.S. tax at a rate of 30 per cent on all, or a portion of, payments made after 31 December 2016 pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**” and such sections of the Code being commonly referred to as “**FATCA**”), or similar law implementing an intergovernmental approach to FATCA, or in either case, any agreement entered into by the Bank pursuant thereto. However, such FATCA withholding tax is not expected to apply if the Notes are (i) treated as debt for U.S. federal income tax purposes, (ii) issued prior to the date that is six months after the date on which applicable final regulations are filed and (iii) not materially modified on or after such date. The rules governing FATCA have not yet been fully developed in this regard and the future application of FATCA to the Bank, the Notes and holders of the Notes is uncertain. This withholding by the Bank, and other non-U.S. financial institutions through which payments on the Notes are made, may be required, inter alia, where (i) the Bank or such other non-U.S. financial institution is a foreign financial institution (“**FFI**”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (“**IRS**”) (or an arrangement provided for under a law implementing an intergovernmental approach to FATCA) to provide certain information on its account holders (making the Bank or such other non-U.S. financial institution a “**Participating FFI**”), and (ii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA or (b) an investor (or any entity through which payment on such Notes is made) is an FFI that is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, neither the Issuer nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay any Additional Amount as a result of the deduction or withholding of such tax. Investors should consult their own tax advisors to determine how these rules may apply to payments they will receive under the Notes. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change.

United States federal income tax characterization

As discussed above under “The Notes may be subject to statutory loss absorption”, in certain circumstances, the amounts payable under the Notes could be reduced or converted into common equity of the Bank by the applicable regulator if certain portions of the Crisis Management Directive were to be adopted and made applicable to the Notes. The U.S. federal income tax treatment of the Notes is unclear as a result of such potential reduction or conversion. If required to do so for U.S. federal income tax purposes, the Issuer intends

to take the position that the Notes should be treated as debt for U.S. federal income tax purposes. However, it is possible that the Notes could be treated as equity for U.S. federal income tax purposes, and no ruling from the IRS has been sought and no opinion of counsel has been rendered regarding this issue. There can be no assurances that this characterization will be respected by the IRS, and if the IRS were to successfully challenge the characterization of the Notes as debt for U.S. federal income tax purposes, the tax consequences to holders could be materially and adversely different than those described below under ‘Taxation – Certain United States Federal Income Tax Considerations’, including the possible application of the passive foreign investment company (“PFIC”) rules.

Prospective purchasers of the Notes should consult their tax advisors regarding the characterization of the Notes as debt for U.S. federal income tax purposes and any possible alternative characterizations, including the possible characterization of the Notes as equity of the Bank and the application of the PFIC rules to the purchase, ownership and disposition of the Notes.

IMPORTANT INFORMATION

Documents incorporated by reference

This Offering Circular should be read and construed in conjunction with the following documents:

- (a) the audited consolidated financial statements of Rabobank Group for the years ended 31 December 2009, 2010 and 2011 (in each case together with the independent auditor's reports thereon and explanatory notes thereto);
- (b) the audited unconsolidated financial statements of Rabobank Nederland for the years ended 31 December 2009, 2010 and 2011 (in each case together with the independent auditor's reports thereon and explanatory notes thereto); and
- (c) the unaudited condensed consolidated financial interim information of Rabobank Group for the six months ended 30 June 2012 (together with the review report thereon and explanatory notes thereto).

Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, a copy of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Such documents may be obtained (i) from the Bank at its registered office set out at the end of this Offering Circular, (ii) by telephoning the Bank on +31 (0) 30 216 0000 or (iii) from the Bank's website at:

http://www.rabobank.com/content/investor_relations/funding_programmes/bank_capital.jsp.

None of the information on any portion of the Bank's website is incorporated by reference into this Offering Circular.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Rabobank Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Rabobank Group will operate in the future. Among the important factors that could cause the Rabobank Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the competitive nature of the banking business in the Netherlands; credit and other risks of lending; volatility in Dutch and international equity markets; government regulation and tax matters; the outcome of legal or regulatory disputes and proceedings; and changes in Dutch economic conditions, political events, interest rates, exchange rates and inflation. These forward-looking statements speak only as of the date of this Offering Circular. The Bank expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Bank's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The foregoing paragraph applies to those forward-looking statements which are both set out in this Offering Circular and which are incorporated by reference herein — see "Important Information — Documents incorporated by reference".

SUMMARY

The Summary below describes the principal terms of the Notes. The section of this Offering Circular entitled 'Terms and Conditions of the Notes' contains a more detailed description of the Notes. Capitalized terms used but not defined in this Summary shall bear the respective meanings ascribed to them in 'Terms and Conditions of the Notes'.

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland), Utrecht Branch
U.S.\$1,500,000,000 3.950% Tier 2 Subordinated Notes due 2022 (the "Notes")**

Issuer of the Notes	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ("Rabobank Nederland" or the "Bank"), Utrecht Branch
Guarantor	Rabobank Nederland, New York Branch
Issue Size	U.S.\$1,500,000,000
Maturity Date	9 November 2022
Issue Date	9 November 2012
Format	Exempt from the registration requirements of the U.S. Securities and Exchange Commission (the "SEC") pursuant to Section 3(a)(2) of the U.S. Securities Act of 1933 (the "Securities Act").
Interest	The Notes will bear interest at an interest rate of 3.950% per annum, from (and including) the Issue Date to (but excluding) the Maturity Date, unless previously redeemed, payable semiannually in arrears on each Interest Payment Date, as more fully described under Condition 6.
Interest Payment Dates	Interest will be payable on 9 May and 9 November in each year (each, an "Interest Payment Date"), commencing on 9 May 2013.
Ranking	<p>The payment obligations under the Notes and the Guarantee will constitute direct, unsecured and subordinated obligations of the Issuer and the Guarantor, respectively, and shall at all times rank <i>pari passu</i> and without any preference among themselves. Subject to exceptions provided by mandatory applicable law, in the case of (a) the bankruptcy of the Bank; (b) a Moratorium; or (c) dissolution (<i>ontbinding</i>) as a result of the insolvency of the Bank, the payment obligations of the Issuer under the Notes and the Guarantor under the Guarantee shall rank:</p> <ul style="list-style-type: none">(i) subordinated and junior to present or future unsubordinated indebtedness of the Bank;(ii) <i>pari passu</i> with Parity Securities and any other present or future indebtedness of the Bank which ranks by or under

its own terms or otherwise *pari passu* with the Notes or the Guarantee; and

- (iii) senior to any other present or future obligation of the Bank which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Notes or the Guarantee.

By virtue of this subordination, payments to the Holders will, in the case of (i) a bankruptcy of the Bank, (ii) a Moratorium, or (iii) a dissolution (*ontbinding*) as a result of the insolvency of the Bank, only be made after all payment obligations of the Bank ranking senior to the Notes and the Guarantee have been satisfied in full.

Guarantee

All payments of principal, Interest or other amounts payable on the Notes in accordance with the terms of the Notes will be irrevocably and unconditionally guaranteed by the Guarantor on a subordinated basis pursuant to the Guarantee.

The Guarantee will be governed by and construed in accordance with the laws of the Netherlands. Under such law, the Guarantor is not a separate legal entity from the Bank or the Issuer and, therefore, from a Dutch law perspective, the Guarantee provided by the Guarantor for the obligations of the Issuer will not provide a separate means of recourse. See Condition 4.

The obligations of the Guarantor under the Guarantee will be subordinated, as provided in “Ranking” above. Further, under the terms and conditions of the Notes, by accepting a direct or beneficial interest in a Note, the relevant holder and beneficial owner will irrevocably waive its right to any preference to which it may become entitled under Section 606(4)(a) of the New York Banking Law and under any other similar laws to the extent necessary to give effect to the subordination provisions of the Notes and the Guarantee.

Events of Default

If an Event of Default occurs, the Holder of any Note may by written notice to the Issuer at its specified office declare such Note to be forthwith due and payable, whereupon the principal amount of such Note together with any accrued and unpaid Interest to the date of payment shall become immediately due and payable, provided that repayment will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank.

Redemption for Taxation Reasons

If as a result of a Tax Law Change:

- (i) there is more than an insubstantial risk that the Issuer (or, if payments are required to be made under the Guarantee, the Guarantor) will be required to pay Additional Amounts with respect to payments on the Notes (or, if required, by

the Guarantor with respect to the Guarantee); or

- (ii) Interest payable on the Notes (or, if interest payments on the Notes are required to be made under the Guarantee, such sums payable under the Guarantee) when paid would not be deductible by the Issuer (or, as the case may be, the Guarantor) for Netherlands corporate income tax liability purposes,

then the Issuer may at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest on the relevant date fixed for redemption as more particularly set out in Condition 7(b).

Redemption for Regulatory Reasons

If a Capital Event has occurred and is continuing, then the Issuer may, at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest, on the relevant date fixed for redemption, as more particularly set out in Condition 7(d).

Withholding Tax and Additional Amounts

Notwithstanding Condition 7(c), the Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the Netherlands upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as more particularly set out in Condition 10.

Listing

None

Governing Law

The Agency Agreement, Notes and the Guarantee will be governed by, and construed in accordance with, the laws of the Netherlands.

Form

The Notes will be represented by one or more global certificates in registered form without receipts, interest coupons or talons (each, a “**Global Note**”) deposited with and registered in the name of The Depository Trust Company (“**DTC**”) or its nominee.

Denominations

U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof.

Clearing and Settlement

The Notes will be accepted for clearance through the facilities of DTC and its indirect participants, including Euroclear and Clearstream.

Rating

The Notes are expected to be assigned on issue a rating of A2 by Moody’s Investors Service Limited, A+ by Standard & Poor’s Credit Market Services Europe Limited and AA- by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the

assigning rating agency.

Security Codes

CUSIP: 21685WDF1

ISIN: US21685WDF14

Fiscal Agent and Paying Agent

Deutsche Bank Trust Company Americas

TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes and the giving of the Guarantee was authorized by a resolution of the Executive Board passed on 23 October 2012 and a resolution of the Supervisory Board passed on 2 November 2012. The Agency Agreement which will be entered into in respect of the Notes will be available for inspection during usual business hours at the specified offices of each of the Paying Agents. The Agency Agreement includes the form of the Notes. The Holders are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 Definitions

In these Conditions:

“**Additional Amounts**” means such additional amounts as may be necessary so that the net amount received by the Holders, after the relevant withholding or deduction of any Relevant Tax, will equal the amount which would have been received in respect of the Notes or, as the case may be, the Guarantee in the absence of such withholding or deduction;

“**Administrative Action**” means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations);

“**Agency Agreement**” means the fiscal agency agreement dated 9 November 2012 entered into between the Issuer, the Fiscal Agent and the Paying Agents;

“**Authorized Signatories**” means any two of the members of the Executive Board;

“**Bank**” means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which registered banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Utrecht, London and New York;

“**Calculation Amount**” means U.S.\$1,000 in principal amount of each Note;

A “**Capital Event**” is deemed to have occurred if the Bank is notified in writing by the Dutch Central Bank to the effect that, as a result only of any amendment to, or change in, the Solvency Rules the whole of the outstanding principal amount of the Notes is fully excluded from Tier 2 Capital and in any such case the relevant amendment or change either (a) differs from the CRD IV Proposals or (b) is one which the Dutch Central Bank is satisfied was not reasonably foreseeable as at the Issue Date. For the avoidance of doubt, there shall be no Capital Event if all or part of the Notes are eligible by their terms to be included in Tier 2 Capital by reason of any transitional or grandfathering provisions under CRD IV;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Conditions**” means these terms and conditions of the Notes, as they may be amended from time to time in accordance with the provisions hereof;

“**CRD IV**” means, taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations;

“**CRD IV Directive**” means the Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary

supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, a draft of which was published on 20 July 2011;

“**CRD IV Proposals**” means the proposed CRD IV Directive and proposed CRD IV Regulation as published by the Council of the European Union on 21 May 2012;

“**CRD IV Regulation**” means the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a draft of which was published on 20 July 2011;

“**Day-count Fraction**” means (i) in respect of an Interest Amount payable on a scheduled Interest Payment Date, one; and (ii) in respect of an Interest Amount payable other than on a scheduled Interest Payment Date, shall be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

“**Definitive Notes**” means definitive Notes in registered form;

“**Dutch Central Bank**” means De Nederlandsche Bank N.V., or such other authority having primary supervisory authority with respect to the Rabobank Group;

“**Event of Default**” means the Bank becomes bankrupt or an order is made or an effective resolution is passed for the winding-up or liquidation of the Bank (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders) or a declaration in respect of the Bank is made under article 3:163(1)(b) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time which qualifies as a winding-up of the business of the Bank (*liquidatie van het bedrijf van de kredietinstelling*).

For the avoidance of doubt, the taking of possession of the business and property of the Guarantor by the Superintendent pursuant to §606(4)(a) of the New York Banking Law or any appointment of a receiver in respect of the Guarantor pursuant to §634 of the New York Banking Law shall not constitute an Event of Default.

“**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75% of the votes cast;

“**Fiscal Agent**” means Deutsche Bank Trust Company Americas in its capacity as fiscal agent, which expression shall include any successor thereto;

“**Future Capital Instruments Regulations**” means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced after the Issue Date including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Dutch Central Bank, the European Banking Authority or other relevant authority, which are applicable to the Bank (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Bank (on a solo or consolidated basis) to the extent required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;

“**Global Note**” means a global certificate in registered form without receipts, interest coupons or talons;

“**Guarantee**” means the guarantee provided by the Guarantor in respect of the Notes and governed by the laws of the Netherlands;

“**Guarantor**” means Rabobank Nederland, New York Branch;

“**Holder**” means a person or persons in whose name a Note is registered in the Notes Register, from time to time;

“**Interest**” means interest in respect of the Notes including, as the case may be, any applicable Additional Amounts thereon;

“**Interest Payment Date**” means 9 May and 9 November of each year commencing 9 May 2013;

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means 3.950% per annum;

“**Issue Date**” means 9 November 2012, being the date of the initial issue of the Notes;

“**Issuer**” means Rabobank Nederland, Utrecht Branch;

“**Local Rabobank**” means any of the Bank’s local member banks;

“**Moratorium**” means a situation in which an “emergency regulation” (*noodregeling*) as contemplated in Chapter 3.5.5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, is applicable to the Bank;

“**Notes**” means the U.S.\$1,500,000,000 3.950% Subordinated Notes due 2022, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 15 and forming a single series with the Notes;

“**Notes Register**” means the register that the Fiscal Agent will cause to be kept at its offices in the Borough of Manhattan, New York in which, subject to such reasonable regulations as it may prescribe, the Registrar will provide for the registration of the Notes and of registered transfers thereof;

“**Parity Securities**” means the Bank’s EUR 1,000,000,000 5.875% Subordinated Notes 2009 due 20 May 2019 (ISIN: XS0429484891), EUR 1,000,000,000 3.75% Subordinated Notes due 9 November 2020 (ISIN: XS0557252417), EUR 1,000,000,000 4.125% Notes due 2022 (ISIN XS082663487), GBP 500,000,000 5.25% Subordinated Notes due 2022 (ISIN: XS0827563452) and GBP 500,000,000 5.25% Subordinated Notes due 2027 (ISIN: XS0827563452);

“**Paying Agents**” means Deutsche Bank Trust Company Americas in their capacity as paying agents, which expression includes any successor and additional paying agents appointed from time to time in connection with the Notes;

“**Proceedings**” means legal action or proceedings arising out of or in connection with any Notes;

“**Rabobank Group**” means the Bank together with its branches and consolidated subsidiaries and the Local Rabobanks;

“**Rabobank Nederland**” means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

“**Rating Agency**” means Moody’s Investors Service Ltd or Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. or Fitch Ratings Ltd, or their respective successors;

“**Registrar**” means Deutsche Bank Trust Company Americas in its capacity as registrar for the Notes, which expression shall include any successor thereto

“**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable but, if such payment is improperly withheld or refused, the date on which payment is made;

“**Relevant Tax**” means, collectively, any present or future taxes, duties, assessments or governmental charges of whatever nature, which are imposed or levied by or on behalf of the Netherlands or any authority therein or thereof having power to tax;

“**Solvency Rules**” means the solvency rules from time to time pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (as amended or replaced from time to time) or any other rules or regulations relating to capital to which the Bank and the Rabobank Group are subject;

“**Tax Law Change**” means (i) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of the Netherlands or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any related Administrative Action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, on or after the Issue Date and, in each case, which the Dutch Central Bank is satisfied is material and was not reasonably foreseeable at the Issue Date;

“**Tier 1 Capital**” means, at any time, all items classified as Tier 1 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group;

“**Tier 2 Capital**” means, all items classified as Tier 2 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group; and

“**U.S. dollar**” “**USD**” or “**U.S.\$**” means the lawful currency of the United States of America

2 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered and in registered form in the denominations of U.S.\$250,000, and integral multiples of U.S.\$1,000 in excess thereof.

The Notes, and all rights in connection therewith, will be documented in the form of one or more global notes, all of which will be made out to Cede & Co. as nominee of DTC and deposited on the Issue Date by the Fiscal Agent with a custodian on behalf of DTC until the earliest of (x) redemption of the Notes, (y) cancellation of the Global Notes and (z) printing of Definitive Notes. So long as the Notes are represented by more than one Global Note, all rights under the Global Notes will be exercised concurrently.

Pursuant to the terms of any Global Note, the Global Note may not be held by or transferred to any person other than DTC or its nominee or a successor to DTC or its nominee. A Global Note may be transferred without the prior written consent of the Fiscal Agent, but only as described in the Global Note.

The records of DTC will determine the number of Notes held through each participant in DTC.

Neither the Issuer nor any Holder will at any time have the right to effect or demand the conversion of any Global Note into, or the delivery of, uncertificated securities or Notes in definitive form except as provided in Condition 3 below.

All references to DTC include any successor depositary appointed by the Issuer.

(b) Title

Title to the Notes passes by transfer and registration in the Notes Register. The Holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder, as the case may be.

3 Definitive Notes

Security entitlements in respect of Notes represented by one or more Global Notes deposited with and registered in the name of DTC or its nominee will be exchangeable for Notes represented by certificates delivered to and registered in the name of the Holders thereof only if such exchange is permitted by applicable law and (i) DTC notifies the Issuer that it is unwilling or unable to continue as depository for such Notes or DTC ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934, as amended, (the “**Exchange Act**”) if so required by applicable law or regulation, and, in either case, a successor depository is not appointed by the Issuer within 60 days after receiving such notice or becoming aware that DTC is no longer so registered, or (ii) the Issuer, in its sole discretion, elects to issue Notes in such form. The Notes so issued in exchange for any such Global Note shall be of like tenor and of an equal aggregate principal amount, in authorized denominations. Such Notes shall be registered in the name or names of such person or persons as DTC or any other relevant clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from its participants with respect to security entitlements in respect of the Notes. Except as provided above, persons holding a security entitlement in respect of the Notes other than DTC will not be entitled to receive physical delivery of certificates representing the Notes and will not be considered the registered Holder or Holders of such Notes for any purpose.

Any security certificate issued under the circumstances described in the preceding paragraph will be transferable in whole or in part in an authorized denomination upon the surrender of such security certificate, together with the form of transfer endorsed thereon duly completed and executed, at the specified office of the Registrar or the specified office of any Transfer Agent. In the case of a transfer of only a part of the Notes represented by a security certificate, a new security certificate in respect of the balance not transferred will be issued to the transferor. Each new security certificate to be issued upon transfer will, within three Business Days of receipt of such form of transfer, be delivered to the transferee at the office of the Registrar or such Transfer Agent or mailed at the risk of the Holder entitled to the Notes in respect of which the relevant security certificate is issued to such address as may be specified in such form of transfer.

4 Guarantee

(a) Status

Pursuant to the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Holder of Notes the payments of the redemption amount, Interest and any other amounts due and payable on such Notes, if such amounts have not been received by such Holder at the time such payment is due and payable. Under the terms of the Guarantee, the Guarantor has waived presentment, demand, protest and notice of any kind with respect to the Guarantee. The Guarantor has also waived any requirement that the Holder or Holders of any Notes exhaust any rights or take any action under the Notes. The Guarantee provides that in the event of a default in payment, as provided in Condition 8, of any amounts due to the Holder or Holders of any Notes, such Holder or Holders may proceed directly against the Guarantor to enforce the Guarantee without first proceeding against the Issuer.

The Guarantee is (i) a direct, unsecured and subordinated obligation of the Guarantor, (ii) a continuing guarantee, (iii) irrevocable and (iv) a guarantee of payment of the amounts due and payable under the Notes.

The Guarantee shall not be discharged except by the payment of all amounts due and payable under the Notes.

Moreover, under Dutch law, a branch is not a separate legal entity and, therefore, from a Dutch law perspective, the Guarantee provided by the Guarantor for the obligations of the Issuer does not provide a separate means of recourse.

In the event that U.S. withholding taxes are applicable on payments made by the Guarantor, there is no additional gross up for such withholding taxes. In many circumstances, such withholding taxes could be avoided if the beneficial owner of a Note provides the Issuer or its paying agent with a properly completed U.S. IRS Form W-8 or W-9.

(b) Subordination

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Guarantee constitute unsecured obligations of the Guarantor and shall, in the case of (a) the bankruptcy of the Bank; (b) a Moratorium; or (c) dissolution (*ontbinding*) as a result of the insolvency of the Bank, rank:

- (i) subordinated and junior to present or future unsubordinated indebtedness of the Bank;
- (ii) *pari passu* with Parity Securities or any other present or future indebtedness of the Bank which ranks by or under its own terms or otherwise *pari passu* with the Guarantee; and
- (iii) senior to any other present or future obligation of the Bank which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Guarantee.

By virtue of such subordination, payments to the Holders under the Guarantee will, in the case of (a) the bankruptcy of the Bank; (b) a Moratorium; or (c) dissolution (*ontbinding*) as a result of the insolvency of the Bank, only be made after all payment obligations of the Guarantor ranking senior to the Guarantee have been satisfied in full. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Guarantor under or in connection with the Notes shall be excluded and each Holder shall be deemed to have waived all such rights of set-off in full.

(c) Waiver of Certain Preference Rights

- (i) Each Holder and beneficial owner of a Note, waive its rights to the preferred treatment it would otherwise receive under Section 606(4)(a) of New York Banking Law or under any other similar law to the extent necessary to give effect to the subordination provisions described in Condition 5(b).
- (ii) Each Holder and beneficial owner of a Note, agree that, should the Superintendent take possession or be in possession of the business and property of the Bank in New York at a time when proceedings with respect to the bankruptcy of the Bank, a Moratorium, or dissolution of the Bank have occurred and are continuing, then the Superintendent will apply any amounts that would be due to the Holders in the absence of the waiver described in Condition 4(c) and the subordination provisions of the Guarantee:

- A. first, to the payment in full of all deposit liabilities and all other liabilities of the Guarantor (other than the Guarantee and other obligations of the Guarantor that rank *pari passu* with or that are subordinated to the Guarantee) and to any other claim accorded priority under any U.S. federal law or law of the State of New York that is then due and payable, the priorities to be ascribed among those claims to be determined in accordance with those laws, and
 - B. thereafter, to pay any amount remaining to any receiver or similar official in insolvency of the Bank with similar powers appointed with respect to the Bank or its assets for application (1) first, to payment in full of all claims of depositors and other obligations of the Bank ranking senior in right of payment to the Guarantee and (2) thereafter, to the payment, equally and ratably, of amounts due and owing on the Guarantee (whether pursuant to the terms of the Guarantee or otherwise) and all obligations of the Bank ranking *pari passu* in right of payment with the Guarantee.
- (iii) Each Holder and beneficial owner of a Note, agree that should the Superintendent take possession or be in possession of the business and property of the Bank in New York at any time when no proceedings with respect to the bankruptcy of the Bank, a Moratorium, or dissolution of the Bank have occurred and are continuing, the Superintendent will apply any amounts that would be due to the Holders in the absence of the waiver described in Condition 4(c) and the subordination provisions of the Notes and the Guarantee in the following order:
- A. first, to the payment in full of all deposit liabilities and all other liabilities of the Guarantor (other than the Guarantee and other obligations of the Guarantor that rank *pari passu* with or that are subordinated to the Guarantee) and to any other claim accorded priority under any U.S. federal law or law of the State of New York that is then due and payable, the priorities to be ascribed among those claims to be determined in accordance with these laws,
 - B. second, to the payment, equally and ratably, of amounts then due and owing on the Guarantee and all obligations of the Guarantor ranking *pari passu* in right of payment with the Guarantee, and
 - C. thereafter, to pay any amount remaining to the Bank.

5 Status and Subordination

(a) Status

The Notes constitute direct, unsecured and subordinated obligations of the Bank and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 5(b).

(b) Subordination

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Notes constitute unsecured obligations of the Bank and shall, in the case of (a) the bankruptcy of the Bank, (b) a Moratorium or (c) dissolution (*ontbinding*) as a result of the insolvency of the Bank, rank:

- (i) subordinated and junior to present or future unsubordinated indebtedness of the Bank;
- (ii) *pari passu* with Parity Securities and any other present or future indebtedness of the Bank which ranks by or under its own terms or otherwise *pari passu* with the Notes; and

- (iii) senior to any other present or future obligation of the Bank which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Notes.

By virtue of such subordination, payments to the Holders will, in the case of (a) the bankruptcy of the Bank; (b) a Moratorium; or (c) dissolution (*ontbinding*) as a result of the insolvency of the Bank, only be made after all payment obligations of the Bank ranking senior to the Notes have been satisfied in full. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Bank under or in connection with such Note shall be excluded and each Holder shall be deemed to have waived all such rights of set-off in full.

In respect of this Condition 5, reference is made to statutory loss absorption as more fully described in the risk factors entitled "Change of law" and "The Notes may be subject to statutory loss absorption" in this Offering Circular relating to the Notes.

6 Interest

(a) General

The Notes bear interest on their principal amount from (and including) the Issue Date in accordance with the provisions of this Condition 6.

Interest shall be payable on the Notes semiannually in arrears on each Interest Payment Date as provided in this Condition 6.

(b) Interest Rate

The Notes bear interest on their principal amount at the Interest Rate.

If any Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the next day which is a Business Day, without adjustment, interest or further payment as a result thereof.

(c) Interest Accrual, Calculation and Rounding

The Notes will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 7 unless payment of all amounts due in respect of the Notes is not properly and duly made, in which event interest shall continue to accrue, both before and after judgment, at the Interest Rate and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Note shall be calculated per Calculation Amount and shall be equal to the product of the Calculation Amount, the Interest Rate and the relevant Day-count Fraction for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

7 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 9 November 2022.

(b) Conditions to Redemption and Purchase

Any redemption or purchase of the Notes in accordance with Condition 7(c), (d) or (e) is subject to the Issuer (i) obtaining the prior written consent of the Dutch Central Bank, provided that at the relevant

time such consent is required to be given; and (ii) except in the case of any purchase of the Notes in accordance with Condition 7(e), giving not less than 30 nor more than 60 calendar days' notice to the Holders, the Fiscal Agent and the Paying Agents, in accordance with Condition 14, which notice shall be irrevocable.

Prior to the publication of any notice of redemption pursuant to this Condition 7, the Issuer shall deliver to the Fiscal Agent a certificate signed by the Authorized Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

(c) *Redemption Due to Taxation*

If as a result of a Tax Law Change:

- (i) there is more than an insubstantial risk that the Issuer (or, if payments are required to be made under the Guarantee, the Guarantor) will be required to pay Additional Amounts with respect to payments on the Notes (or, if required, by the Guarantor with respect to the Guarantee); or
- (ii) Interest payable on the Notes (or, if interest payments on the Notes are required to be made under the Guarantee, such sums payable under the Guarantee) when paid would not be deductible by the Bank (or, as the case may be, the Guarantor) for Netherlands corporate income tax liability purposes,

then the Issuer may, subject to Condition 7(b), having delivered to the Fiscal Agent a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Netherlands experienced in such matters to the effect set out in (i) or, as applicable, (ii) above, and having given the notice required by Condition 7(b) specifying the date fixed for redemption, at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest on the relevant date fixed for redemption.

(d) *Redemption for Regulatory Purposes*

If a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 7(b) and having given the notice required by Condition 7(b) specifying the date fixed for redemption, at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest on the relevant date fixed for redemption.

(e) *Purchases*

The Issuer or any other member of the Rabobank Group may, subject to Condition 7(b)(i), at any time purchase Notes in any manner and at any price .

(f) *Cancellation*

All Notes redeemed by the Issuer pursuant to this Condition 7, will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation. Notes so surrendered shall be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

8 Payments

(a) *Method of Payment*

All payments required to be made under the Notes shall be made in U.S. dollars without collection costs, without any restrictions and whatever the circumstances may be, irrespective of nationality,

domicile or residence of the relevant Holder and without certification, affidavit or the fulfilment of any other formality, save in respect of taxation; *provided however*, that, in the case of Definitive Notes, such Notes must be presented, and surrendered in the case of redemption, at the specified office of the relevant Paying Agent or the specified office(s) of any other agent(s) appointed for this purpose by the Fiscal Agent and notified to the Holders pursuant to Condition 14, as a condition to receipt of such payment.

The Issuer will remit to the Fiscal Agent, who will, upon receipt, further remit to the Holder the redemption amount, Interest and any other amounts (in cash) payable on such Notes. In the case of Notes represented by a Global Note deposited with and registered in the name of DTC or its nominee, DTC will be considered the exclusive Holder of the entire issue of such Notes. Thus, upon payment in full of any amount due under such Notes to DTC, the Issuer and the Guarantor will be discharged from any further obligation with regard to such payments. No person other than DTC shall have any claim directly against the Issuer or, as the case may be, the Guarantor in respect of any payments due on any Notes represented by a Global Note on deposit with and registered in the name of DTC or its nominee.

The Issuer understands that it is DTC's ordinary practice to credit payments made on any Notes to the accounts of its participants in accordance with the principal amount of Notes credited to their accounts with DTC, unless DTC has reason to believe that it will not receive payment on the applicable payment date. Payments to persons who have Notes credited to an account with a participant of DTC or another securities intermediary will be governed by the laws and agreements governing such account with such participant or other securities intermediary and will be the responsibility of such participant or other securities intermediary, and not of DTC, the Fiscal Agent, the Issuer or the Guarantor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the redemption amount (if any), interest (if any) or any other amounts (in cash or in securities) payable or deliverable on, or exchangeable for, any Notes deposited with and registered in the name of DTC or its nominee is the responsibility of the Issuer, the Guarantor, or the Fiscal Agent. Disbursement of such payments to DTC's participants is the responsibility of DTC, and disbursement of such payments to persons who have Notes credited to an account with a participant of DTC or another securities intermediary shall be the responsibility of such participant or other securities intermediary. Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 10, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment or other laws to which the Issuer or its Agents agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulating directives or agreement, but without prejudice to Condition 10. No commissions or expenses shall be charged to the Holders in respect of such payments.

(b) Payments on Business Days

If the date for payment of any amount in respect of any Note is not a Business Day, the Holder thereof shall be entitled to receive payment on the next following Business Day. In such event, the relevant amount due in respect of such Note shall not be affected by such adjustment and no additional interest will accrue during the period from and after the original maturity for payment.

9 Events of Default

If an Event of Default occurs, the Holder of any Note may by written notice to the Issuer at its specified office declare such Note to be forthwith due and payable, whereupon the principal amount of such Note together with any accrued and unpaid Interest to the date of payment shall become immediately due and payable,

provided that repayment will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank.

10 Taxation

All payments made by or on behalf of the Issuer in respect of the Notes will be made without withholding or deduction for or on account of Relevant Tax paid by or on behalf of the Issuer, unless the withholding or deduction of such Relevant Tax is required by law. In that event, the Issuer will pay, as further Interest, Additional Amounts, except that no such Additional Amounts will be payable to a Holder (or to a third party on the Holder's behalf) with respect to any Notes:

- (i) if such Holder is liable to such taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands in respect of the Notes by reason of such Holder having some connection with the Netherlands other than by reason only of holding Notes or the receipt of the relevant payment in respect thereof;
- (ii) if such Holder could lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complied, with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority;
- (iii) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (iv) if such Holder could lawfully avoid (but has not so avoided) such deduction or withholding by presenting and surrendering the relevant Note (where presentment is required) to another Paying Agent in a Member State of the European Union; or
- (v) where such deduction or withholding is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

11 Prescription

Claims for principal and Interest shall become void unless (i) in the case of Definitive Notes, the relevant Note is presented for payment, as required by Condition 10, within a period of five years of the appropriate due date or (ii) in the case of Global Notes, the such claim is made within a period of five years of the appropriate due date.

12 Replacement of Notes

If Definitive Notes are printed, any Definitive Note that is lost, stolen, mutilated, defaced or destroyed may be replaced, subject to applicable laws and regulations, at the specified office of the Fiscal Agent upon payment by the claimant of the fees, costs and expenses incurred by the Fiscal Agent and the Issuer in connection with the loss and replacement. The Holder must agree to such terms as to evidence, security and indemnity as the Issuer may require, which may include, among other things, that if the Definitive Note allegedly or actually lost, stolen or destroyed is subsequently presented for payment, the Holder must pay to the Issuer on demand

the amount payable by the Issuer in respect of the Definitive Note that is subsequently presented. Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

13 Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Holders holding not less than 10% in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons holding or representing whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration or proposals, inter alia, (i) to modify the provisions for redemption of the Notes or the dates on which Interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or amounts payable on redemption of, the Notes, (iii) to reduce the Interest Rate in respect of the Notes on the Notes, (iv) to change the currency of payment of the Notes, (v) to modify the provisions concerning the quorum required at any meeting of Holders or (vi) to modify the provisions regarding the status or subordination of the Notes and/or the Guarantee referred to in Conditions 4 and 5, in which case the necessary quorum shall be two or more persons holding or representing not less than 75% in principal amount of the Notes for the time being outstanding or at any adjourned meeting two or more persons holding or representing not less than 25% in principal amount of the Notes for the time being outstanding.

(b) Modification and Waiver

The Issuer shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of, or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Holders.

The Agency Agreement may be amended by the Issuer and the Fiscal Agent without the consent of any Paying Agent or Holder, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders, or to comply with mandatory provisions of law, to evidence the succession of another corporation or other entity to the Issuer or Guarantor, and the assumption by any such successor of the covenants of the Issuer or Guarantor or to change the branch or office of Rabobank Nederland that is acting as the Guarantor

14 Notices

So long as the Notes are represented by one or more Global Notes deposited with a custodian on behalf of DTC, notices to Holders will be given by communication through the Fiscal Agent to DTC. Any notice given in this manner will be deemed validly given on the date of delivery to DTC.

If Definitive Notes are printed, as described in Condition 3 above, notices to Holders shall be valid if published in a leading English language daily newspaper having general circulation in New York (which is expected to be *The Wall Street Journal*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in the United

States. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

15 Further Issues

The Issuer may from time to time, without the consent of the Holders, create and issue further instruments ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first interest payment on such further instruments) and so that such further issue shall be consolidated and form a single series with the outstanding Notes.

16 Agents

The Fiscal Agent and Paying Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent and Paying Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and any Paying Agent and to appoint additional or other agents, provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent, (iii) paying agents having specified offices in London, Amsterdam and New York and (iv) a Paying Agent having specified office in a major city in a Member State of the European Union other than the United Kingdom that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to such Directive.

Notice of any such termination or appointment and of any change in the specified office of the Fiscal Agent or any Paying Agent will be given to the Holders in accordance with Condition 14. If the Fiscal Agent or any Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint an independent investment bank or financial institution registrar to act as such in its place. The Fiscal Agent and the Paying Agents may not resign their duties or be removed without a successor having been appointed as aforesaid.

17 Governing Law

The Notes and the Guarantee are governed by, and shall be construed in accordance with, the laws of the Netherlands.

18 Jurisdiction

The competent courts of Amsterdam, the Netherlands are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Guarantee and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Form, Denomination and Title

Unless otherwise provided, the Notes will be represented by one or more Global Notes in registered form without receipts, interest coupons or talons deposited with and registered in the name of DTC or its nominee.

The Fiscal Agent will serve initially as Registrar for the Notes. In such capacity, the Registrar will cause to be kept at its offices in the Borough of Manhattan, New York a register (the “Notes Register”) in which, subject to such reasonable regulations as it may prescribe, the Registrar will provide for the registration of the Notes and of registered transfers thereof. The Issuer reserves the right to transfer such function as to the Notes to another bank or financial institution at any time.

Subject to applicable law and the terms of the Agency Agreement and the Notes, the Issuer and the Fiscal Agent will deem and treat the person or persons in whose name any Notes are registered (i.e., the Holder thereof) as the absolute owner or owners thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments or deliveries to or to the order of the Holder or Holders of such Notes will be valid and effectual to discharge the liability of the Issuer and the Fiscal Agent on such Notes to the extent of the sum or sums so paid or delivered. So long as DTC, its nominee, or a successor of DTC or any such nominee is the registered owner of the issue of Notes represented by one or more Global Notes, DTC, such nominee or such successor of DTC or such nominee, as the case may be, will be considered the sole owner or Holder of the Notes represented by such Global Note(s) for all purposes under the Agency Agreement. Accordingly, holders of security entitlements in respect of any Notes represented by one or more Global Notes deposited with and registered in the name of DTC or its nominee (an “**Entitlement Holder**”) must rely on the procedures of DTC, and, if such person is not a participant in DTC, on the applicable law and contractual arrangements governing its account relationship with its securities intermediary through which such person holds its security entitlement in respect of such Notes, to exercise any rights of a Holder of such Notes. The Issuer understands that, under existing industry practices, in the event that it requests any action of the Holder or Holders or that the Entitlement Holders desire to give or take any action which a Holder is entitled to give or take under the Agency Agreement, DTC, its nominee or a successor of DTC or its nominee, as the Holder of such Notes, would authorize the participants through which the relevant security entitlements are held (or persons holding security entitlements in respect of such Notes directly or indirectly through participants) to give or take such action, and such participants would authorize Entitlement Holders holding their security entitlements through such participants (or such persons holding security entitlements directly or indirectly through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Entitlement Holders.

DTC may grant proxies or otherwise authorize its participants (or persons holding security entitlements in respect of any Notes directly or indirectly through its participants) to exercise any rights of a Holder or take any other actions which a Holder is entitled to take under the Agency Agreement or in respect of the Notes. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of an Entitlement Holder to pledge its interest in the Notes to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interest, may be limited by the lack of an individual security certificate for such interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive or certificated form. Such limits and such laws may impair the ability to transfer security entitlements in respect of any Notes.

The interest of each Entitlement Holder is to be recorded on the records of its securities intermediary. Entitlement Holders will not receive written confirmation from DTC of their purchase, but Entitlement Holders are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the securities intermediary through which they entered into the transaction. Transfers of interests in the Notes

are to be accomplished by entries made on the books of securities intermediaries acting on behalf of Entitlement Holders. DTC has no knowledge of the actual Entitlement Holders of the Notes; DTC's records reflect only the identity of the participants to whose accounts security entitlements in respect of such Notes are credited. The participants will remain responsible for keeping account of holdings in favor of their customers.

Security entitlements in respect of Notes represented by one or more Global Notes deposited with and registered in the name of DTC or its nominee will be exchangeable for Notes represented by certificates delivered to and registered in the name of the Holders thereof only if such exchange is permitted by applicable law and (i) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for such Notes or DTC ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934, as amended, if so required by applicable law or regulation, and, in either case, a successor depositary is not appointed by the Issuer within 60 days after receiving such notice or becoming aware that DTC is no longer so registered, or (ii) the Issuer, in its sole discretion, elects to issue Notes in such form. The Notes so issued in exchange for any such Global Note shall be of like tenor and of an equal aggregate principal amount, in authorized denominations. Such Notes shall be registered in the name or names of such person or persons as DTC or any other relevant clearing system shall instruct the Registrar. It is expected that such instructions may be based upon directions received by DTC from its participants with respect to security entitlements in respect of the Notes. Except as provided above, persons holding a security entitlement in respect of the Notes other than DTC will not be entitled to receive physical delivery of certificates representing the Notes and will not be considered the registered Holder or Holders of such Notes for any purpose.

Any security certificate issued under the circumstances described in the preceding paragraph will be transferable in whole or in part in an authorized denomination upon the surrender of such security certificate, together with the form of transfer endorsed thereon duly completed and executed, at the specified office of the Registrar or the specified office of any Transfer Agent. In the case of a transfer of only a part of the Notes represented by a security certificate, a new security certificate in respect of the balance not transferred will be issued to the transferor. Each new security certificate to be issued upon transfer will, within three Business Days of receipt of such form of transfer, be delivered to the transferee at the office of the Registrar or such Transfer Agent or mailed at the risk of the Holder entitled to the Notes in respect of which the relevant security certificate is issued to such address as may be specified in such form of transfer.

DTC's practice is to credit DTC participants' account, upon DTC's receipt of funds and corresponding detail information from the Issuer or Fiscal Agent on the applicable payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC participants to the Entitlement Holder will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Fiscal Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time.

Primary Distribution. Distribution of the Notes may be cleared and settled through DTC.

DTC participants holding Notes through DTC on behalf of investors are expected to follow the settlement practices applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of such DTC participants against payment in same-day funds on the settlement date.

Secondary Market Trading. Secondary market trading between DTC participants will be cleared in the ordinary way in accordance with DTC's rules and operating procedures and will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is made in U.S. Dollars, or free of payment if payment is made in a currency other than U.S. Dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

DTC. Although DTC has agreed to the procedures described herein in order to facilitate transfers of security entitlements in respect of Notes among participants of DTC, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Fiscal Agent will have any responsibility for the performance by DTC or its participants or its indirect participants of the respective obligations under the rules and procedures governing its operations.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that DTC participants deposit with DTC. DTC also facilitates the settlement among DTC participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC participants’ accounts, thereby eliminating the need for physical movement of securities certificates and any risk from lack of simultaneous transfers of securities and cash. DTC participants who maintain accounts directly with DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include Dealers (“**participants**”). DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the NYSE Amex LLC and the Financial Industry Regulatory Authority, Inc. Access to DTC’s system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and DTC participants are on file with the SEC.

DESCRIPTION OF BUSINESS OF RABOBANK GROUP

General

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. At 30 June 2012, it comprised 139 independent local Rabobanks and their central organization Rabobank Nederland and its subsidiaries. Rabobank Group operates in 47 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate. It serves approximately 10 million clients around the world. In the Netherlands, its focus is on achieving broad market leadership and, internationally, on strengthening the bank's prominent position as a food and agri bank. Rabobank Group entities have strong inter-relationships due to Rabobank's cooperative structure.

Rabobank Group's stability and creditworthiness is reflected in the ratings awarded by several rating agencies (Standard & Poor's, Moody's, Fitch and DBRS). In terms of Tier 1 capital, Rabobank Group was, at July 2012, among the world's 30 largest financial institutions (*source: The Banker*).

Rabobank Group's cooperative core business comprises independent local Rabobanks. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organization that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With 853 branches and 2,898 cash-dispensing machines at 30 June 2012, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients, and approximately 0.8 million corporate clients, offering a comprehensive package of financial services.

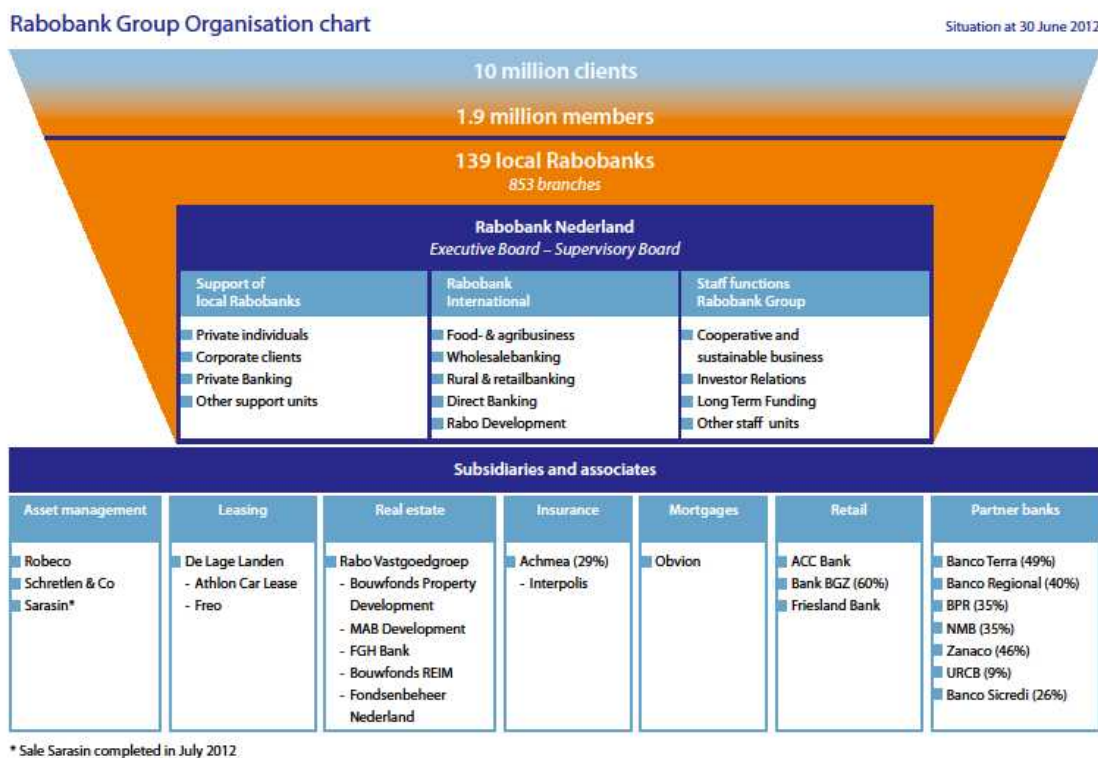
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Historically, Rabobank Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, Rabobank Group has also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, Rabobank Group has increased both the number and type of products and services available to its customers in order to diversify from a traditional savings and mortgage-based business to become a provider of a full range of financial products and services, both in the Netherlands and internationally. Rabobank provides an integrated range of financial services comprising primarily domestic retail banking, wholesale banking and international retail banking, asset management, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers.

At 30 June 2012, Rabobank Group had total assets of €770.9 billion, a private sector loan portfolio of €461.8 billion, amounts due to customers of €340.9 billion, savings deposits of €149.3 billion and equity of €45.2 billion. Of the private sector loan portfolio, €218.1 billion, virtually all of which are mortgages, consists of loans to private individuals, €150.8 billion of loans to the trade, industry and services sector and €92.9 billion of loans to the food and agri sector. At 30 June 2012, its Tier 1 ratio, which is the ratio between Tier 1 capital and total risk-weighted assets, was 16.9 per cent. and its core Tier 1 ratio which is the ratio between core Tier 1 capital and total risk-weighted assets, was 12.7 per cent. For the six months period ended 30 June 2012, Rabobank Group's efficiency ratio, which is the ratio between total operating expenses and total income, was 63.3 per cent., and the return on equity, or net profit expressed as a percentage of Tier 1 capital, was 6.9 per cent. For the six months period ended 30 June 2012, Rabobank Group realised a net profit of €1,314 million

and a risk-adjusted return on capital (“**RAROC**”) of 11.5 per cent. after tax. At 30 June 2012, Rabobank Group had 61,103 full-time employees. For the year ended 31 December 2011, the rate of absenteeism was 3.9 per cent. and Rabobank’s employee satisfaction score was 86 per cent.

Rabobank Group



Business activities of Rabobank Group

Through Rabobank Nederland, the local Rabobanks and its subsidiaries, Rabobank Group provides services in the following five core business areas: domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate.

Domestic retail banking

The domestic retail banking business comprises the local Rabobanks, Obvion N.V. (“**Obvion**”), Friesland Bank N.V. (“**Friesland Bank**”) and Rabohypotheekbank N.V. (“**Rabohypotheekbank**”). In the Netherlands, Rabobank is a large mortgage bank, savings bank and insurance agent. Based on internal estimates, the Group believes it is also the leading bank for the small and medium-sized enterprise sector in the Netherlands. Obvion focuses exclusively on collaboration with independent brokers.

At 30 June 2012, Rabobank Group’s domestic retail banking operations had total assets of €383.0 billion, a private sector loan portfolio of €304.7 billion, amounts due to customers of €212.1 billion and savings deposits of €123.4 billion. For the six month period ended 30 June 2012, Rabobank Group’s domestic retail banking operations accounted for 48 per cent., or €3,428 million, of Rabobank Group’s total income and 46 per cent., or €609 million, of Rabobank Group’s net profit. At 30 June 2012, Rabobank Group’s domestic retail banking operations employed approximately 28,400 full-time employees.

Local Rabobanks

The 139 (at 30 June 2012) local Rabobanks are independent cooperative entities, each with their own operating areas. With 853 branches and 2,898 cash dispensing machines at 30 June 2012, they together comprise one of the leading local banks in the Netherlands with a dense branch network. Proximity and commitment to their clients enhances the local Rabobanks' responsiveness and speed of decision-making. Their commitment is reflected in their close ties with local associations and institutions. The local Rabobanks are committed to providing maximum service to their clients by making optimum use of different distribution channels, such as branch offices, the internet and mobile telephones. Together, the local Rabobanks serve approximately 6.8 million private clients and approximately 0.8 million corporate clients in the Netherlands with a comprehensive package of financial services. Many private individuals have current, savings and/or investment accounts and/or mortgages with the local Rabobanks. The local Rabobanks constitute a major financier of Dutch industry, from small high street shops to listed enterprises. Furthermore, the local Rabobanks traditionally have had close ties with the agricultural sector and, together, they are the largest insurance broker in the Netherlands (source: Insurance Magazine Yearbook 2011 (*AM Jaarboek 2011*)).

Obvion N.V.

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

Friesland Bank N.V.

Friesland Bank is a bank which combines personal service and professional expertise and is 100 per cent owned by Rabobank Nederland. Its client base consists of personal, institutional and corporate customers.

Rabohypotheekbank

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the local Rabobanks and is owned 100 per cent by Rabobank Nederland.

Rabohypotheekbank also serves as a supplementary financing vehicle for the local Rabobanks in the event that they choose not to make certain mortgage loans to their customers entirely on their own, either for liquidity or lending-limit reasons or because of the nature of the required financing. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank Nederland and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At 31 December 2011, Rabohypotheekbank had assets of €7.0 billion.

Wholesale banking and international retail banking

Rabobank International

Rabobank International, which is the wholesale banking business and international retail banking business, focuses its activities on the food and agri sector. Rabobank International is a division of Rabobank Nederland and has a presence in 29 countries. Its activities are subdivided into the following regions: the Netherlands, Europe outside the Netherlands, North and South America, Australia and New Zealand and Asia. Across these regions, Rabobank International has created a number of units with global operations: Global Financial Markets, Global Client Solutions, Acquisition Finance, Renewable Energy & Infrastructure Finance, Direct Banking and Trade & Commodity Finance. For optimum service to their clients and markets, the various regions and the units with global operations work closely together. In addition to customer-focused activities, Global Financial Markets manages the trade in money market products for the day-to-day management of the liquidity position, the credit risk and the market risk of Rabobank Group and its clients. Acquisition Finance

is involved in financing acquisitions by private equity companies and has a significant market share in the agricultural market. Global Client Solutions offers client-tailored products aimed at both the asset and liability sides of the balance sheet. The Renewable Energy & Infrastructure Finance department operates in the sustainable sectors of wind, solar, bio fuels and biomass. The Trade & Commodity Finance department serves clients that operate in the market for agricultural products and, on a limited scale, other commodities as well. This department also offers a large number of export finance products. Direct Banking services clients with saving products in Belgium, Ireland, New Zealand, Australia, Poland and Germany.

Rabobank's retail activities are performed under the Rabobank label, with the exception of the Irish ACCBank, which is a wholly owned subsidiary, and the Polish Bank BGZ, in which Rabobank International has a 60 per cent. stake at 30 June 2012.

Over the last few years, Rabobank International has strengthened its position in retail banking. In 2010 Rabobank acquired Napa Community Bank as well as specific assets and liabilities of Butte Community Bank and Pacific State Bank in California.

In addition, Rabobank International has interests in private equity. Under the Rabo Capital label, Rabobank Group's investment unit, Rabo Private Equity, focuses on medium-sized Dutch enterprises. Its Rabo Ventures label focuses on new enterprises in the clean technology sector. Rabobank also participates in independent private equity enterprises such as Langholm and a number of Gilde funds.

At 30 June 2012, Rabobank Group's wholesale banking and international retail banking operations had total assets of €534.8 billion and a private sector loan portfolio of €110.8 billion. For the six month period ended 30 June 2012, Rabobank Group's wholesale banking and international retail banking operations accounted for 30 per cent., or €2,136 million, of Rabobank Group's total income and 41 per cent., or €543 million, of Rabobank Group's net profit. At 30 June 2012, Rabobank Group's wholesale banking and international retail banking operations had approximately 16,100 full-time employees.

Asset management

Rabobank Group's asset management business is handled by Robeco Group N.V. ("**Robeco**"), an asset manager with global operations, as well as by the Swiss private bank, Bank Sarasin & Cie S.A. ("**Sarasin**") and by Schretlen & Co N.V. ("**Schretlen & Co**"), a Dutch private bank. In 2011 Rabobank sold its equity interest in Sarasin and the transaction was completed in July 2012.

At 30 June 2012, the assets under management and held in custody for clients of Rabobank Group's asset management operations amounted to €294.4 billion. For the six month period ended 30 June 2012, Rabobank Group's asset management operations accounted for 9 per cent., or €620 million, of Rabobank Group's total income and 9 per cent., or €113 million, of Rabobank Group's net profit. At 30 June 2012, Rabobank Group's asset management operations had approximately 3,100 full-time employees.

Robeco Groep N.V.

Robeco was founded in Rotterdam in 1929. It provides investment products and services to both institutional and private clients around the world. Services to private individuals are provided both through banks and other distribution partners, and through direct channels. Robeco's product range includes equity and fixed-income investments and money market funds and alternative investments funds. In addition to its offices in the Netherlands, Robeco has branches in Europe, the United States, Asia and the Middle East.

Rabobank Nederland owns a 100 per cent. equity interest in Robeco. Robeco has its statutory seat in Rotterdam. Its issued and fully paid-up share capital amounted to €4,537,803 (4,537,803 shares with a nominal value of €1 each) at 31 December 2011.

For the year ended 31 December 2011, Robeco's net profit was €134 million, corresponding to a profit of €29.49 per share. At 31 December 2011, Rabobank Nederland's liabilities to Robeco amounted to €814 million (bonds), €880 million (current accounts), €2 million (loans and deposits) and €10 million (derivatives). At 31 December 2011 Rabobank Nederland's claims on Robeco amounted to €253 million (loans), €86 million (current accounts), €3 million (professional securities transactions) and €156 million (derivatives).

At 30 June 2012, Robeco managed €179.0 billion in assets.

Bank Sarasin & Cie S.A.

Founded in 1841, the Sarasin Group is one of Switzerland's leading private banks. Sarasin's shares are listed at the Swiss stock exchange SIX. The Sarasin Group prioritises sustainability. The Sarasin Group offers a high level of services and expertise as an investment adviser and asset manager for high net-worth private individuals and institutional clients. Internationally, the Sarasin Group operates in 15 countries in Europe, the Middle East and Asia. In 2011 Rabobank sold its equity interest in Sarasin and the transaction was closed in July 2012.

At 30 June 2012, Sarasin managed €82.4 billion in assets.

Schretlen & Co N.V.

Schretlen & Co is the asset management specialist within Rabobank Group. The business is focused primarily on high net-worth individuals and medium-sized institutional investors in the Netherlands. Its core activities comprise asset management and advice, combined with estate planning. In addition to its head office in Amsterdam, Schretlen & Co has branches in Apeldoorn, Heerenveen, Rotterdam and Waalre. Rabobank Nederland owns a 100 per cent. equity interest in Schretlen & Co.

At 30 June 2012, Schretlen & Co managed €8.5 billion in assets.

Leasing, De Lage Landen International B.V.

De Lage Landen International B.V. ("**De Lage Landen**") is the subsidiary responsible for Rabobank Group's leasing business. It uses vendor finance to assist producers and distributors in their sales in 35 countries. With its innovative finance programmes, De Lage Landen stands out in a competitive market. In the Netherlands, it offers a broad range of lease and trade finance products, which it markets both directly and through the local Rabobanks. Through the international car lease company Athlon Car Lease, De Lage Landen operates in nine countries in Europe. In the Netherlands, De Lage Landen strengthens Rabobank Group's position in the Dutch consumer credit market, in part through the Freo online brand.

Rabobank Nederland owns a 100 per cent. equity interest in De Lage Landen. De Lage Landen has its statutory seat in Eindhoven, the Netherlands. Its issued share capital amounts to €98,470,307 all of which is owned by Rabobank Nederland. At 31 December 2011, Rabobank Nederland's liabilities to De Lage Landen amounted to €1,462 million. At 31 December 2011 Rabobank Nederland's claims on De Lage Landen amounted to €24,332 million (loans, current accounts, financial assets and derivatives). All liabilities of De Lage Landen are guaranteed (through the cross guarantee system) by Rabobank Nederland and the other participants of this system.

At 30 June 2012, De Lage Landen had a loan portfolio of €29.1 billion. For the six month period ended 30 June 2012, De Lage Landen accounted for 10 per cent., or €718 million, of Rabobank Group's total income and 15 per cent., or €191 million, of Rabobank Group's net profit. At 30 June 2012 Rabobank Group's leasing operations employed approximately 5,000 full-time employees.

Real estate, Rabo Vastgoedgroep N.V.

Rabo Real Estate Group (Rabo Vastgoedgroep N.V. (“**Rabo Vastgoedgroep**”)) is a prominent real estate enterprise. It operates in the private and corporate markets and has three core activities: residential and commercial real estate development, real estate finance and serving real estate investors. Bouwfonds Property Development is responsible for residential development and MAB Development for the development of commercial real estate. Financing commercial real estate is done by FGH Bank. Bouwfonds REIM is responsible for real estate related investments. In addition to these three core activities, Rabo Real Estate Group contributes to social real estate development and financing through Fondsenbeheer Nederland.

For the six month period ended 30 June 2012, the Rabo Real Estate Group sold 2,506 houses. At 30 June 2012 Rabo Real Estate Group managed €7.2 billion of real estate assets and its loan portfolio amounted to €19.1 billion. For the six month period ended 30 June 2012, the real estate operations accounted for 4 per cent., or €296 million, of Rabobank Group’s total income and 3 per cent., or €41 million, of Rabobank Group’s net profit. At 30 June 2012, Rabobank Group’s real estate operations had approximately 1,500 full-time employees.

Participations

Achmea B.V.

Rabobank has a 29 per cent. interest in Achmea B.V. (“**Achmea**”), formerly called Eureko. Rabobank does not exercise control over Achmea and therefore does not consolidate Achmea as a subsidiary in Rabobank’s financial statements. Achmea is accounted for as an associate in Rabobank’s financial statements in accordance with the equity method. At 31 December 2011 Achmea had a workforce of approximately 20,900 full-time equivalents and Achmea is the market leader in the area of insurance in the Netherlands (source: Achmea Annual Report 2011), where it serves a broad customer base of private individuals as well as government agencies and corporate clients. Achmea occupies a relatively minor position outside the Netherlands, operating in seven other European countries. Rabobank and Achmea work closely together in the area of insurance. Achmea operates in the Dutch domestic market with brands including Centraal Beheer Achmea, Interpolis, Avéro Achmea, FBTO, Agis Zorgverzekeringen and Zilveren Kruis Achmea. Interpolis is the prime supplier of insurance products to clients of the local Rabobanks, offering a broad range of non-life, health and life insurance policies for both private individuals and enterprises. Serving over a million private individuals and several hundreds of thousands of enterprises, Interpolis is one of the major players in the Dutch insurance market and in the agricultural sector.

Recent developments

Sarasin sold to Safra

Rabobank sold its equity interest in Swiss-based private bank Sarasin to Safra Group for €844 million in 2011. The sale of Sarasin, which serves private clients outside the Netherlands, will allow Rabobank to sharpen its focus on its strategic core business, i.e. broad market leadership in the Netherlands and worldwide growth in the area of food and agri. In June 2012, the Swiss regulator approved the acquisition by Safra of Rabobank’s equity interest in Sarasin. After having obtained the approval of several other regulators, this transaction was completed in July 2012.

Bid for shares in Bank BGZ

In August 2012 Rabobank successfully completed a tender offer for all outstanding shares in Polish-based Bank BGZ, increasing its shareholding from 60% to approximately 98%.

Rabobank looking at options for Robeco

On 27 April 2012, Rabobank confirmed it was conducting a strategic review of options for Robeco. As at the date of this Offering Circular, such review remains ongoing.

Rabobank Nederland to redeem Capital Securities

After having obtained approval of the Dutch Central Bank (De Nederlandsche Bank N.V.), Rabobank Nederland redeemed its U.S.\$750,000,000 Perpetual Non-Cumulative Capital Securities, which were issued on 22 October 2007, on the first call date of 22 October 2012 in accordance with the terms and conditions thereof.

Ratings

On 19 January 2012 DBRS confirmed the long-term deposits and senior debt rating of Rabobank Nederland of 'AAA'.

On 23 January 2012 Standard & Poor's affirmed the long-term counterparty credit rating of Rabobank Nederland of 'AA' but altered the outlook to negative, in line with the outlook for the sovereign credit rating of The Netherlands.

On 15 February 2012 Moody's placed the long-term debt and deposit ratings of Rabobank Nederland of 'Aaa' on review for downgrade. As a result, on 15 June 2012 Moody's changed the long-term debt and deposit ratings of Rabobank Nederland to 'Aa2' and assigned a stable outlook.

On 18 October 2012 Fitch affirmed the long-term issuer default rating ("IDR") of Rabobank Group as well as of Rabobank Nederland at 'AA' with a stable outlook.

Strategy of Rabobank Group

Rabobank Group's objectives and strategy for the period 2009-2012 are set out in the current Strategic Framework. The strategy for the period 2013-2016 was outlined in 2011. The new strategic framework will take account of a reorientation that reflects the great changes that have taken place in the banking sector in recent years and the current economic environment.

Strategic starting points

Founded in 1898, Rabobank Group has grown into one of the leading financial service providers in the Netherlands and one of the top international food and agri banks. In its current Strategic Framework, Rabobank Group applies the following strategic starting points:

Rabobank is, and will continue to be, a cooperative that puts the clients' interests first. Its structure and procedures set it apart from its competitors. Members exercise influence and control, imposing discipline on the cooperative. As part of its commitment to society, Rabobank endeavours to play a connecting role within the communities and markets in which it operates. It aims to make an active contribution in order to improve the quality of society. To this end, the bank provides financial resources and makes knowledge, media, networks and its employees available.

Rabobank Group offers a full range of financial products and services. This diversification within the group promotes financial stability. The wide range of knowledge and expertise available leads to innovation benefits and synergies. Market leadership continues to be important to Rabobank Group. To be able to keep fulfilling the cooperative's mission in future, the bank needs to be mindful of the profitability of its services.

Rabobank aims to continue to be an independent player of stature in order to preserve its identity as a cooperative. Food and agri is a natural basis for further growth because of Rabobank's leading knowledge position in this area, which follows on logically from its agricultural origins. Rabobank Group also intends to

be a global trendsetter in the fields of renewable energy and clean technology, partly with a view to supporting sustainable economic development.

Being creditworthy is vital given the current economic developments. Rabobank seeks to maintain a high level of creditworthiness with solid balance sheet ratios, healthy profitability and high Tier 1 and core Tier 1 ratios in order to access finance at relatively low cost.

Rabobank aims to make an economic, social and ecological contribution to building a sustainable society. It therefore seeks to set high standards in the areas of the environment, society and governance with regard to its services and its policy on responsible banking. Clients need to be able to see that the services they receive are responsible and transparent.

Decisions made when updating strategy

When updating its strategy for the period up to the end of 2012, Rabobank made the following decisions:

Given the change in market conditions and the stricter capital and liquidity requirements under Basel III, Rabobank Group has decided to place even greater emphasis on sound balance sheet ratios. Any increase in lending is largely dependent on growth in amounts due to customers. It is important that the local Rabobanks, Rabobank International and the subsidiaries arrange a significant portion of their funding themselves. One way of assessing whether balance sheet ratios are relatively sound is to calculate the loan-to-deposit ratio (the ratio of credit loans to amounts due to customers). This ratio improved at Rabobank Group level in 2011 owing to moderate growth in lending in combination with a sharp rise in amounts due to customers.

With regard to the Netherlands, Rabobank intends to be the leading bank across the entire spectrum of businesses. A strong position in the corporate market creates added opportunities for providing services to business owners in a private capacity. In addition, Rabobank aims to achieve further growth in the private-banking segment by means of differentiation in customer services, partnerships with subsidiaries and providing better advice. At an international level, Rabobank intends to offer the best possible services to its major Dutch clients through its extensive network.

Rabobank plans to continue to grow and develop as a cooperative. The rationale behind Rabobank is the same as its primary objective: to help customers achieve their ambitions. The client service model has been further adapted in order to enable the local Rabobanks to respond effectively to the changing needs of clients. During 2011, the range of services offered through direct channels was extended to enable customers to obtain services at a selected time and place.

Rabobank International will focus more on the core activities of Rabobank Group. In the Netherlands, this means supporting Rabobank Group's ambition to become the biggest and most important business bank in the country. Elsewhere, Rabobank International will continue to focus on the food and agri sector.

The subsidiaries will also focus increasingly on helping Rabobank Group achieve its core objectives, specifically becoming the Dutch market leader and developing its profile as the leading food and agri bank. Making full use of specialist areas of expertise and achieving healthy returns are other important roles that will continue to be fulfilled by subsidiaries and associates. In 2011, Rabobank sold its equity interest in the Swiss bank Sarasin and this transaction was completed in July 2012. Following this sale, Rabobank is now in a position to concentrate more on its core business.

In order to achieve its strategic ambitions, Rabobank Group needs talented, healthy and committed employees. Based on the belief that the skills and competencies of employees are what make the difference for a business, Rabobank makes group-wide investments in training and developing its workforce.

Strategic Framework 2013-2016

The environment in which Rabobank operates has changed very significantly in recent times, partly as a result of the global financial crisis and subsequent sovereign debt crisis in recent years. There have also been many legislative and regulatory changes. Under Basel III, stricter criteria have been set for capital and liquidity to ensure banks are better able to withstand financial shocks and make the financial system more stable. The rapid pace of growth seen at Rabobank over the past decade will slow. Furthermore, fuelled by Basel III and turmoil in the financial markets, competition in the savings market has increased and savings margins have come under pressure.

The Strategic Framework for the period 2013-2016 has been prepared in light of this new economic reality. The starting point for this new framework will be sustainable banking and selective growth. The strategy continues to focus on the fact that Rabobank exists for the benefit of its customers and members. The new framework provides clarity concerning themes that are important to Rabobank, such as the interests of customers, sustainability, being perceived as an appealing employer, improving the position of banks within society, and creating synergy by bringing group entities closer together. The cooperative structure is resilient and progressive, and the cooperative structure forms a cornerstone of Rabobank's identity and approach. The new Strategic Framework will be set out in more concrete terms in the course of 2012.

Strategy for domestic retail banking

Rabobank Group's ambition is to achieve market leadership in all segments of the Dutch market. Domestic retail banking contributes fully to this ambition by offering a comprehensive range of financial products and services. Rabobank Group has a large market share in the Dutch mortgage and savings market, the market for trade, industry and services (TIS) and the agricultural sector. Rabobank serves the mortgage market with the local Rabobanks and mortgage business Obvion. Rabobank's equity interest in Achmea B.V., formerly called Eureko, was reduced from 31 per cent. to 29 per cent. in 2011. In the Netherlands, Achmea is a prominent participant in the insurance market, operating labels such as Interpolis. As a primary supplier of customers of the local Rabobanks, Interpolis offers a comprehensive range of insurance products and services for the retail mass market and small to medium enterprises ("SMEs"). Rabobank aspires to achieve profitable growth in the insurance market. Rabobank has traditionally had a unique connection with the agricultural sector, serving this sector as a financier, sparring partner and centre of expertise. Rabobank is committed to maintaining this position.

Strategy for wholesale banking and international retail banking

Rabobank International's strategy focuses on providing a broad range of services in the Netherlands and on serving the food and agri sector internationally. The strategy rests on three pillars: market leadership in the Netherlands, recognition as the global food and agri bank and leveraging of specialist knowledge and products. The underlying principle of Rabobank's strategy is to build long-term relationships with clients. In the Dutch wholesale market, Rabobank International supports the local Rabobanks in their service provision to wholesale clients. Rabobank International serves the major corporates in the Dutch corporate market. Opportunities were seized in this market in 2011 to broaden Rabobank's service provision to corporate clients and to further increase the number of these clients. In an international context, wholesale banking focuses on the food and agribusiness sector. Rabobank has traditionally played the role of knowledge bank in this sector and has the ambition of being the leading food and agri bank globally. The international wholesale banking business concentrated mainly on its existing food and agri clients in 2011. Because of its international presence and local market knowledge, it managed to streamline its customer services and meet individual customer requirements even better. The international rural and retail banking business focuses on wholesale food and agri clients and on retail clients, particularly to raise savings deposits, in a select number of leading food and agri countries. After having expanded its retail network in key food and agri regions in 2010,

Rabobank concentrated on the further integration of these operations into its existing retail activities in 2011. Rabobank contributes to making value chains in the food and agri sector more sustainable.

Strategy for asset management

Robeco and Schretlen & Co support Rabobank Group's market leadership in the Netherlands by offering a wide range of investment funds and assets management services via different distribution channels. With their broad product offering and specialised investment teams, they offer tailored investment and asset management services to a wide range of investors. Robeco, together with its subsidiaries Transtrend and Harbor Capital Advisors, provide services to large institutional investors; on an international level, they offer investment services to high net-worth individuals, among other clients. Rabobank Private Banking offers estate planning and asset management services to high net-worth clients. Responsible investing takes centre-stage in client services. Bouwfonds REIM, a division of Rabo Real Estate Group, offers property-based investment products to private and institutional investors.

Strategy for leasing

De Lage Landen's strategy is aimed at further optimising its portfolio. The strategy centres on working in tandem with other Rabobank Group entities. In the Netherlands, De Lage Landen has collaborated closely with the local Rabobanks for many years. Teamwork is emphasised in an international context too, for instance in Poland where De Lage Landen has a joint venture with Bank BGZ, and in China where Rabobank International and De Lage Landen have entered into a partnership with the Agricultural Bank of China. The OneDLL programme is designed to further intensify ties between the different divisions of De Lage Landen.

Strategy for real estate

Rabo Real Estate Group operates the following labels: Bouwfonds Property Development, MAB Development, FGH Bank, Bouwfonds REIM and Fondsenbeheer Nederland. Bouwfonds Property Development develops comprehensive residential areas and small mixed-use projects. MAB Development is a leading commercial property developer. FGH Bank specialises in property finance. Bouwfonds REIM manages real estate investment funds. Fondsenbeheer Nederland is an independent manager of seven community funds that actively strive to improve the quality of our living environment.

Rabo Real Estate Group is Rabobank Group's in-house centre of expertise in real estate. Besides its home market in the Netherlands, Rabo Real Estate Group is also a significant participant in France and Germany. Through real estate development (residential areas and commercial properties), property finance and investment management, Rabo Real Estate Group aims, in a socially responsible way, to help its clients achieve their ambitions for living, working, shopping and leisure. In doing so, Rabo Real Estate Group seeks to maintain its national and international markets positions, with controlled growth of its activities in France and Germany.

Competition

Rabobank Group competes in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, ING Group and SNS Reaal, and also with smaller financial institutions in specific markets. Over the last few years, banks have increased their emphasis on the credit quality of borrowers. This emphasis, combined with the deregulation of capital markets, has increased competition among banks in the Netherlands significantly. In addition, life insurance companies and pension funds in the Netherlands have become major competitors in the markets for residential mortgage loans and savings deposits. In 2008, several large commercial banks and financial institutions in the Netherlands, including ABN AMRO, ING Group and SNS Reaal, received financial support from the Dutch government. These

developments affected the competitive environment in which Rabobank Group operates in the Netherlands and Rabobank expects competition in the Dutch savings market to continue in 2013.

The Dutch mortgage loan market is highly competitive. Driven by the tax deductibility of mortgage loan interest payments in the past, Dutch homeowners usually took out relatively high mortgage loans. This does not necessarily indicate a high risk for banks with mortgage-lending operations. Tax deductibility of mortgages in the Netherlands is expected to be limited in the coming years. At 31 December 2011, the local Rabobanks have a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 67 per cent. Historically, mortgage lending in the Netherlands has been relatively low risk. Mortgage loan defaults do not occur frequently, either in Rabobank Group's mortgage lending operations or in the Netherlands generally. Almost all mortgages in the Netherlands have a maturity of 30 years. Generally, mortgages have a long-term (greater than five years) fixed interest rate, after which period the rate is reset at the current market rate. Customers generally only have the option to prepay a certain percentage on the principal amount on their mortgage loan without incurring a penalty fee, thus reducing the interest rate risks related to mortgage loan refinancing for Rabobank Group.

Market shares in the Netherlands

Rabobank Group offers a comprehensive package of financial products and services. In the Netherlands, its focus is on achieving broad market leadership. Set forth below is information regarding Rabobank Group's shares in selected markets. The percentages of market share should be read as percentages of the relevant Dutch market as a whole.

Residential mortgages

For the six month period ended 30 June 2012, Rabobank Group had a market share of 27.8 per cent. of the total amount of new home mortgages in the Dutch mortgage market by value (20.2 per cent. by local Rabobanks, 6.9 per cent. by Obvion and 0.7 per cent. by Friesland Bank; source: Dutch Land Registry Office (*Kadaster*)). Rabobank Group is the largest mortgage-lending institution in the Netherlands (measured by Rabobank's own surveys).

Saving deposits of individuals

At 30 June 2012, Rabobank Group had a market share of 39.3 per cent. of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Rabobank Group is one of the largest savings institutions in the Netherlands measured as a percentage of the amount of saving deposits (source: Statistics Netherlands). Of the total saving deposits in the Netherlands, 36.9 per cent. are held by the local Rabobanks, 1.3 per cent. are held by Robeco Direct's savings bank Roparco and 1.1 per cent. are held by Friesland Bank.

Lending to small and medium-sized enterprises

At 30 June 2012, Rabobank Group had a market share of 43 per cent. of domestic loans to the trade, industry and services sector (i.e. enterprises with a turnover of less than €250 million; measured by Rabobank's own surveys).

Agricultural loans

At 31 December 2011, Rabobank Group had a market share of 83 per cent. of loans and advances made by banks to the Dutch primary agricultural sector (measured by Rabobank's own surveys).

Properties

Rabobank Nederland and the local Rabobanks typically own the land and buildings used in the ordinary course of their business activities in the Netherlands. Outside the Netherlands, some Rabobank Group entities also own the land and buildings used in the ordinary course of their business activities. In addition, Rabobank

Group's investment portfolio includes investments in land and buildings. Rabobank believes that Rabobank Group's facilities are adequate for its present needs in all material respects.

Insurance

On behalf of all entities of Rabobank Group, Rabobank has taken out a group policy that is customary for the financial industry. Rabobank is of the opinion that this insurance, which is banker's blanket and professional indemnity, is of an adequate level.

Legal proceedings

Rabobank Group is involved in governmental, litigation and arbitration proceedings in the Netherlands and in foreign jurisdictions, including the United States, involving claims by and against Rabobank Group which arise in the ordinary course of its businesses, including in connection with Rabobank Group's activities as an insurer, lender, employer, investor, financial adviser, underwriter and taxpayer during a period covering at least the previous 12 months. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened proceedings and litigation, Rabobank believes that the ultimate outcome of the various proceedings and litigation already commenced, and/or any threatened proceedings and litigation, will not have a material adverse or significant effect on Rabobank Group's financial condition or profitability, given its size, balance sheet, income stream and provisioning policy.

RABOBANK GROUP STRUCTURE

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. It offers retail banking, wholesale banking, asset management, leasing and real estate services. In the Netherlands, its focus is on achieving broad market leadership and, internationally, on strengthening the bank's prominent position as a food and agri bank. Rabobank Group comprises independent local Rabobanks plus Rabobank Nederland, their umbrella organization, and a number of specialist subsidiaries. Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad.

The umbrella organization of Rabobank Group, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), having its statutory seat in Amsterdam, is a cooperative entity formed primarily as a result of the merger of the two largest banking cooperative entities in the Netherlands and was incorporated with unlimited duration on 22 December 1970. A cooperative under the laws of the Netherlands has members and has the statutory objective to provide for certain material needs of its members. Rabobank Nederland was registered with the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands in December 1970 under number 30046259. The executive offices are located at: Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is: +31 (0)30 2160000.

Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. In addition to being a member of Rabobank Nederland, each local Rabobank has shares in Rabobank Nederland in accordance with Article 15 of Rabobank Nederland's articles of association. The shares are fully paid up on issuance and are not permitted to be pledged, given in usufruct, or otherwise encumbered, alienated or transferred. The articles of association provide that shares may be issued only pursuant to a resolution of the General Meeting proposed by Rabobank Nederland's Executive Board and approved by its Supervisory Board. Pursuant to the articles of association, each local Rabobank is obliged, by virtue of its membership, to participate in any future issue of shares. Since 1 July 2010 the total number of outstanding shares of Rabobank has been 6,001,800 of €1,000 each. The share capital of Rabobank Nederland is €6,002 million. On the basis of a prescribed allocation formula, taking into account the total balance sheet position, Tier 1 capital and commercial profits of each local Rabobank, these shares were distributed to the members. In 2011, a dividend of €483 million, as approved by the General Meeting, was distributed to the local Rabobanks and in 2012 a dividend of €493 million, as approved by the General Meeting, was distributed to the local Rabobanks. In previous years, such distributed dividends to the local Rabobanks amounted to €438 million in 2010, €342 million in 2009, nil in 2008 and nil in 2007. At Rabobank Group level, these dividend distributions did not have, and are not expected to have, any impact on equity.

As members of Rabobank Nederland, the local Rabobanks have certain ownership rights with respect to Rabobank Nederland. However, their position with respect to ownership cannot be compared to the position of shareholders in a corporation. Pursuant to Rabobank Nederland's articles of association, if, in the event of Rabobank Nederland's liquidation, whether by court order or otherwise, its assets should prove to be insufficient to meet its liabilities, the local Rabobanks, as members of Rabobank Nederland at the time of the liquidation as well as those who ceased to be members in the year prior to the liquidation, shall be liable for the deficit in proportion to their respective last adopted balance sheet totals. If it should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining liable parties shall be liable in the same proportion for the amount not recovered. Under the articles of association of Rabobank Nederland, the total amount for which members or former members are liable shall never exceed 3 per cent. of its last adopted balance sheet total. However, this limitation of liability under the articles of association of Rabobank Nederland does not affect the liability of the local Rabobanks under the cross-guarantee system and their liability under the compensation agreements (as described below).

Rabobank Nederland's functions within Rabobank Group can be broadly divided into several areas. Traditionally, an important task of Rabobank Nederland has been its function as a bankers' bank. Another important task is to provide service to the local Rabobanks in the form of support, advice and guidance. Rabobank Nederland negotiates rights in the name of the local Rabobanks and enters into commitments on their behalf, provided that such commitments have the same implications for all local Rabobanks (for instance, the entering into of collective labour agreements on behalf of the local Rabobanks). Furthermore, Rabobank Nederland is entrusted with the supervision of the local Rabobanks pursuant to the provisions of the Financial Supervision Act (*Wet op het financieel toezicht*). Finally, Rabobank Nederland operates its own banking business, both complementary to and independent of the business of the local Rabobanks and is the holding company of various subsidiaries.

At 30 June 2012, the number of local Rabobanks was 139. The local Rabobanks are organized as cooperative entities under the laws of the Netherlands and draw all of their members from their customers. At 30 June 2012, the local Rabobanks had approximately 1,895,000 members. Members of the local Rabobanks do not make capital contributions to the local Rabobanks and are not entitled to the equity of the local Rabobanks. Members are not liable for any obligations of the local Rabobanks.

For regulatory and financial reporting purposes, Rabobank Nederland and the local Rabobanks, as well as the participating subsidiaries, are treated as one consolidated entity.

Relationship between Rabobank Nederland and the local Rabobanks

The Rabobank Nederland cooperative and its members

Rabobank Nederland was established for the support of the local Rabobanks' banking business and acts as their bankers' bank. In addition, Rabobank Nederland acts as supervisor of the local Rabobanks, partly on behalf of the Dutch supervisory authorities. Only banks that have a cooperative structure and whose Articles of Association have been approved by Rabobank Nederland can be members of Rabobank Nederland. The local Rabobanks also hold shares in the capital of Rabobank Nederland. In turn, the local Rabobanks have members as well, who are local clients. The local Rabobanks have strictly defined rights and obligations towards Rabobank Nederland and each other that are reflected in the governance structure.

Supervision of local Rabobanks

Pursuant to the prudential supervision part of the Financial Supervision Act and under Rabobank Nederland's Articles of Association and the Articles of Association of the local Rabobanks, Rabobank Nederland supervises the local Rabobanks on the control over and the integrity of their operations, sourcing, solvency and liquidity. In addition, under the conduct supervision part of the Financial Supervision Act, Rabobank Nederland has been appointed by the Dutch Ministry of Finance as the holder of a collective licence that also includes the local Rabobanks. Thus, the supervision of conduct by the AFM is exercised through Rabobank Nederland.

Internal liability (cross-guarantee system)

Rabobank Group consists of the local Rabobanks, their central organization Rabobank Nederland and its subsidiaries and other affiliated entities. Through their mutual financial association, various legal entities within Rabobank Group collectively make up a single organization. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the Financial Supervision Act. This relationship is formalised in an internal cross-guarantee system (*kruislingse garantieregeling*), which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution's funds in order to enable it to fulfil those obligations. Within Rabobank Group the participating entities are:

Rabobank Nederland
Local Rabobanks
Rabohypotheekbank N.V.
Raiffeisenhypotheekbank N.V.
De Lage Landen Financial Services B.V.
De Lage Landen Financiering B.V.
De Lage Landen International B.V.
De Lage Landen Trade Finance B.V.
Schretlen & Co N.V.

The local Rabobanks are also parties to several compensation agreements whereby shortfalls of local Rabobanks with respect to equity, profitability, loan loss reserves and financing losses are financed by charging all other local Rabobanks.

403 Declaration

Rabobank Nederland has assumed liability for the debts arising from legal transactions of a number of Rabobank Group companies under section 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*).

Rabobank Nederland's activities

Capital adequacy and liquidity

The cross-guarantee system operates in concert with the regulatory and administrative supervision of the local Rabobanks by Rabobank Nederland. Notwithstanding the fact that Rabobank Nederland and the local Rabobanks are supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*) on a consolidated basis, based on Article 3:111 of the Financial Supervision Act, Rabobank Nederland has responsibility for ensuring compliance by the local Rabobanks with the applicable capital adequacy and liquidity regulations. The capital adequacy regulations are intended to preserve a bank's ability to withstand loan losses and other business risks through reserves and retained earnings. The internal standards actually applied by Rabobank Nederland, however, are more conservative than the regulations promulgated by the law. This policy partly reflects the fact that local Rabobanks, which cannot raise new capital by issuing shares, can only grow and maintain an appropriate ratio of reserves to total liabilities by making profits. Any local Rabobank whose ratio of reserves to total liabilities fails to meet internal solvency standards is subject to stricter supervision by Rabobank Nederland. In particular, Rabobank Nederland may restrict such local Rabobank's authority to make lending decisions within Rabobank Group's lending limits.

The local Rabobanks are permitted to have accounts only with Rabobank Nederland, which is the sole outlet for each local Rabobank's excess liquidity and acts as treasurer to the local Rabobanks.

Supervision on market conduct

Pursuant to section 2:105 of the Financial Supervision Act, Rabobank Nederland has been designated by the Minister of Finance (*Ministerie van Financiën*) as an undertaking which is deemed to have a collective licence, applying both to itself and to all local Rabobanks. As a consequence of this collective licence, the supervision by the AFM, as far as compliance with the rules on market conduct pursuant to the Financial Supervision Act is concerned, will be directed at Rabobank Nederland. In turn, Rabobank Nederland plays a central role in the supervision of the conduct of the local Rabobanks.

THE NEW YORK BRANCH

Rabobank Nederland, New York Branch (the “**New York Branch**”) established in 1981, is a branch licensed by the New York Superintendent of Banks. The New York Branch is responsible for Rabobank Nederland’s North American corporate banking business. The New York Branch also manages Rabobank Nederland’s loan production offices in Atlanta, Georgia, Chicago, Illinois, Dallas, Texas and San Francisco, California. The New York Branch focuses primarily on financing agribusiness companies engaged in the processing, distribution, storage, export and import of agricultural commodities although it also engages in lending activities in other sectors of the United States economy. Additionally, the New York Branch provides banking services in the United States to Rabobank Nederland’s Dutch customers. The New York Branch provides for its own funding needs through transactions in the domestic and international money markets, such as the issuance of certificates of deposit, commercial paper and medium-term deposit notes. The New York Branch is presently located at 245 Park Avenue, New York, NY 10167, United States of America. None of the deposits of the New York Branch, the Notes or the Guarantee are insured by the Federal Deposit Insurance Corporation. See also “Regulation of Rabobank Group – Regulation and Supervision in the United States”.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and the notes thereto of Rabobank Group incorporated by reference into this Offering Circular. Certain figures for Rabobank Group at and for the year ended 31 December 2010 included in the following discussion have been restated as a result of changes in accounting policies and presentation. See below "Change in accounting policies" for further information. As of 2005, the financial statements have been prepared in accordance with IFRS as adopted by the European Union. The financial data in the (sub) paragraphs in this chapter marked with an asterisk () have not been directly extracted from the audited financial statements but instead are unaudited and derived from the interim financial statements or accounting records of Rabobank Nederland, unless otherwise stated.*

Business overview*

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. At 30 June 2012, it comprised 139 independent local Rabobanks and their central organization Rabobank Nederland and its subsidiaries. Rabobank Group operates in 47 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate. It serves approximately 10 million clients around the world. In the Netherlands, its focus is on achieving broad market leadership and, internationally, on strengthening the bank's prominent position as a food and agri bank. Rabobank Group entities have strong relationships due to Rabobank's cooperative structure. At 30 June 2012, Rabobank Group had total assets of €770.9 billion and 61,103 full-time employees.

Rabobank Group's stability and creditworthiness is reflected in the ratings awarded by several rating agencies (Standard & Poor's, Moody's, Fitch and DBRS). In terms of Tier 1 capital, Rabobank Group is among the world's 30 largest financial institutions (source: *The Banker*).

Rabobank Nederland, the local Rabobanks and certain subsidiaries in Rabobank Group are linked through a "cross-guarantee system". The cross-guarantee system provides for intra-group credit support among Rabobank Nederland, all local Rabobanks and certain of Rabobank Group's subsidiaries that are the other participating institutions. Under the cross-guarantee system, funds are made available by each participating institution if another participant suffers a shortfall in its funds. If a participating institution is liquidated and has insufficient assets to cover its liabilities, the other participating institutions are liable for its debts. For more details, see "Rabobank Group Structure - Internal liability (cross-guarantee system)".

The independent local Rabobanks make up Rabobank Group's cooperative core business. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organization that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With 853 branches and 2,898 cash-dispensing machines at 30 June 2012 the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients and approximately 0.8 million corporate clients, both private and corporate, offering a comprehensive package of financial services.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Factors affecting results of operations

General market conditions*

Rabobank Group's results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and exchange rates, and increased competition. Banks are still facing persistent turmoil in financial markets following the European sovereign debt crisis that arose in the first half of 2010. Moreover, renewed tensions surrounding Iran's nuclear programme, associated with the release of a new report of the International Atomic Energy Agency in November 2011, and the continuing social unrest (which started in the beginning of 2011) in certain Middle Eastern countries, particularly Syria, may also cause adverse economic effects which may adversely impact the Rabobank Group. In the Netherlands, competition for savings is likely to continue. The limited growth of the Dutch economy impacted Rabobank Group's growth in lending and resulted in loan losses above Rabobank Group's long-term average.

In 2011, 62 per cent. of Rabobank Group's total income was derived from its Dutch operations. Accordingly, changes in the Dutch economy, the levels of Dutch consumer spending and changes in the Dutch real estate, securities and other markets may have a material effect on Rabobank Group's operations. However, because of Rabobank Group's high level of product diversification, it has not experienced major fluctuations in its levels of profitability in the past. Outside of the Netherlands, the markets Rabobank Group focuses on, i.e. principally food and agri, are impacted by business cycles only in a limited way.

Although Rabobank Group expects that the foregoing factors will continue to affect its consolidated results of operations, it believes that the impact of any one of these factors is mitigated by its high level of product diversification. However, a protracted economic downturn in the Netherlands or Rabobank Group's other major markets could have a material negative impact on its results of operations. See "Risk Factors - Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued - Business and general economic conditions".

Stock market fluctuations

Since the outbreak of the financial crisis in the second half of 2007, equity markets have been adversely affected. A decline in the stock markets could adversely affect Rabobank Group's results of operations and its financial assets.

Interest rates

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can materially affect Rabobank Group's results. For example, a low interest rate environment could adversely affect the Rabobank Group's results as due, to the structure of its balance sheet, Rabobank has a significant level of non- and low-interest bearing liabilities (its reserves, balances on payment accounts and current accounts). Generally, a sustained period of lower interest rates will reduce the yields on the assets that are financed with these liabilities. Conversely, rising interest rates should, over time, increase investment income but may, at the same time, reduce the market value of pre-existing investment portfolios. Rising rates can also lead to higher or lower interest margins depending on whether Rabobank Group's interest-earning assets re-price at a faster rate than interest-bearing liabilities or the degree to which the spreads on assets or liabilities narrow or widen. Although interest rates may start an upward trend if a final solution to the European sovereign debt crisis materialises, Rabobank expects that the relatively low interest rate environment that it faced in the recent past is likely to continue in the second half of 2012, with a corresponding impact on Rabobank Group's results.

As discussed under “Risk Management - Interest rate risk”, Rabobank Group generally takes a limited interest rate position that is managed within strict limits and is designed to take advantage of expected changes in interest rates and the yield curve.

Critical accounting policies

The accounting policies that are most critical to Rabobank Group’s business operations and the understanding of its results are identified below. In each case, the application of these policies requires Rabobank to make complex judgements based on information and financial data that may change in future periods, the results of which can have a significant effect on Rabobank Group’s results of operations. As a result, determinations regarding these items necessarily involve the use of assumptions and judgements as to future events and are subject to change. Different assumptions or judgements could lead to materially different results. See the footnotes to the audited consolidated financial statements incorporated by reference into this Offering Circular for additional discussion of the application of Rabobank Group’s accounting policies.

Value adjustments

Rabobank regularly assesses the adequacy of the allowance for loan losses by performing ongoing evaluations of the loan portfolio. Rabobank’s policies and procedures to measure impairment are IFRS compliant. Rabobank considers a loan to be impaired when, based on current information and events, it is probable that Rabobank will not be able to collect all amounts due (principal and interest) according to the original contractual terms of the loan.

Rabobank distinguishes:

- Specific allowances for impaired corporate loans. For these loans, impairment is measured on a case-by-case basis. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan’s effective rate.
- Collective allowances for loans that are not significant enough to be assessed individually. Retail portfolios of loans that are not individually assessed for impairment are grouped into pools, based on similar risk characteristics, and are collectively assessed for impairment. The allowance is set using IFRS-adjusted Basel II parameters.
- An Incurred But Not Reported (“**IBNR**”) allowance for losses on loans that have been incurred but have not yet been individually identified at the balance sheet date. Non-impaired loans are included in groups with similar risk characteristics and are collectively assessed for the potential losses, based on IFRS-adjusted expected loss parameters. Furthermore, factors are used which assume that within three to six months impairment will be discovered.

The impairment amount thus determined is recorded in the profit and loss account as a bad debt cost with the corresponding credit posted as an allowance against the loan balance in the balance sheet.

The Provisioning Committee headed by the CFO decides twice a year on allowance-taking for all impaired loans above a certain threshold (currently over €45 million) or with an allowance above a pre-determined threshold (currently over €15 million).

Trading activities

Rabobank’s trading portfolio is carried at fair value based on market prices or model prices if the market prices are not available. The market value of financial instruments in Rabobank Group’s trading portfolio is generally based on listed market prices or broker-dealer price quotations. If prices are not readily determinable, fair value is based on valuation models. The fair value of certain financial instruments,

including OTC derivative instruments, are valued using valuation models that consider, among other factors, contractual and market prices, correlations, time value, credit, yield curve volatility factors and/or prepayment rates of the underlying positions.

Change in accounting policies

As a result of changes in accounting policies and presentation, certain figures for Rabobank Group for the year ended 31 December 2010 in this Offering Circular have been restated, see the Consolidated Financial Statements 2011 Rabobank Group, under note 2.1.1, “Changes in accounting policies and presentation”. Where the year ended 31 December 2011 is compared with the year ended 31 December 2010, the restated figures for 2010 are discussed.

Results of operations

The following table sets forth certain summarized financial information for Rabobank Group for the periods indicated:

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Interest.....	4,445	4,507	9,229	8,614	8,075
Commission	1,494	1,513	2,981	2,831	2,575
Other results	1,247	1,283	1,168	1,271	1,784
Total income	7,186	7,303	13,378	12,716	12,434
Staff costs	2,844	2,596	5,141	4,919	4,603
Other administrative expenses	1,434	1,471	3,001	2,706	2,908
Depreciation and amortization	273	290	578	571	527
Operating expenses	4,551	4,357	8,720	8,196	8,038
Gross result	2,635	2,946	4,658	4,520	4,396
Value adjustments.....	1,096	618	1,606	1,234	1,959
Operating profit before taxation	1,539	2,328	3,052	3,286	2,437
Taxation.....	225	474	425	514	229
Net profit	1,314	1,854	2,627	2,772	2,208

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Total income

Rabobank Group’s total income decreased 2 per cent. in the first half of 2012, falling to €7,186 million compared to €7,307 million in the first half of 2011.

Interest

Interest income decreased by 1 per cent. in the first half of 2012, falling to €4,445 million compared to €4,507 million in the first half of 2011. This was due in particular to lower margins on savings deposits in the Netherlands.

Commission

Group commission income decreased by 1 per cent. in the first half of 2012, falling to €1,494 million compared to €1,513 million in the first half of 2011. Although a drop in volumes resulted in a decline in commission income at local banks, this development was offset, in part, by higher commission income from asset management activities thanks to an increase in average managed assets in this period.

Other results

Other results decreased by 3 per cent. in the first half of 2012, falling to €1,247 million compared to €1,283 million in the first half of 2011. A factor contributing to the strength of other results in the first half of 2011 compared to the first half of 2012 was the relative steepening of the yield curve.

Operating expenses

Operating expenses increased by 4 per cent. in the first half of 2012, rising to €4,551 million compared to €4,357 million in the first half of 2011.

Staff Costs

Staff costs increased by 10 per cent. in the first half of 2012, rising to €2,844 million compared to €2,596 million in the first half of 2011. Staff costs rose due to annual salary increases, higher pension costs and an increase in headcount, as well as the appreciation of the US dollar.

Other administrative expenses

Other administrative expenses decreased by 3 per cent. in the first half of 2012, falling to €1,434 million compared to €1,471 million in the first half of 2011. Other administrative expenses were high at De Lage Landen in 2011 because of project costs on self-developed software.

Depreciation and amortization

Depreciation and amortization decreased by 6 per cent. in the first half of 2012, falling to €273 million compared to €290 million in the first half of 2011. A factor in the decrease in depreciation and amortisation was lower amortization charges on intangible assets reported by the asset management division because of the sale of Sarasin.

Value adjustments

Rabobank Group saw its bad debt costs increase as low consumer confidence weighed down domestic demand and the Dutch economy contracted slightly in the first half of 2012. Negative sentiments, which manifested themselves in several Rabobank divisions (including the local Rabobanks, ACC Bank and Rabo Real Estate Group), continued to reign the property sector and sectors specifically targeting the domestic retail market were struggling as well. In the food and agri sector, customers in the greenhouse horticulture segment were particularly hard-hit. Disappointing financial results in these sectors caused an increase in bad debt costs at Rabobank Group, primarily at the local Rabobanks and Rabo Real Estate Group. On aggregate, value adjustments were up 77 per cent. at Group level, rising to €1,096 million in the first half of 2012 compared to €618 million in the first half of 2011. At 49 basis points of average lending (in the first half of 2011: 29 basis points), bad debt costs were 24 basis points above the long-term average of 25 (based on the period 2002 to 2011).

Taxation

The recognized tax expense was €225 million compared to €474 million in the first half of 2011, which corresponds to an effective tax rate of 14.6 per cent. (first half of 2011: 20.4 per cent.). The decrease in tax rate was partly the result of the tax gain that Rabobank International recognised for Ireland.

Net Profit

Net profit decreased by 29 per cent. in the first half of 2012, falling to €1,314 million compared to €1,854 million in the first half of 2011. Net of payments on Rabobank Member Certificates, hybrid equity instruments and other noncontrolling interests, a profit of €687 million (in the first half of 2011: €1,340 million) remains. This amount was used to further strengthen Rabobank Group's capital position.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income

Rabobank Group's total income increased 5 per cent. in 2011, rising to €13,378 million compared to €12,716 million in 2010.

Interest

Due to an increase in lending and higher margins at De Lage Landen and FGH Bank interest income increased 7 per cent. to €9,229 million in 2011 compared to €8,614 million in 2010.

Commission

Commission increased 5 per cent. to €2,981 million in 2011 compared to €2,831 million in 2010, as commissions on payment transactions and loans increased.

Other results

Other results fell significantly in 2011 to €1,168 million compared to €1,271 million in 2010. Impairments on land suffered by the real estate business and lower income from the equity interest in Achmea drove the 8 per cent. drop in other results.

Operating expenses

Rabobank Group's operating expenses rose by 6 per cent. in 2011 to €8,720 million compared to €8,196 million in 2010, due to an increase in other administrative expenses and staff costs.

Staff costs

Staff costs increased by 5 per cent. to €5,141 million in 2011 compared to €4,919 million in 2010. Staff costs rose due to a larger employee base, periodic salary increases and higher pension costs.

Other administrative expenses

Other administrative expenses rose by 11 per cent. to €3,001 million in 2011 compared to €2,706 million in 2010. The administrative expenses rose, in part, due to higher IT and marketing expenses.

Depreciation and amortization

Depreciation and amortization charges increased 1 per cent. to €578 million in 2011 compared to €571 million in 2010.

Value adjustments

Rabobank Group saw its bad debt costs increase in 2011 as a result of the climate of economic adversity. Various customer groups hit suffered the consequences thereof in the second half of 2011 in particular. The continuing poor property market conditions fuelled a rise in bad debt costs in the real estate business. Rabobank International's bad debt costs remained high because of sustained losses suffered by Irish-based ACCBank due to the weak economy and property market. The local Rabobanks were forced to form additional provisions for greenhouse horticulture in 2011 as a result of the EHEC crisis, pursuant to which the EHEC-bacteria caused problems for a part of Rabobank's customers in the Dutch greenhouse horticulture sector. On aggregate, value adjustments were up 30 per cent. at Group level, rising to €1,606 million in 2011

compared to €1,234 million in 2010. At 37 basis points of average lending (2010: 29 basis points), bad debt costs were 13 basis points above the long-term average of 24 basis points (based on the period 2001 to 2010).

Taxation

The recognised tax expense was €425 million in 2011 compared to €514 million in 2010, which corresponds to an effective tax rate of 13.9 per cent. (2010: 15.6 per cent.).

Net profit

Net profit decreased by 5 per cent. to €2,627 million in 2011 compared to €2,772 million in 2010. An amount of €1,549 million (in 2010: €1,846 million) remains net of non-controlling interests and payments on Rabobank Member Certificates (Rabobank Ledencertificaten) (the depository receipts of participation rights directly issued by Rabobank Nederland (“**Rabobank Member Certificates**”)) and hybrid equity instruments. This amount was used to improve Rabobank’s capital position.

Year ended 31 December 2010 compared to year ended 31 December 2009

Total income

Rabobank Group’s total income increased 2 per cent. in 2010, rising to €12,716 million compared to €12,434 million in 2009.

Interest

Due to recovered margins on savings deposits and an increase in lending, interest income increased 7 per cent. to €8,614 million in 2010 compared to €8,075 million in 2009.

Commission

Commission increased 10 per cent. to €2,831 million in 2010 compared to €2,575 million in 2009. Asset management fees rose because more assets were managed for clients.

Other results

Other results fell sharply in 2010 to €1,271 million compared to €1,784 million in 2009. Other results had been relatively high in 2009 due mainly to the amortization of actuarial gains and the repurchase of debt securities.

Operating expenses

Rabobank Group’s operating expenses rose by 2 per cent. in 2010 to €8,196 million compared to €8,038 million in 2009, mainly due to an increase in staff costs because of the devaluation of the euro.

Staff costs

Staff costs increased by 7 per cent. to €4,919 million in 2010 compared to €4,603 million in 2009. Staff costs rose notably at Rabobank International and, to a lesser extent, at De Lage Landen because of the depreciation of the euro. Higher pension costs also contributed to the rise in staff costs.

Other administrative expenses

Other administrative expenses dropped by 7 per cent. to €2,706 million in 2010 compared to €2,908 million in 2009. The administrative expenses dropped due to tighter group-wide cost control and lower costs incurred for the deposit guarantee system.

Depreciation and amortization

Depreciation and amortization charges increased 8 per cent. to €571 million in 2010 compared to €527 million in 2009.

Value adjustments

Many of Rabobank Group's corporate clients were able to improve their financial position. As a result, Rabobank made considerably fewer allocations on balance to the allowance for loan losses. Bad debt costs were down mainly at the local Rabobanks, Rabobank International and De Lage Landen. At Group level, value adjustments dropped by 37 per cent., falling to €1,234 million in 2010 compared to €1,959 million in 2009. At 29 basis points of average lending (2009: 48 basis points), bad debt costs were still slightly above the long-term average of 23 basis points (based on the period 2000 to 2009).

Taxation

The recognised tax expense was €514 million in 2010 compared to €229 million in 2009, which corresponds to an effective tax rate of 15.6 per cent. (2009: 9.4 per cent.).

Net profit

Net profit increased by 26 per cent. to €2,772 million in 2010 compared to €2,208 million in 2009 primarily due to lower bad debt costs, but also because of higher interest income and a moderate rise in expenses. An amount of €1,846 million (in 2009: €1,395 million) remained net of non-controlling interests and payments on Rabobank Member Certificates and hybrid equity instruments. This amount was used to bolster Rabobank's capital position.

Segment discussion*

Domestic retail banking

The following table sets forth certain summarised financial information for Rabobank Group's domestic retail banking business for the periods indicated:

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Interest.....	2,463	2,576	5,218	4,894	4,360
Commission	678	673	1,357	1,321	1,261
Other results	287	262	366	294	505
Total income.....	3,428	3,511	6,941	6,509	6,126
Staff costs.....	1,203	1,103	2,258	2,161	2,196
Other administrative expenses	817	792	1,609	1,553	1,569
Depreciation and amortization	69	59	119	119	133
Operating expenses	2,089	1,954	3,986	3,833	3,898
Gross result	1,339	1,557	2,954	2,676	2,228
Value adjustments.....	600	218	648	358	721
Operating profit before taxation.....	739	1,339	2,307	2,318	1,507
Taxation.....	130	281	454	475	294
Net profit	609	1,058	1,853	1,843	1,213

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Total income

Domestic retail banking total income decreased by 2 per cent., falling to €3,428 million in the first half of 2012, compared to €3,511 million in the first half of 2011.

Interest

Interest income decreased 4 per cent. to €2,463 million in the first half of 2012, compared to €2,576 million in the first half of 2011, due mainly to lower margins on customer savings deposits.

Commission

Commission income showed a 1 per cent. rise to €678 million in the first half of 2012, compared to €673 million in the first half of 2011.

Other results

Most of the 10 per cent. rise in other income to €287 million in the first half of 2012 from €262 million in the first half of 2011 is attributable to the dividend that the local Rabobanks receive from Rabobank Nederland on an annual basis.

Operating expenses

Total operating expenses in domestic retail banking increased 7 per cent., rising to €2,089 million in the first half of 2012, compared to €1,954 million in the first half of 2011, principally as a result of an increase in staff costs and additional costs incurred by the local Rabobanks as part of their duty of care.

Staff costs

Routine salary increases and higher overhead and replacement costs contributed to a 9 per cent. rise in staff costs to €1,203 million in the first half of 2012, compared to €1,103 million in the first half of 2011. Another factor contributing to the increase in staff costs was that Friesland Bank employees have been included in the headcount with effect from April.

Other administrative expenses

Due, in part, to an increase in IT expenses, other administrative expenses increased 3 per cent. to €817 million in the first half of 2012, compared to €792 million in the first half of 2011.

Depreciation and amortization

Depreciation and amortisation charges rose by 17 per cent. to €69 million in the first half of 2012, compared to €59 million in the first half of 2011, as a result of higher impairment losses on software, among other assets.

Value adjustments

Value adjustments rose to €600 million in the first half of 2012, compared to €218 million in the first half of 2011. The construction industry, the property sector and the greenhouse horticulture sector continued to suffer from the still poor and uncertain economy. Customers in the maritime sector also suffered the consequences of the economic downturn, which contributed to the increase in bad debt costs. Bad debt costs corresponded to 40 basis points of average lending in the first half of 2012, compared to 15 basis points of average lending in the first half of 2011, with the long-term average being 13 basis points (based on the period 2002 to 2011). Of lending, 69 per cent. is comprised of home mortgage loans in the first half of 2012, which is stable from 69 per cent. in the first half of 2011. At 5 basis points in the first half of 2012, compared to 3 basis points in the first half of 2011, bad debt costs on home mortgage loans were limited.

Taxation

Taxation decreased by 54 per cent. in the first half of 2012 to €130 million from €281 million in the first half of 2011.

Net profit

Net profit decreased by 42 per cent. to €609 million in the first half of 2012 compared to €1,058 million in the first half of 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income

Domestic retail banking total income increased by 7 per cent., rising to €6,941 million in 2011, compared to €6,509 million in 2010.

Interest

Interest income increased 7 per cent. to €5,218 million in 2011, compared to €4,894 million in 2010, due, in part, to growth in lending and amounts due to customers.

Commission

Commission showed a 3 per cent. rise to €1,357 million in 2011, compared to €1,321 million in 2010.

Other results

An increase in share capital contributed by the local Rabobanks to Rabobank Nederland caused higher dividend distributions by Rabobank Nederland to the local Rabobanks in 2011. This was one of the reasons for the 25 per cent. rise of other results to €366 million in 2011, compared to €294 million in 2010.

Operating expenses

Total operating expenses in domestic retail banking increased 4 per cent. in 2011, rising to €3,986 million in 2011, compared to €3,833 million in 2010, principally as a result of an increase in staff costs.

Staff costs

The costs of hiring external staff were higher than in 2010. Extra staff were needed to implement the measures dictated by new rules and regulations, and to fill temporary vacancies. Another factor contributing to the 4 per cent. increase in staff costs to €2,258 million in 2011, compared to €2,161 million in 2010, was the salary increase under the collective bargaining agreement.

Other administrative expenses

Other administrative expenses increased 4 per cent. to €1,609 million in 2011, compared to €1,553 million in 2010.

Depreciation and amortization

At €119 million in 2011, compared to €119 million in 2010, depreciation and amortization were stable.

Value adjustments

Due, in part, to the EHEC crisis in greenhouse horticulture, bad debt costs witnessed a slight increase in the first half of 2011 despite economic growth and the reasonable outlook at the time. There was a considerable downturn in the economy, however, in the second half of the year, causing value adjustments to rise further by 81 per cent. to reach €648 million in 2011, compared to €358 million in 2010. At 22 (2010: 13) basis points of average lending, bad debt costs were above the long-term average of 12 basis points, based on the period

2001 to 2010. Of lending, 69 per cent. is comprised of residential mortgage loans. Bad debt costs on residential mortgage loans stood at 3 (2010: 4) basis points.

Taxation

Taxation decreased in 2011 by €21 million to €454 million compared to €475 million in 2010.

Net profit

Net profit increased by 1 per cent. to €1,853 million in 2011 compared to €1,843 million in 2010.

Year ended 31 December 2010 compared to year ended 31 December 2009

Total income

Domestic retail banking total income increased by 6 per cent., rising to €6,509 million in 2010, compared to €6,126 million in 2009.

Interest

Interest income increased 12 per cent. to €4,894 million in 2010, compared to €4,360 million in 2009, as a result of recovered margins, particularly on savings deposits.

Commission

Commission showed a limited 5 per cent. rise to €1,321 million in 2010, compared to €1,261 million in 2009, in part as a result of the issue of new products.

Other results

Other results were comprised mostly of dividends from Rabobank Nederland; this item amounted to €294 million in 2010, compared to €505 million in 2009.

Operating expenses

Total operating expenses at domestic retail banking decreased 2 per cent. in 2010, falling to €3,833 million in 2010, compared to €3,898 million in 2009, principally as a result of a decrease in staff costs.

Staff costs

There was a decline in costs of contract staff and other staff costs. The headcount was down 4 per cent. to 27,322 full time employees (2009: 28,529). Owing to these developments, staff costs fell by 2 per cent. on balance to €2,161 million in 2010, compared to €2,196 million in 2009.

Other administrative expenses

At €1,553 million in 2010, compared to €1,569 million in 2009, other administrative expenses were virtually stable.

Depreciation and amortization

Depreciation charges on real estate and equipment were lower in 2010, as a result of which depreciation and amortization decreased by 11 per cent., dropping to €119 million, compared to €133 million in 2009.

Value adjustments

The economic recovery of 2010 was reflected in developments in bad debt costs at domestic retail banking, which dropped compared to 2009. Value adjustments fell by 50 per cent. to €358 million, compared to €721 million in 2009. This corresponds to 13 (2009: 26) basis points of average lending, which was closer to the long-term average of 11 basis points (based on the period 2000 to 2009). Of total lending, 69 per cent. is comprised of home mortgage loans. Bad debt costs on home mortgage loans were low at 4 basis points.

Taxation

Taxation increased in 2010 by €181 million to €475 million compared to €294 million in 2009.

Net profit

Net profit increased by 52 per cent. to €1,843 million in 2010 compared to €1,213 million in 2009.

Wholesale banking and international retail banking

The following table sets forth certain summarised financial information for Rabobank Group's wholesale banking and international retail banking business for the periods indicated:

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Interest.....	1,379	1,399	2,957	2,813	2,955
Commission	290	311	586	460	488
Other results	467	382	207	306	(63)
Total income	2,136	2,092	3,750	3,579	3,380
Staff costs.....	647	586	1,116	1,020	998
Other administrative expenses	439	492	847	811	691
Depreciation and amortization	58	51	109	108	94
Operating expenses	1,144	1,066	2,072	1,939	1,783
Gross result	992	1,026	1,678	1,640	1,597
Value adjustments.....	308	301	686	597	940
Operating profit before taxation	684	725	992	1,043	657
Taxation.....	141	219	211	269	91
Net profit	543	506	781	774	566

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Total income

Total income at Rabobank International increased by 2 per cent. to €2,136 million in the first half of 2012 compared to €2,092 million in the first half of 2011, due chiefly to a rise in other results.

Interest

Interest income fell by 1 per cent. to €1,379 million in the first half of 2012 from €1,399 million in the first half of 2011, due to a drop in market demand for loans combined with lower margins.

Commission

The drop in market demand for loans also caused commissions to decrease by 7 per cent. to €290 million from €311 million in the first half of 2011.

Other results

Other results were favourable in the first half of 2012 because of the sale of 12.7 million shares in Yes Bank. In the first half of 2012 other results increased by 22 per cent. to €467 million, compared to €382 million in the first half of 2011.

Operating expenses

Rabobank International's total operating expenses increased by 7 per cent. to €1,144 million in the first half of 2012, compared to €1,066 million in the first half of 2011. Some of the increase was attributable to the appreciation of the US dollar by about 9 per cent. compared to June 2011.

Staff costs

A surge in the number of outside staff, costs associated with the implementation of changing global regulatory requirements and routine salary increases caused staff costs to rise by 10 per cent. to €647 million in the first half of 2012, compared to €586 million in the first half of 2011.

Other administrative expenses

Other administrative expenses increased by 2 per cent. to €439 million in the first half of 2012, compared to €429 million in the first half of 2011.

Depreciation and amortization

Depreciation and amortization increased by 14 per cent. to €58 million in the first half of 2012, compared to €51 million in the first half of 2011, partly because of higher impairment losses on equipment and projects.

Value adjustments

Value adjustments at Rabobank International stood at €308 million for the first half of 2012, compared to €301 million for the first half of 2011. Value adjustments at ACC Bank amounted to €172 million (at a total figure of €1.9 billion since 2008), heavily affecting Rabobank International's total value adjustments. Additions to ACC Bank's provision for loan losses were lower in the first half of 2012 than in the same period of 2011. Bad debt costs amounted to 59 basis points of average lending in the first half of 2012, compared to 66 basis points of average lending in the first half of 2011, which is above the long-term average of 54 basis points (based on the period 2002 to 2011).

Taxation

Taxation decreased by 36 per cent. to €141 million in the first half of 2012 compared to €219 million in the first half of 2011.

Net profit

Net profit increased by 7 per cent. to €543 million in the first half of 2012 compared to €506 million in the first half of 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income

Total income at Rabobank International increased by 4.8 per cent. to €3,750 million in 2011 compared to €3,579 million in 2010, due chiefly to a rise in interest income.

Interest

Interest income rose by 5 per cent. to €2,957 million in 2011, compared to €2,813 million in 2010. Growth in lending contributed to an increase in interest income.

Commission

Commission increased by 27 per cent. to €586 million compared to €460 million in 2010.

Other results

Other results were favourable in 2010 because of the sale of part of the equity interest in Yes Bank. In 2011 other results fell by 32 per cent. to €207 million, compared to €306 million in 2010.

Operating expenses

Rabobank International's total operating expenses increased by 7 per cent. to €2,072 million, compared to €1,939 million in 2010.

Staff costs

Periodic salary increases and an increase in the employee base of 4 per cent. caused staff costs to rise to €1,116 million in 2011, compared to €1,020 million in 2010.

Other administrative expenses

Acquisitions in 2010 resulted in extra integration expenses in 2011. Higher information technology and marketing expenses were a factor in the 4 per cent. rise in other administrative expenses to €847 million in 2011, compared to €811 million in 2010.

Depreciation and amortization

Depreciation and amortization stood at €109 million, compared to €108 million in 2010.

Value adjustments

Value adjustments at Rabobank International were up 15 per cent. in 2011, reaching €686 million, compared to €597 million in 2010, due, in part, to additional allocations to the provision for loan losses at ACCBank. Bad debt costs amounted to 73 (2010: 64) basis points of average lending, which is higher than the long-term average of 54 basis points (based on the period 2001 to 2010).

Taxation

Taxation decreased in 2011 by €58 million to €211 million compared to €269 million in 2010.

Net profit

Net profit increased by 1 per cent. to €781 million in 2011 compared to €774 million in 2010.

Year ended 31 December 2010 compared to year ended 31 December 2009

Total income

Total income at Rabobank International increased to €3,579 million in 2010 compared to €3,380 million in 2009, due chiefly to a rise in other results. The increase was also partly attributable to the depreciation of the euro over the period.

Interest

Interest income fell by 5 per cent. to €2,813 million in 2010, compared to €2,955 million in 2009. Global Financial Markets benefited from developments in the yield curve in 2009, which boosted interest income in 2009.

Commission

Commission fell by 6 per cent. to €460 million compared to €488 million in 2009.

Other results

The rise in other results by €369 million to €306 million in 2010, compared to a negative amount of €63 million in 2009, was attributable in part to a gain of €152 million on the sale of some of the equity interest in Indian-based Yes Bank and to higher trading income at Global Financial Markets.

Operating expenses

Rabobank International's total operating expenses increased by 9 per cent. to €1,939 million, compared to €1,783 million in 2009. The increase was partly attributable to the depreciation of the euro over the period.

Staff costs

Owing in part to an increase in headcount, staff costs increased 2 per cent. to €1,020 million, compared to €998 million in 2009. This increase related to the acquisition of three banks in California and the broadening of activities at Bank BGZ.

Other administrative expenses

Higher consulting and administrative expenses led to a 17 per cent. rise in other administrative expenses to €811 million in 2010, compared to €691 million in 2009.

Depreciation and amortization

Due to higher amortization changes on software, depreciation and amortization charges rose by 15 per cent. to €108 million, compared to €94 million in 2009.

Value adjustments

The upturn in the economy and good credit risk management resulted in a drop in value adjustments at Rabobank International, which decreased 36 per cent. to €597 million, compared to €940 million in 2009. The improved economy resulted in a sharp drop in bad debt costs at the wholesale banking division in particular. Owing in part to the continued recession in Ireland, the decline in value adjustments was more limited at the international retail banking division. Bad debt costs amounted to 64 (2009: 105) basis points of average lending, which was higher than the long-term average of 52 basis points (based on the period 2000 to 2009).

Taxation

Taxation increased in 2010 by €178 million to €269 million, compared to €91 million in 2009.

Net profit

Net profit increased by 37 per cent. to €774 million in 2010 compared to €566 million in 2009.

Asset management

The following table sets forth certain summarised financial information for Rabobank Group's asset management business for the periods indicated:

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Interest.....	61	82	163	166	104
Commission	509	499	979	995	757
Other results	50	110	2	47	123
Total income.....	620	691	1,144	1,208	984

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Staff costs	315	307	593	564	553
Other administrative expenses	125	140	311	287	288
Depreciation and amortization	16	59	114	117	109
Operating expenses	456	506	1,018	968	950
Gross result	164	185	126	240	34
Value adjustments.....	0	0	(1)	2	4
Operating profit before taxation	164	185	127	238	30
Taxation.....	51	50	65	71	17
Net profit.....	113	135	62	167	13

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Total income

Total income from asset management was 10 per cent. lower in the first half of 2012 than in the first half of 2011, at €620 million compared to €691 million in the first half of 2011.

Interest

Total interest income fell by 26 per cent. to €61 million in the first half of 2012, compared to €82 million in the first half of 2011 mainly due to pressure on margins on customer savings deposits in the Netherlands.

Commission

Commission income increased 2 per cent. to €509 million in the first half of 2012, compared to €499 million in the first half of 2011, due to an increase in average managed assets for the period.

Other results

Other income was high in the first half of 2011 because of trading income generated by Sarasin. The sale of Sarasin contributed to the 55 per cent. fall in other results to €50 million, compared to €110 million in the first half of 2011.

Operating expenses

Mainly due to lower amortization charges, total operating expenses decreased by 10 per cent. in the first half of 2012, falling to €456 million, from €506 million in the first half of 2011.

Staff costs

Staff costs were 3 per cent. higher, rising to €315 million in the first half of 2012, compared to €307 million in the first half of 2011, in part due to annual salary increases.

Other administrative expenses

Other administrative expenses decreased by 11 per cent. to €125 million in the first half of 2012, compared to €140 million in the first half of 2011, as a result of lower IT expenses.

Depreciation and amortization

Due to the sale of Sarasin, depreciation and amortization charges decreased by 73 per cent. to €16 million in the first half of 2012 compared to €59 million in the first half of 2011.

Value adjustments

There were no value adjustments in the first half of 2012 or the first half of 2011.

Taxation

Taxation increased in the first half of 2012 by 2 per cent. to €51 million compared to €50 million in the first half of 2011.

Net profit

Net profit decreased by 16 per cent. to €113 million in the first half of 2012 from €135 million in the first half of 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income

Total income from asset management was 5 per cent. lower in 2011 than in 2010, at €1,144 million compared to €1,208 million in 2010 mainly due to lower commission income and lower other results.

Interest

Total interest income fell by 2 per cent. in 2011, at €163 million compared to €166 million in 2010 mainly due to higher interest expenses on customers.

Commission

Commission was down 2 per cent. to €979 million in 2011, compared to €995 million in 2010, due to market conditions and lower commissions at Transtrend, a Robeco subsidiary.

Other results

The sale of Sarasin contributed to the €45 million fall in other results to €2 million, compared to €47 million in 2010.

Operating expenses

Total operating expenses increased by 5 per cent. in 2011, rising to €1,018 million, compared to €968 million in 2010 mainly due to higher staff costs and higher other operating expenses.

Staff costs

Staff costs were 5 per cent. higher, rising to €593 million in 2011, compared to €564 million in 2010 in part due to an increase in the number of employees.

Other administrative expenses

Other administrative expenses grew by 8 per cent. to €311 million in 2011, compared to €287 million in 2010 in part due to restructuring provisions and higher consultant fees.

Depreciation and amortization

Due to lower amortization charges of intangible assets, depreciation and amortization charges decreased by 2 per cent. to €114 million in 2011 compared to €117 million in 2010.

Value adjustments

The total amount of value adjustments for asset management operations was minus €1 million in 2011 compared to €2 million in 2010.

Taxation

Taxation decreased in 2011 by €6 million to €65 million compared to €71 million in 2010.

Net profit

Net profit decreased by €105 million to €62 million in 2011.

Year ended 31 December 2010 compared to year ended 31 December 2009

Total income

On the back of higher commissions and higher interest income, total income from asset management was 23 per cent. higher in 2010, at €1,208 million compared to €984 million in 2009. For both Robeco's core business and its subsidiaries, management fees were higher than in 2009.

Interest

Total interest income was 60 per cent. higher in 2010, at €166 million compared to €104 million in 2009, due in particular to growth in Robeco's interest income.

Commission

Commission increased by 31 per cent. to €995 million in 2010, compared to €757 million in 2009. Asset management fees were higher than in 2009 for both Robeco's core business and its subsidiaries Transtrend and Harbor. The increase in asset management fees is a direct result of the average growth in managed assets and Transtrend's higher performance-related income.

Other results

Sarasin generated less income from trading activities in 2010 and contributed to the €76 million drop in other results to €47 million, compared to €123 million in 2009.

Operating expenses

Sarasin's operating expenses increased as a result of the appreciation of the Swiss franc. Total operating expenses at group level were 2 per cent. higher in 2010, rising to €968 million in 2010, compared to €950 million in 2009, due in part to cost control measures at Robeco.

Staff costs

Staff costs were 2 per cent. higher, rising to €564 million in 2010, compared to €553 million in 2009.

Other administrative expenses

Other administrative expenses were relatively constant at €287 million in 2010, compared to €288 million in 2009.

Depreciation and amortization

Due to higher amortization of intangible assets, depreciation and amortization charges rose by 7 per cent. to €117 million in 2010 compared to €109 million in 2009.

Value adjustments

The total amount of value adjustments for asset management operations was €2 million in 2010 compared to €4 million in 2009.

Taxation

Taxation increased in 2010 by €54 million to €71 million compared to €17 million in 2009.

Net profit

Net profit increased by €154 million to €167 million in 2010.

Leasing

The following table sets forth certain summarised financial information for Rabobank Group's leasing business for the periods indicated:

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Interest.....	465	370	778	658	590
Commission	26	36	76	83	59
Other results	227	239	465	440	377
Total income	718	645	1,319	1,181	1,026
Staff costs.....	254	219	455	416	375
Other administrative expenses	96	145	269	244	206
Depreciation and amortization	24	28	50	40	35
Operating expenses	374	392	774	700	616
Gross result	344	253	545	481	410
Value adjustments.....	78	54	144	214	300
Operating profit before taxation	266	199	401	267	110
Taxation.....	75	45	97	66	(2)
Net profit	191	154	304	201	112

Six months ended 30 June 2012 compared to year ended 30 June 2011

Total income

De Lage Landen's total income increased by 11 per cent., rising to €718 million in the first half of 2012, compared to €645 million in the first half of 2011.

Interest

Interest income was up by 26 per cent. to €465 million, compared to €370 million in the first half of 2011, due to higher margins on lease contracts and growth in the average portfolio.

Commission

De Lage Landen paid higher commissions in the first half of 2012 to the local Rabobanks for new lease referrals. As a result, commission income fell by 28 per cent. to €26 million, compared to €36 million in the first half of 2011.

Other results

In 2011, De Lage Landen received compensation for acquiring Rabobank Nederland's consumer credit portfolio. For lack of this compensation in 2012, other results decreased by 5 per cent. to €227 million, compared to €239 million in the first half of 2011.

Operating expenses

Total operating expenses at De Lage Landen fell by 5 per cent. to €374 million in the first half of 2012, compared to €392 million in the first half of 2011.

Staff costs

Staff costs were up by 16 per cent. to €254 million in the first half of 2012, compared to €219 million in the first half of 2011, due to the recruitment of temporary staff to help with the implementation of a new IT system in the Netherlands, an increase in headcount and routine salary increases, as well as the appreciation of the US dollar by about 9 per cent.

Other administrative expenses

Other administrative expenses fell by 34 per cent. to €96 million, compared to €145 million in the first half of 2011. Other administrative expenses were high in 2011 because of project costs on self-developed software.

Depreciation and amortization

Depreciation and amortization decreased by 14 per cent. to €24 million in the first half of 2012, compared to €28 million in the first half of 2011, due, in part, to decreased depreciation.

Value adjustments

Bad debt costs were up due, in particular, to an increase in impaired loans in the Brazilian agriculture portfolio and the global downturn in the economy. De Lage Landen's value adjustments stood at €78 million in the first half of 2012, compared to €54 million in the first half of 2011, which corresponds to 57 (in the first half of 2011: 44) basis points. Bad debt costs were 12 basis points below the long-term average of 69 basis points (based on the period 2002 to 2011).

Taxation

Taxation increased by 67 per cent. to €75 million in the first half of 2012 compared to €45 million in the first half of 2011.

Net profit

Net profit increased 24 per cent. to €191 million in the first half of 2012 compared to €154 million in the first half of 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income

De Lage Landen's total income increased by 12 per cent., rising to €1,319 million in 2011, compared to €1,181 million in 2010.

Interest

Interest income was up by 18 per cent. to €778 million, compared to €658 million in 2010, due to active portfolio management.

Commission

De Lage Landen paid higher commissions in 2011 to the local Rabobanks for new lease referrals. As a result, commission income fell by 9 per cent. to €76 million, compared to €83 million in 2010.

Other results

Increases in residual value gains on lease products caused an increase in other results by 6 per cent. to €465 million, compared to €440 million in 2010.

Operating expenses

Total operating expenses at De Lage Landen rose by 11 per cent. to €774 million in 2011, compared to €700 million in 2010.

Staff costs

Staff costs were up €39 million, reaching €455 million, compared to €416 million in 2010, because of periodic salary increases and a larger workforce on average. The headcount increased by 3 per cent. to 4,964 in 2011 compared to 4,835 in 2010.

Other administrative expenses

Other administrative expenses were up 10 per cent. to €269 million, compared to €244 million in 2010 due, in part, to the accelerated amortization of self-developed software.

Depreciation and amortization

The depreciation and amortization item increased by 25 per cent. to €50 million, compared to €40 million in 2010, due, in part, to the accelerated amortization of self-developed software.

Value adjustments

The credit quality of the portfolio improved owing partly to strict risk management. This helped to reduce De Lage Landen's value adjustments, which fell by 33 per cent. to €144 million, compared to €214 million in 2010. Expressed in basis points of average lending, bad debt costs stood at 58 (2010: 90) basis points. Bad debt costs were 11 basis points below the long-term average of 69 basis points (based on the period 2001 to 2010).

Taxation

Taxation increased in 2011 by €31 million to €97 million compared to €66 million in 2010.

Net profit

Net profit increased 51 per cent. to €304 million in 2011 compared to €201 million in 2010.

Year ended 31 December 2010 compared to year ended 31 December 2009

Total income

De Lage Landen's total income increased by 15 per cent., rising to €1,181 million in 2010, compared to €1,026 million in 2009. Approximately one third of the increase was due to depreciation of the euro over the period.

Interest

Active portfolio management led to a higher interest margin on new contracts. This, combined with growth in the portfolio, raised De Lage Landen's interest income by 12 per cent. to €658 million, compared to €590 million in 2009.

Commission

Contract renewals caused commission to rise by 41 per cent. to €83 million in 2010, compared to €59 million in 2009.

Other results

Other results increased by 17 per cent. to €440 million in 2010, compared to €377 million in 2009. The increase in other results was attributable to higher residual value gains on the second-hand car market.

Operating expenses

Rabo Real Estate Group's total operating expenses at De Lage Landen rose by 14 per cent. to €700 million in 2010, compared to €616 million in 2009. Currency effects accounted for about one third of this rise. After adjustment, a moderate increase in operating expenses remained.

Staff costs

In addition to the depreciation of the euro over the period, the 2 per cent. increase in headcount to 4,835 in 2010 compared to 4,734 in 2009 contributed to the rise in staff costs by 11 per cent. to €416 million in 2010, compared to €375 million in 2009.

Other administrative expenses

Other administrative expenses were up 18 per cent. to €244 million, compared to €206 million in 2009.

Depreciation and amortization

The depreciation and amortization item increased by 14 per cent. to €40 million in 2010, compared to €35 million in 2009, due to higher amortization charges of software.

Value adjustments

Value adjustments were down €86 million to €214 million at De Lage Landen in 2010 due to a tight risk management policy and supported by the tentative economic recovery. Expressed in basis points of average lending, bad debt costs stood at 90 basis points (2009: 132 basis points), which is above the long-term average of 63 basis points (based on the period 2000 to 2009).

Taxation

Taxation increased in 2010 by €68 million to €66 million compared to a negative amount of €2 million in 2009.

Net profit

Net profit increased 79 per cent. to €201 million in 2010 compared to €112 million in 2009.

Real estate

The following table sets forth certain summarised financial information for Rabobank Group's real estate business for the periods indicated:

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Interest.....	150	141	282	253	182
Commission	16	20	41	26	44
Other results	130	149	207	214	283

	Six months ended 30 June*		Year ended 31 December		
	2012	2011	2011	2010	2009
	<i>(in millions of euro)</i>		<i>(in millions of euro)</i>		
Total income	296	310	530	493	509
Staff costs.....	94	99	200	193	196
Other administrative expenses	42	44	124	145	164
Depreciation and amortization	9	9	20	29	37
Operating expenses	145	152	344	367	397
Gross result	151	158	186	126	112
Value adjustments.....	101	45	129	63	22
Operating profit before taxation	50	113	57	63	90
Taxation.....	9	26	17	21	22
Net profit	41	87	40	42	68

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Total income

During the first half of 2012, total income in Rabobank Group's real estate business decreased by 5 per cent. to €296 million in the first half of 2012 compared to €310 million in the first half of 2011.

Interest

Interest income increased by 6 per cent. to €150 million in the first half of 2012 compared to €141 million in the first half of 2011, due to an increase in average lending and higher margins on new loans and renewals.

Commission

The volume of loans issued in the first half of 2012 was in fact lower than in the same period last year, driving a decrease in commission income of 20 per cent. to €16 million from €20 million in the first half of 2011.

Other results

Other results decreased by 13 per cent. to €130 million in the first half of 2012 from €149 million in the first half of 2011.

Operating expenses

Rabo Group's real estate business total operating expenses declined by 5 per cent. in the first half of 2012, falling to €145 million, compared to €152 million in the first half of 2011.

Staff costs

Owing, in part, to a decrease in headcount at Bouwfonds Property Development, MAB Development and Bouwfonds REIM, among other divisions, staff costs decreased by 5 per cent. to €94 million, compared to €99 million in the first half of 2011.

Other administrative expenses

Other administrative expenses decreased by 5 per cent. to €42 million in the first half of 2012, compared to €44 million in the first half of 2011.

Depreciation and amortization

Depreciation and amortization were stable at €9 million in the first half of 2012 compared to €9 million in the first half of 2011.

Value adjustments

Value adjustments stood at €101 million in the first half of 2012, compared to €45 million in the first half of 2011, which corresponds to 105 (in the first half of 2011: 49) basis points of average lending. The further decline in the Dutch property market led to an increase in value adjustments at Rabo Real Estate Group.

Taxation

Taxation decreased by 65 per cent. to €9 million in the first half of 2012 compared to €26 million in the first half of 2011.

Net profit

Net profit decreased by 53 per cent. to €41 million in the first half of 2012 compared to €87 million in the first half of 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income

During 2011, total income in Rabobank Group's real estate business increased by 8 per cent. to €530 million in 2011 compared to €493 million in 2010 due to higher interest and commission income.

Interest

Interest income increased by €29 million to €282 million in 2011 compared to €253 million in 2010, due to an increase in lending and higher margins on new loans and renewals.

Commission

Commission increased by 58 per cent. to €41 million, compared to €26 million in 2010, due to new loans and renewals, particularly in the first half of 2011, and higher commissions at Bouwfonds REIM.

Other results

The increase in revenue from property development, especially in countries other than the Netherlands, was largely offset by impairment losses on available land positions in the Netherlands. Other results fell by 3 per cent. to €207 million in 2011, compared to €214 million in 2010.

Operating expenses

Rabo Real Estate Group's total operating expenses in Rabobank Group's real estate business declined by 6 per cent. in 2011, falling to €344 million, compared to €367 million in 2010.

Staff costs

Owing, in part, to an increase in headcount, staff costs increased by 4 per cent. to €200 million, compared to €193 million in 2010.

Other administrative expenses

The drop in other administrative expenses was the main factor in lower operating expenses. Other administrative expenses were down 14 per cent. to €124 million in 2011, compared to €145 million in 2010.

Depreciation and amortization

Depreciation and amortization decreased by €9 million to €20 million in 2011 compared to €29 million in 2010.

Value adjustments

Value adjustments stood at €129 million in 2011, compared to €63 million in 2010, which corresponds to 69 (2010: 36) basis points of average lending. The further decline in the Dutch property market led to an increase in value adjustments at Rabo Real Estate Group.

Taxation

Taxation decreased by €4 million to €17 million in 2011 compared to €21 million in 2010.

Net profit

Net profit decreased by €2 million to €40 million in 2011 compared to €42 million in 2010.

Year ended 31 December 2010 compared to year ended 31 December 2009

Total income

During 2010, total income in Rabobank Group's real estate business decreased by 3 per cent. to €493 million in 2010 compared to €509 million in 2009.

Interest

Interest income increased by €71 million to €253 million in 2010 compared to €182 million in 2009, due to higher margins on new loans and contract renewals, favourable developments in interest rates and volume growth.

Commission

Commission fell by 41 per cent. to €26 million in 2010, compared to €44 million in 2009. Commissions were high in 2009 because of a one-off payment to FGH Bank as a result of the repurchase of debt securities.

Other results

Owing in particular to the fact that Bouwfonds Property Development completed lower priced homes on average, other results dropped to €214 million in 2010, compared to €283 million in 2009.

Operating expenses

Total operating expenses in Rabobank Group's real estate business declined by 8 per cent. in 2010, falling to €367 million, compared to €397 million in 2009. The drop in other administrative expenses was the main factor in the lower operating expenses.

Staff costs

Staff costs fell by 2 per cent. to €193 million in 2010, compared to €196 million in 2009.

Other administrative expenses

The drop in other administrative expenses was the main factor in lower operating expenses. Other administrative expenses were down 12 per cent. to €145 million in 2010, compared to €164 million in 2009, due to the cost-cutting programme initiated in 2010.

Depreciation and amortization

Depreciation and amortization decreased by €8 million to €29 million in 2010 compared to €37 million in 2009.

Value adjustments

Value adjustments stood at €63 million in 2010, compared to €22 million in 2009, which corresponds to 36 (2009: 14) basis points of average lending. Despite the tentative recovery that started in mid-2009, the Dutch property market continued to suffer the consequences of the credit crunch. Bad debt costs were up at Rabo Real Estate Group because of the late-cycle character of the business.

Taxation

Taxation decreased by €1 million to €21 million in 2010 compared to €22 million in 2009.

Net profit

Net profit decreased by €26 million to €42 million in 2010 compared to €68 million in 2009.

Loan portfolio

In the first half of 2012, the European economy was dominated by erratic developments in the debt crisis. Many southern EU Member States were in recession, while most northern countries experienced tentative economic growth. Government spending has come under pressure due to budget cuts and uncertainty is rampant among consumers because of tax increases and job losses. All in all, the investment climate in Europe offered little stability, causing manufacturers to hold off on expansion investments. Non-European economies generally delivered a slightly poorer performance than in 2011, which affected developments in lending at Rabobank. Loans to customers item increased by 4 per cent., or €20.3 billion, to €488.4 billion at 30 June 2012 from €468.1 billion at 31 December 2011. The private sector loan portfolio increased by €13.5 billion to €461.8 billion at 30 June 2012, an increase of 3 per cent. from €448.3 billion at 31 December 2011. Loans to private individuals, primarily for mortgage finance, was up €5.8 billion, or 3 per cent., to €218.1 billion at 30 June 2012. Residential mortgage loans are granted by local Rabobanks, by Obvion and Friesland Bank. These loans are secured on underlying properties and have maturities up to 30 years. Loans to the trade, industry and services sector increased by €2.9 billion to €150.8 billion at 30 June 2012. Lending to the food and agri sector increased by €4.7 billion to €92.9 billion at 30 June 2012, a 5 per cent. increase.

The following table shows a breakdown of Rabobank Group's total lending outstanding to the private sector at 30 June 2012, 31 December 2011 and 31 December 2010, by category of borrower:

	At 30 June		At 31 December			
	2012*		2011		2010	
	<i>(in millions of euro and as percentage of total private sector lending)</i>					
Private individuals	218,129	47%	212,269	47%	208,005	48%
Trade, industry and services sector	150,804	33%	147,877	33%	147,669	34%
Food and agri sector.....	92,856	20%	88,191	20%	80,618	18%
Total private sector lending	461,789	100%	448,337	100%	436,292	100%

The maturities of loans granted by Rabobank Group vary from overdraft facilities to 30-year term loans.

The following table provides a breakdown of the remaining maturity of Rabobank Group's total loans to customers (public and private sector) and professional securities transactions at 31 December 2011 and 31 December 2010:

	At 31 December			
	2011		2010	
	<i>(in millions of euro and as percentage of total loans to customers)</i>			
Less than 1 year	111,464	24%	108,260	24%
More than 1 year	356,621	76%	347,681	76%
Total loans to customers	468,085	100%	455,941	100%

Funding

At 30 June 2012, amounts due to customers of Rabobank Group were €340.9 billion, an increase of 3 per cent. compared to 31 December 2011. The balance held in savings deposits increased by €9.3 billion to €149.3 billion, an increase of 7 per cent. Other amounts due to customers (including current accounts, repurchase agreements and time deposits) increased by €1.7 billion to €191.6 billion at 30 June 2012. At 30 June 2012, debt securities in issue (including certificates of deposit, commercial paper and bonds) totalled €227.9 billion compared to €213.4 billion at 31 December 2011. Savings deposits (except fixed-time deposits, from 1 month to 20 years) generally bear interest at rates that Rabobank Nederland can unilaterally change.

The following table shows Rabobank Group's sources of funding by source at 30 June 2012, 31 December 2011, 31 December 2010 and 31 December 2009:

	At 30 June	At 31 December		
	2012*	2011	2010	2009
	<i>(in millions of euro)</i>			
Savings deposits	149,318	140,028	130,928	121,373
Other due to customers	191,617	189,864	167,833	164,965
Debt securities in issue	227,892	213,441	196,819	171,752
Other financial liabilities at fair value through profit or loss ...	25,417	25,889	29,867	27,319
Total	594,244	569,222	525,447	485,409

Rabobank Group also receives funds from the interbank and institutional market. Rabobank Group's total due to other banks was €28.7 billion at 30 June 2012, a 9 per cent. increase from €26.3 billion at 31 December 2011.

Other financial assets*

Other financial assets comprise debt securities and other assets. Other financial assets are subdivided into the following categories:

- Trading financial assets;
- Other financial assets at fair value through profit or loss;
- Available-for-sale financial assets; and
- Held-to-maturity assets.

Other financial assets at 31 December 2011

	Trading	Other at fair value through profit or loss	Available- for-sale	Held-to- maturity	Total
	<i>(in millions of euro)</i>				
Purchased loans	2,091	—	—	—	2,091
Short-term government securities	313	—	1,993	—	2,306
Government bonds	2,150	412	40,604	96	43,262
Other debt securities	1,788	5,622	8,576	13	15,999
Total debt securities	6,342	6,034	51,173	109	63,658
Venture capital	—	571	—	—	571
Equity instruments	1,770	410	757	—	2,937
Total other assets	1,770	981	757	—	3,508
Total	8,112	7,015	51,930	109	67,166
Category 1 ⁽¹⁾	4,256	1,013	45,506	—	50,775
Category 2 ⁽¹⁾	3,452	4,506	6,197	—	14,155
Category 3 ⁽¹⁾	404	1,496	227	—	2,127

Note:

- (1) Category 1: quoted prices in active markets for identical assets or liabilities; category 2: inputs other than quoted prices included in category 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); category 3: inputs for the asset or liability not based on observable market data.

Other financial assets at 31 December 2010

	Trading	Other at fair value through profit or loss	Available- for-sale	Held-to- maturity	Total
	<i>(in millions of euro)</i>				
Purchased loans	2,600	—	—	—	2,600
Short-term government securities	1,292	—	1,744	—	3,036
Government bonds	2,351	1,018	42,963	208	46,540
Other debt securities	3,982	7,535	9,652	10	21,179
Total debt securities	10,225	8,553	54,359	218	73,355
Venture capital	—	608	—	—	608
Equity instruments	2,762	427	1,099	—	4,288
Total other assets	2,762	1,035	1,099	—	4,896
Total	12,987	9,588	55,458	218	78,251
Category 1 ⁽¹⁾	6,842	2,577	49,547	—	58,966
Category 2 ⁽¹⁾	5,618	4,951	5,689	—	16,258
Category 3 ⁽¹⁾	527	2,060	222	—	2,809

Credit related commitments*

Credit granting liabilities represent the unused portions of funds authorized for the granting of credit in the form of loans, guarantees, letters of credit and other lending related financial instruments. Rabobank's credit risk exposure from credit granting liabilities consists of potential losses amounting to the unused portion of the authorized funds. The total expected loss is lower than the total of unused funds, however, because credit granting liabilities are subject to the clients in question continuing to meet specific standards of creditworthiness. Guarantees represent irrevocable undertakings that, provided certain conditions are met, Rabobank will make payments on behalf of clients if they are unable to meet their financial obligations to third parties. Rabobank also accepts credit granting liabilities in the form of credit facilities made available to ensure that clients' liquidity requirements can be met, but which have not yet been drawn upon.

	At 31 December		
	2011	2010	2009
	<i>(in millions of euro)</i>		
Guarantees.....	10,519	10,084	10,117
Letters of credit.....	5,487	4,910	3,887
Credit granting liabilities.....	34,522	34,670	30,420
Other contingent liabilities.....	0	66	240
Total credit related and contingent liabilities.....	50,528	49,730	44,664
Revocable credit facilities.....	44,649	41,229	39,890
Total credit related commitments.....	95,177	84,554	84,554

Capital adequacy

The Dutch Central Bank (*De Nederlandsche Bank*), in conjunction with other bank supervisors, regards the risk asset ratio developed by the Basel Committee as a key supervisory tool and sets individual ratio requirements for banks in the Netherlands. This ratio was designed to meet the dual objectives of strengthening the soundness and stability of the international banking system and of creating a fair and consistent supervisory framework for international banks by means of an international convergence of capital measurement and capital standards. The technique involves the application of risk weightings to assets (which for this purpose includes both balance sheet assets and off-balance sheet items) to reflect the credit and other risks associated with broad categories of transactions and counterparties.

On 1 January 2008, Rabobank Group adopted the Advanced Internal Rating Based (“**AIRB**”) Approach to the majority of its significant portfolios that contain credit risk in accordance with the approvals granted by the Dutch Central Bank, and various local regulators, as required. However, there remains a small portion of the portfolio that is subject to the Standardised Approach (“**SA**”). Individually, these portfolios are relatively small or are related to new acquisitions in companies that themselves did not yet follow the AIRB Approach.

The tier 1 ratio, core tier 1 ratio and the BIS ratio are the most common ratios used in the financial world to measure solvency. The tier 1 ratio expresses the relationship between tier 1 capital and total risk-weighted assets. At 30 June 2012, Rabobank Group's tier 1 ratio stood at 16.9 per cent (year-end 2011: 17.0 per cent.) and Rabobank Group's core tier 1 ratio stood at 12.7 per cent (year-end 2011: 12.7 per cent.). The minimum requirement set for the tier 1 ratio by the external supervisors is 4 per cent. The high tier 1 ratio is one of the reasons for Rabobank Group's high credit rating.

Total risk-weighted assets were up €6.7 billion to €230.3 billion at 30 June 2012 compared to €223.6 billion at 31 December 2011. Retained earnings were a contributing factor in the €0.9 billion increase in tier 1 capital to €38.9 billion at 30 June 2012 compared to 31 December 2011. See “Regulation of Rabobank Group” for further discussion of the Basel standards.

The BIS ratio is calculated by dividing the total of tier 1 and tier 2 capital by the total of risk-weighted assets. At 30 June 2012, the BIS ratio stood at 17.6 per cent. (year-end 2011: 17.5 per cent.). This exceeds the minimum requirement set by the external supervisors of 8.0 per cent.

The following table sets forth the risk-weighted capital ratios of Rabobank Group at 30 June 2012, 31 December 2011, 31 December 2010 and 31 December 2009:

Development in capital and solvency ratios

	At 30 June	At 31 December		
	2012*	2011	2010	2009
	<i>(in millions of euro, except percentages)</i>			
Tier 1 capital.....	38,886	37,964	34,461	32,152
Tier 1 ratio	16.9%	17.0%	15.7%	13.8%
Qualifying capital	40,568	39,088	35,734	32,973
BIS ratio.....	17.6%	17.5%	16.3%	14.1%

Selected statistical information*

The following section discusses selected statistical information regarding Rabobank Group’s operations. Unless otherwise indicated, average balances are calculated based on monthly balances and geographic data are based on the domicile of the customer. See “Results of operations” for an analysis of fluctuations in Rabobank Group’s results between periods.

Return on equity and assets

The following table presents information relating to Rabobank Group’s return on equity and assets for each of the past five years:

	2011	2010	2009	2008	2007
	<i>(in percentages)</i>				
Return on assets ⁽¹⁾	0.38	0.42	0.37	0.47	0.45
Return on equity ⁽²⁾	6.17	5.60	6.36	8.67	8.81
Equity to assets ratio ⁽³⁾	6.19	6.05	5.82	5.47	5.20

Notes:

- (1) Net profit as a percentage of total average assets, based on month-end balances.
- (2) Net profit as a percentage of average equity, based on quarter-end balances.
- (3) Average equity divided by average total assets, based on quarter-end balances.

The following table presents information relating to payments on Rabobank Member Certificates for each of the past five years:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<i>(in millions of euro, except percentages)</i>				
Outstanding Rabobank Member Certificates ⁽¹⁾	6,551	6,368	6,275	6,180	5,948
Payments.....	315	303	318	316	299
Average yield.....	4.81%	4.76%	5.07%	5.11%	5.03%

Note:

(4) Average Outstanding Rabobank Member Certificates based on month-end balances.

Loan portfolio

Rabobank Group's loan portfolio consists of loans, overdrafts, assets subject to operating leases, finance lease receivables to governments, corporations and consumers and reverse repurchase agreements. The following table analyses Rabobank Group's loan portfolio by sector at 31 December 2011, 31 December 2010 and 31 December 2009:

	At 31 December			
	<u>2011</u>	<u>2010</u> <i>(restated)</i>	<u>2010</u>	<u>2009</u>
	<i>(in millions of euro)</i>			
Private sector lending	448,337	436,292	436,292	415,235
Government clients	3,557	5,602	5,602	3,936
Securities transactions due from private sector lending.....	7,026	7,840	7,840	8,368
Interest rate hedges (hedge accounting).....	9,165	6,207	6,207	5,818
Total loans to customers	<u>468,085</u>	<u>455,941</u>	<u>455,941</u>	<u>433,357</u>
Value adjustments in loans to customers	(3,089)	(2,610)	(3,845)	(4,399)
Reclassified assets	5,588	6,954	6,954	8,135
Gross loans to customers	<u><u>465,586</u></u>	<u><u>451,597</u></u>	<u><u>452,832</u></u>	<u><u>429,621</u></u>

The table below sets forth a geographic breakdown of Rabobank Group's loan portfolio at 31 December 2011, 31 December 2010 and 31 December 2009:

	At 31 December		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<i>(in millions of euro)</i>		
The Netherlands	1,764	1,847	1,698
Other countries in the EU zone	771	484	482
North America.....	484	510	469
Latin America.....	7	11	44
Asia	465	2,603	1,073

	At 31 December		
	2011	2010	2009
	<i>(in millions of euro)</i>		
Australia	12	10	7
Other countries	54	137	163
Total government clients	3,557	5,602	3,936
The Netherlands	332,489	320,446	311,964
Other countries in the EU zone	38,540	38,283	37,259
North America	40,876	41,245	36,194
Latin America	10,950	9,739	8,837
Asia	5,672	7,925	6,112
Australia	19,666	18,555	14,837
Other countries	144	99	32
Total private sector lending	448,337	436,292	415,235

Risk elements*

*Breakdown of assets and liabilities by repayment date**

The table below shows Rabobank's assets and liabilities grouped by the period remaining between the reporting date and the contract repayment date. These amounts correspond with the statement of financial position.

	At 31 December 2011					Total
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
	<i>Payments due by period (in millions of euro)</i>					
Cash and cash equivalents	64.811	5.617	2	0	0	70.430
Due from other banks	9.913	10.369	1.833	2.257	849	25.221
Trading financial assets	1.757	776	819	2.693	2.067	8.112
Other financial assets at fair value through profit or loss	0	28	1.013	1.763	4.211	7.015
Derivative financial instruments	325	4.671	7.621	16.863	29.493	58.973
Loans to customers	27.068	53.697	30.699	83.716	272.905	468.085
Available-for-sale financial assets	2	2.832	2.153	10.308	36.635	51.930
Held-to-maturity financial assets	0	44	13	52	0	109
Deferred assets	—	—	101	—	894	995
Other assets (excluding employee benefits)	1.089	4.753	1.446	2.150	862	10.300
Total financial assets	104.965	82.787	45.700	119.802	347.916	701.170
Due to other banks	943	19.080	1.822	3.561	853	26.259
Due to customers	219.510	70.753	12.064	13.569	13.996	329.892

At 31 December 2011						
	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
<i>Payments due by period (in millions of euro)</i>						
Debt securities in issue	0	52.065	50.200	73.976	37.200	213.441
Derivative financial instruments and other trade liabilities	10.246	4.463	4.690	18.689	26.843	64.931
Other debts (incl. current tax liabilities).	1.335	5.484	552	702	13	8.086
Other financial liabilities at fair value through profit or loss	1.265	1.217	3.392	10.368	9.647	25.889
Deferred tax liabilities	—	—	47	—	846	893
Subordinated debt	—	40	—	448	1,925	2,413
Total financial liabilities	233.299	153.102	72.767	121.313	91.323	671.804
Net liquidity surplus/(deficit)	(128.334)	(70.315)	(27.067)	(1.511)	256.593	29.366

The above breakdown was compiled on the basis of contract information, without taking into account actual movements in items in the statement of financial position. This is taken into account, however, for the day-to-day management of liquidity risk. Customer savings are an example. By contract, they are payable on demand. However, experience has shown that this is a stable source of financing at the long-term disposal of the bank. The regulations of the supervisory authority are also factored in. Based on the liquidity criteria of the Dutch Central Bank, Rabobank had a substantial liquidity surplus at 31 December 2011 and throughout 2011. The average liquidity surplus was 40 per cent. of the total liquidity requirement. The surplus at 31 December 2011 was 27 per cent.

The liquidity requirements to meet payments under guarantees and stand-by letters of credit are considerably lower than the size of the liabilities, as Rabobank does not generally expect that third parties to such arrangements will draw funds. The total open position relating to contractual obligations to provide credit does not necessarily represent Rabobank's future cash resource needs, as many of these obligations will lapse or terminate without financing being required.

Interest rate sensitivity

The key indicators used for managing the interest rate risk are the Basis Point Value, the Equity at Risk and the Income at Risk.

The Basis Point Value ("BPV") is the absolute loss of market value of equity after a parallel increase of the yield curve with 1 basis point. In 2011, the BPV did not exceed €25 million.

Long-term interest rate risk is measured and managed using the Equity at Risk concept. Equity at Risk is the sensitivity of Rabobank Group equity's market value to interest rate fluctuations. A 200 basis point overnight upward parallel shock of the curve will result in a 5 per cent. drop in market value of equity.

Short-term interest rate risk is monitored using the Income at Risk concept. This is the amount of interest income that is put at risk on an annual basis, based on certain interest rate scenarios. If interest rates were to gradually decrease with a maximum of 200 basis points over a one-year period, the interest income would decrease by €191 million.

Cross-border outstandings*

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets which are denominated in a currency other than the functional currency of the office or subsidiary where the extension of credit is booked. To the extent that the material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

At 31 December 2011, there were no cross-border outstandings exceeding 1 per cent. of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following table analyses cross-border outstandings at the end of each of the last three years, stating the name of the country and the aggregate amount of cross-border outstandings in each foreign country where such outstandings exceeded 1 per cent. of total assets, by type of borrower:

	Banks	Public authorities	Private sector	Total
		<i>(in millions of euro)</i>		
At 31 December 2011				
France	1,629	6,305	3,686	11,620
Germany	2,809	7,335	6,237	16,381
United Kingdom	8,312	3,020	10,062	21,394
Poland	149	2,440	6,562	9,151
United States	4,446	10,556	52,424	67,426
Brazil	1,217	921	6,423	8,561
Australia	433	423	14,614	15,470
At 31 December 2010				
France	4,398	12,151	3,368	19,917
Germany	4,054	9,441	5,955	19,450
Ireland	228	177	6,880	7,285
United Kingdom	7,650	440	10,377	18,467
Poland	70	2,970	5,982	9,022
United States	6,685	6,876	55,551	69,112
Brazil	955	1,040	5,267	7,262
Japan	2,918	5,207	210	8,335
Australia	824	888	14,363	16,075
At 31 December 2009				
France	2,702	1,889	4,735	9,326
Germany	3,923	2,821	5,037	11,781
Ireland	499	346	7,958	8,803
United Kingdom	11,732	1,858	11,212	24,802
Poland	142	1,915	5,375	7,432
United States	7,437	6,444	48,494	62,375

	Banks	Public authorities	Private sector	Total
		<i>(in millions of euro)</i>		
Australia	1,050	412	11,943	13,405

Diversification of loan portfolio*

One of the principal factors influencing the quality of the earnings and the loan portfolio is diversification of loans, e.g. by industry or by region. Rabobank Group uses the North America Industry Classification System (“NAICS”) as the leading system to classify industries. NAICS distinguishes a large number of sectors, subsectors and industries.

The following table is based on data according to NAICS and represents the loan portfolio of Rabobank Group loans by main sector at 31 December 2011:

	At 31 December 2011		
	On balance	Off balance	Total
	<i>(in millions of euro)</i>		
Grain and oilseeds	16,609	649	17,258
Animal protein	15,778	328	16,106
Dairy	15,580	154	15,734
Fruit and vegetables	9,689	148	9,837
Farm inputs	5,509	148	5,657
Food retail	5,296	205	5,501
Beverages	3,905	47	3,952
Flowers	3,406	9	3,415
Sugar	2,075	104	2,179
Miscellaneous crop farming	1,982	2	1,984
Other	8,362	119	8,481
Total private sector lending to food and agri	88,191	1,913	90,104
Lessors of real estate	31,026	81	31,107
Finance and insurance (except banks)	21,048	1,559	22,607
Wholesale	17,573	3,544	21,117
Activities related to real estate	8,334	1,147	9,481
Manufacturing	8,055	2,239	10,294
Transportation and warehousing	7,052	264	7,316
Construction	7,030	824	7,854
Healthcare and social assistance	5,750	35	5,785
Professional, scientific and technical services	5,019	201	5,220
Retail (except food and beverages)	4,325	662	4,987

	At 31 December 2011		
	On balance	Off balance	Total
	<i>(in millions of euro)</i>		
Utilities.....	2,215	474	2,689
Information and communication	1,681	82	1,763
Arts entertainment and leisure.....	1,306	22	1,328
Other	27,463	2,682	30,145
Total private sector lending to trade, manufacturing and services	147,877	13,816	161,693
Private individuals.....	212,324	265	212,589
Total private sector lending	448,392	15,994	464,386

Apart from due from other banks (€25.2 billion at 31 December 2011 which is 3 per cent. of total assets), Rabobank's only significant risk concentration is in the portfolio of loans to private individuals which accounted for 47 per cent. of the total loan portfolio at 31 December 2011. This portfolio has a relatively low risk profile as evidenced by the actual losses incurred in previous years. The proportion of the total loan portfolio attributable to the food and agri sector was 20 per cent. in 2011. The proportion of the total loan portfolio attributable to trade, industry and services was 33 per cent. at 31 December 2011. Loans to trade, industry and services and loans to the food and agri sector are both spread over a wide range of industries in many different countries. None of these shares represents more than 10 per cent. of the total loan portfolio.

Impaired loans

Loans for which an allowance has been made are called impaired loans. At 30 June 2012, these loans amounted to €11,500 million (2011: €9,958 million). The allowance for loan losses amounted to €3,936 million (2011: €3,222 million), which corresponds to a 34 per cent. (2011: 32 per cent.) coverage. Over and above this allowance, additional coverage is raised through collateral and other securities. Rabobank Group forms allowances at an early stage and applies the one-obligor principle, which means that the exposure to all counterparties belonging to the same group is taken into account. In addition, the full exposure to a client is qualified as impaired, even if adequate coverage is available for part of the exposure in the form of security or collateral. At 30 June 2012, impaired loans corresponded to 2.5 per cent. (2011: 2.2 per cent.) of the private sector loan portfolio.

The following table provides an analysis of Rabobank Group's impaired loans by business at 30 June 2012, 31 December 2011, 31 December 2010 and 31 December 2009:

	At 30 June		At 31 December		
	2012	2011	2010		
			(restated)	2010	2009
<i>(in millions of euro)</i>					
Domestic retail banking.....	5,891	4,559	3,577	4,462	4,305
Wholesale banking and international retail banking.....	3,345	3,493	2,649	2,999	3,559
Leasing	985	832	960	960	1,066
Real estate.....	1,269	1,066	793	793	295

	At 30 June	At 31 December			
	2012	2011	2010 (restated)	2010	2009
	<i>(in millions of euro)</i>				
Other.....	10	8	70	70	69
Rabobank Group	11,500	9,958	8,049	9,284	9,294

Summary of loan loss experience

The following table shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to customers for the past three years:

	2011	2010 (restated)	2010	2009
		<i>(in millions of euro)</i>		
Domestic retail banking.....	1,376	1,325	2,030	1,398
Wholesale banking and international retail banking.....	670	585	1,915	1,415
Asset management.....	12	9	9	5
Leasing.....	444	387	387	246
Real estate.....	94	45	45	25
Other.....	14	13	13	41
Total balance at 1 January	2,610	2,364	4,399	3,130
Domestic retail banking.....	1,119	1,124	1,124	1,541
Wholesale banking and international retail banking.....	1,333	1,296	1,296	1,500
Asset management.....	1	7	7	7
Leasing.....	313	287	287	331
Real estate.....	147	67	67	36
Other.....	—	—	—	14
Total additions	2,913	2,781	2,781	3,429
Domestic retail banking.....	(465)	(759)	(759)	(805)
Wholesale banking and international retail banking.....	(578)	(665)	(665)	(556)
Asset management.....	(1)	(1)	(1)	-
Leasing.....	(127)	(29)	(29)	(23)
Real estate.....	(18)	(4)	(4)	(14)
Other.....	—	—	—	(42)
Total reversal of impairments	(1,189)	(1,458)	(1,458)	(1,440)
Domestic retail banking.....	(590)	(415)	(235)	(191)
Wholesale banking and international retail banking.....	(542)	(581)	(1,560)	(382)
Asset management.....	(2)	(6)	(6)	(3)

	2011	2010 (restated)	2010	2009
	<i>(in millions of euro)</i>			
Leasing	(199)	(219)	(219)	(182)
Real estate.....	(19)	(14)	(14)	(6)
Other.....	(14)	—	—	—
Total written off	(1,366)	(1,235)	(2,034)	(764)
Domestic retail banking.....	103	101	101	87
Wholesale banking and international retail banking.....	6	35	34	(62)
Asset management.....	(9)	3	3	—
Leasing	20	18	18	15
Real estate.....	1	4	—	4
Other.....	—	1	1	—
Total other	121	158	157	44
Domestic retail banking.....	1,543	1,376	2,261	2,030
Wholesale banking and international retail banking.....	889	670	1,020	1,915
Asset management.....	1	12	12	9
Leasing	451	444	444	387
Real estate.....	205	94	94	45
Other.....	—	14	14	13
Total other balance at 31 December	3,089	2,610	3,845	4,399

Due to customers*

The following table presents a breakdown of due to customers at 31 December 2011, 31 December 2010 and 31 December 2009. Interest rates paid on time deposits and savings deposits reflect market conditions and not all current accounts/settlement accounts earn interest.

	At 31 December		
	2011	2010	2009
	<i>(in millions of euro)</i>		
Time deposits	58,931	46,846	47,897
Current accounts/settlement accounts	73,443	71,147	63,388
Repurchase agreements.....	2,669	2,017	1,207
Other	34,147	25,966	32,666
Total due to customers by businesses	169,190	145,976	145,158
Savings deposits.....	140,028	130,928	121,373
Current accounts/settlement accounts	12,988	15,812	12,768
Other	7,686	6,045	7,039

	At 31 December		
	2011	2010	2009
	<i>(in millions of euro)</i>		
Total due to customers by individuals	160,702	152,785	141,180
Total due to customers	329,892	298,761	286,338

Long- and short-term borrowings*

The long- and short-term borrowings are included in Rabobank Group's consolidated statement of financial position under "Debt securities in issue" and "Other financial liabilities at fair value through profit or loss".

An analysis of the balance of long- and short-term borrowings at 31 December 2011, 31 December 2010 and 31 December 2009 is provided below.

	2011	2010	2009
	<i>(in millions of euro)</i>		
Year-end balance	239,330	266,686	199,071
Average balance	238,717	221,633	193,469
Maximum month-end balance.....	246,801	229,587	201,997

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the reviewed condensed consolidated interim financial information 2012 of Rabobank Group, which have been reviewed by Ernst & Young Accountants LLP, the independent auditor in the Netherlands, with the exception of the financial ratios, these are derived from the interim report 2012 of Rabobank Group. The data should be read in conjunction with the condensed consolidated interim financial information, related notes incorporated by reference herein and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Offering Circular. The condensed consolidated interim financial information 2012 of Rabobank Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and is presented in conformity with IAS 34 Interim Financial Reporting.

Consolidated statement of financial position

	30 June 2012*	31 December 2011	30 June 2011
	<i>(in millions of euro)</i>		
Assets			
Cash and cash equivalents.....	68,154	70,430	26,088
Due from other banks.....	34,103	25,221	36,993
Trading financial assets.....	7,511	8,112	12,167
Other financial assets at fair value through profit or loss..	7,209	7,015	9,337
Derivative financial instruments	65,411	58,973	34,704
Loans to customers.....	488,444	468,085	460,118
Available-for-sale financial assets.....	53,469	51,930	55,835
Held-to-maturity financial assets	51	109	120
Investments in associates	3,487	3,340	3,587
Intangible assets	2,994	2,802	3,551
Property and equipment	6,494	6,132	6,052
Investment properties.....	756	784	786
Current tax assets	777	571	253
Deferred tax assets	943	995	1,008
Other assets	14,471	12,210	14,354
Non-current assets held for sale	16,624	14,956	—
Total assets	770,898	731,665	664,953
Liabilities			
Due to other banks	28,690	26,259	24,639
Due to customers.....	340,935	329,892	305,360
Debt securities in issue.....	227,892	213,441	209,657
Derivative financial instruments and other trade liabilities.....	72,141	64,931	41,332

	30 June 2012*	31 December 2011	30 June 2011
	<i>(in millions of euro)</i>		
Other debts	11,031	8,422	11,093
Other financial liabilities at fair value through profit or loss	25,417	25,889	25,857
Provisions.....	729	765	990
Current tax liabilities.....	305	324	288
Deferred tax liabilities.....	866	893	853
Subordinated debt	2,673	2,413	2,371
Liabilities held for sale.....	15,000	13,435	—
Total liabilities	725,679	686,664	622,440

	30 June 2012*	31 December 2011	30 June 2011
	<i>(in millions of euro)</i>		
Equity			
Equity of Rabobank Nederland and local Rabobanks	26,830	26,500	25,607
<i>Equity instruments issued directly</i>			
Rabobank Member Certificates.....	6,607	6,614	—
Capital Securities	7,634	7,645	6,230
	<u>41,071</u>	<u>40,759</u>	<u>31,837</u>
<i>Equity instruments issued by subsidiaries</i>			
Rabobank Member Certificates	—	—	6,576
Capital Securities	238	167	160
Trust Preferred Securities III to VI.....	1,355	1,399	1,279
	<u>1,593</u>	<u>1,566</u>	<u>8,015</u>
Other non-controlling interests.....	2,555	2,676	2,661
Total equity	45,219	45,001	42,513
Total equity and liabilities	770,898	731,665	664,953

Condensed consolidated statement of income

	30 June	
	2012*	2011
	<i>(in millions of euro)</i>	
Interest.....	4,445	4,507
Commission	1,494	1,513
Other income.....	1,247	1,283
Total income	7,186	7,303
Staff costs.....	2,844	2,596
Other administrative expenses	1,434	1,471
Depreciation and amortization	273	290
Operating expenses	4,551	4,357
Value adjustments	1,096	618
Operating profit before taxation	1,539	2,328
Income tax expense	225	474
Net profit	1,314	1,854
Of which attributable to Rabobank Nederland and local Rabobanks.....	687	1,340
Of which attributable to holders of Rabobank Member Certificates.....	165	157
Of which attributable to Capital Securities	371	267
Of which attributable to Trust Preferred Securities III to VI	38	36
Of which attributable to non-controlling interests.....	53	54
Net profit	1,314	1,854

Financial ratios

	30 June	31 December	30 June
	2012*	2011	2011
	<i>(in millions of euro)</i>		
BIS ratio	17.6%	17.5%	16.7%
Tier 1 ratio.....	16.9%	17.0%	16.2%
Equity capital ratio ⁽¹⁾	14.5%	14.7%	14.0%
Bad debt costs (in basis points of average lending)	49	37	29

Note:

- (5) The equity capital ratio is calculated by dividing retained earnings and Rabobank Member Certificates by total of risk-weighted assets.

RISK MANAGEMENT

Rabobank Group places a high priority on the management of risk and has extensive procedures in place for systematic risk management. Within Rabobank Group, the risk management policies relating to interest rate risk, market risk, currency risk and liquidity risk are developed and monitored by the Balance Sheet and Risk Management Committee Rabobank Group (“**BRMC-RG**”) in cooperation with the Group Risk Management department. The BRMC-RG is responsible for balance sheet management, establishing risk policy, setting risk measurement standards, broadly determining limits and monitoring developments, and advising the Executive Board on all relevant issues regarding risk management. The Group Operational Risk Committee (“**GORC**”) focuses on operational risks, whereas the Group’s risk management policies relating to credit risk are developed by the Policy Credit Committee Rabobank Group in cooperation with the Group Risk Management and the Credit Risk Management department. These committees report to the Executive Board, which is ultimately responsible for risk management within Rabobank Group.

The principal risks faced by Rabobank Group are credit risk, country risk, interest rate risk, liquidity risk, market risk, currency risk and operational risk. Rabobank has implemented an economic capital framework to determine the amount of capital it should hold on the basis of its risk profile and desired credit rating. Economic capital represents the amount of capital needed to cover for all risks associated with a certain activity. The economic capital framework makes it possible to compare different risk categories with each other because all risks are analysed by using the same methodology. See also “Risk Factors”.

Risk Adjusted Return On Capital

Relating the profit achieved on a certain activity to the capital required for that activity produces the Risk-Adjusted Return On Capital (“**RAROC**”). RAROC is calculated by dividing economic return by economic capital. The calculation and review of RAROC across Rabobank Group’s business activities and entities assists Rabobank Group in striking a balance between risk, returns and capital for both Rabobank Group and its constituent parts. This approach encourages each individual group entity to ensure appropriate compensation for the risks it runs. RAROC is therefore an essential instrument for positioning products in the market at the right price.

The use of the RAROC model to classify Rabobank Group’s activities also plays a role in the allocation of capital to the various group entities and the different risk categories. If the calculated RAROC lags behind a formulated minimum result to be achieved, which is a reflection of the costs of the capital employed, economic value is wasted. A higher RAROC implies the creation of economic value. For the six months period ended 30 June 2012, Rabobank realised a RAROC after tax of 11.5 per cent.

Credit risk

Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent credit policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. At 30 June 2012, 47 per cent. of Rabobank Group’s credit loan portfolio to the private sector consisted of loans to private individuals, mainly residential mortgages, which tend to have a very low risk profile in relative terms. The remaining 53 per cent. was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

Approval of larger credit applications is decided on by committees. A structure consisting of various committees has been established, with the total exposure including the requested financing determining the applicable committee level. The Executive Board itself decides on the largest credit applications. Rabobank Group has three Policy Credit Committees (“**PCCs**”): Rabobank Group PCC, the Rabobank International and Member Banks PCCs. Rabobank Group PCC establishes Rabobank Group’s credit risk policy. Rabobank Group entities define and establish their own credit policies within this framework. In this context, the

Member Banks PCC is responsible for domestic retail banking and the Rabobank International PCC for wholesale banking and international retail banking. Rabobank Group PCC is chaired by the CFO and the Executive Board is represented by three members. The CFO also chairs the Rabobank International and Member Banks PCCs. The PCCs are composed of representatives from Rabobank Group's most senior management levels. For corporate loans, a key concept in Rabobank Group's policy for accepting new clients is the "know your customer" principle, meaning that loans are granted only to corporate clients whose management, including their integrity and expertise, is known and considered acceptable by Rabobank Group. In addition, Rabobank Group is familiar with the industry in which a client operates and can assess its clients' financial performance. Corporate social responsibility implies responsible financing; accordingly, corporate social responsibility guidelines apply to the lending process as well.

With respect to the management of Rabobank Group's exposure to credit risk, Rabobank Nederland's Credit Risk Management department and Group Risk Management department play a key role. Credit applications beyond certain limits are subject to a thorough credit analysis by credit officers of Credit Risk Management. Group Risk Management monitors Rabobank Group's credit portfolio and develops new methods for quantifying credit risks.

Risk profiling is also undertaken at the portfolio level using internal risk classifications for portfolio modelling. Internal credit ratings are assigned to borrowers by allocating all outstanding loans into various risk categories on a regular basis.

Rabobank Group uses the Advanced IRB approach for credit risk. This is the most risk-sensitive form of the Basel II Credit Risk approaches. Rabobank Group has professionalised its risk management even further by combining Basel II compliance activities with the implementation of a best-practice framework for Economic Capital. The main Basel II parameters as far as credit risk is concerned are EAD (Exposure At Default), PD (Probability of Default) and LGD (Loss Given Default). It is partly on the basis of these parameters that Rabobank Group determines the economic capital and the Risk Adjusted Return On Capital (RAROC). These Basel II parameters are an important element of management information. A significant advantage associated with the use of economic capital is a streamlined and efficient approval process. The use of the Basel II parameters and RAROC support credit analysts and the Credit Committees in making well-considered decisions. Every group entity has established a RAROC target at customer level. Next to credit quality, this is an important factor in taking decisions on specific credit applications.

Rabobank Group believes it has a framework of policies and processes in place that is designed to measure, manage and mitigate credit risks. Rabobank Group's policy for accepting new clients is characterised by careful assessment of clients and their ability to make repayments on credit granted. As a result, Rabobank believes the loan portfolio has a relatively low risk profile. Rabobank Group's objective is to enter into long term relationships with clients which are beneficial for both the client and Rabobank Group.

EAD is the expected exposure to the client in the event of, and at the time of, a counterparty's default. At 30 June 2012, the EAD of the total Advanced IRB loan portfolio was €613 billion (year-end 2011: €606 billion). This EAD includes the expected future usage of unused credit lines. As part of its approval process Rabobank Group uses the Rabobank Risk Rating system, which indicates the counterparty's PD over a one-year period. The counterparties have been assigned to one of the 25 rating classes, including four default ratings. These default ratings are assigned if the customer defaults, the form of which varies from payment arrears of ninety days to bankruptcy. At 30 June 2012, the weighted average PD of the total Advanced IRB loan portfolio is 1.06 per cent. (year-end 2011: 1.06 per cent.).

The following table shows the impaired loans (i.e. the amount of loans for which an allowance has been taken) of 31 December 2011, 2010 and 2009 per business unit as a percentage of private sector loans:

Impaired loans/private sector lending per business unit

	At 31 December		
	2011	2010	2009
	<i>(in percentages)</i>		
Domestic retail banking	1.54	1.56	1.55
Wholesale banking and international retail banking	3.46	3.25	4.19
Leasing	3.10	3.93	4.64
Real Estate	5.53	4.40	1.73
Rabobank Group	2.25	2.16	2.28

Bad debt costs

Once a loan has been granted, ongoing credit management takes place as part of which new information, both financial and non-financial, is assessed. The bank monitors if the client meets all its obligations and whether it can be expected the client will continue to do so. If this is not the case, credit management is intensified, monitoring becomes more frequent and a closer eye is kept on credit terms. Guidance is provided by a special unit within Rabobank Group, particularly in case of larger and more complex loans granted to businesses whose continuity is at stake. If it is probable that the debtor will be unable to fulfil its contractual obligations, this is a matter of impairment and an allowance is made which is charged to income.

The table below sets forth Rabobank Group's bad debt costs for the period ended 30 June 2012 and for the three years ended 31 December 2011, 2010 and 2009, per business unit as a percentage of private sector lending:

Bad debt costs/average private sector lending per business unit

	Six months	Year ended 31 December		
	ended 30 June	2011	2010	2009
	2012	<i>(in percentages)</i>		
Domestic retail.....	0.40	0.22	0.13	0.26
Wholesale banking and international retail banking	0.59	0.73	0.64	1.05
Leasing	0.57	0.58	0.90	1.32
Real estate.....	1.05	0.69	0.36	0.14
Rabobank Group	0.49	0.37	0.29	0.48

Structured credit

At 30 June 2012 Rabobank Group's trading and investment portfolios have limited direct exposure to more structured investments, which amounted to €4.3 billion, compared to €4.6 billion at 31 December 2011, of which the majority, 77 per cent. (year-end 2011: 79 per cent.), is single A-rated or higher.

In a number of cases, monoline insurers are the counterparty to credit default swaps that hedge the credit risk of certain investments. In most cases, solvency objectives are the main reason for the existence of these hedges rather than the credit quality of these investments. The creditworthiness of a number of monoline insurers is subject to downward pressure, which was also reflected by the downgrading of the credit ratings of these institutions. Counterparty risk relating to these monoline insurers arises in case the value of the credit default swaps with these counterparties increases, due to a decrease of the fair value of the underlying investments, or because other insured investments can lead to payment claims against these insurers. In this the credit quality of the investments and time-related aspects are taken into account. At 30 June 2012 the total counterparty risk before provisions amounted to €896 million (year-end 2011: €1,313 million). The total provisions on that date ended up at €785 million (year-end 2011: €1,140 million). The remaining counterparty risk at 30 June 2012 amounted to €111 million (year-end 2011: €173 million).

Given these figures, further downgrades of monoline insurers would have a limited impact, because for the major part of this type of counterparty, risk provisions have already been made.

Country risk

Rabobank Group uses a country limit system to manage transfer risk and collective debtor risk. After careful review, relevant countries are given an internal country risk rating, after which transfer limits and general limits are established.

Transfer limits are determined according to the net transfer risk, which is defined as total loans granted, less loans granted in local currency, less guarantees and other collateral obtained to cover transfer risk, and less a reduced weighting of specific products. The limits are allocated to the offices, which are themselves responsible for the day-to-day monitoring of the loans granted by them and for reporting on this to Group Risk Management.

At Rabobank Group level, the country risk outstanding, including additional capital requirements for transfer risk, is reported every quarter to Rabobank Group's Balance Sheet and Risk Management Committee Rabobank Group (the "BRMC-RG") and the Country Limit Committee. The calculations of additional capital requirements for transfer risk are made in accordance with internal guidelines and cover all countries where transfer risk is relevant.

At 31 December 2011, the net transfer risk before provisions for non-OECD countries was 1.7 per cent. (2010: 1.4 per cent.).

At 30 June 2012 the Rabobank Group exposure to government bonds issued by Greece, Ireland, Italy, Portugal and Spain (the GIIPS-countries) was €252 million (year-end 2011: €349 million). We also have limited exposure to state-guaranteed Greek and Spanish bonds. The exposure on bonds issued by financial institutions in these countries are mainly Spanish covered bonds backed by additional collateral provided by the issuer. For the Greek government bonds, Rabobank participated in the central bond exchange by the Greek government. The newly received bonds were not impaired.

Government exposure at 30 June 2012

Country	Government bonds	State-guaranteed bonds	Bonds issued by banks	Total	Accumulated changes through profit or loss at 30 June 2012
<i>(in millions of euro)</i>					
Greece	9	34	—	43	48
Ireland.....	55	—	35	90	5

Country	Government bonds	State-guaranteed bonds	Bonds issued by banks	Total	Accumulated changes through profit or loss at 30 June 2012
<i>(in millions of euro)</i>					
Italy.....	188	—	56	244	—
Portugal.....	—	—	—	—	—
Spain.....	—	12	1,314	1,326	110
Total.....	252	46	1,405	1,703	163

Based on the accounting policies, it was established with respect to the Greek government guaranteed bonds and some bonds issued by banks that impairment losses needed to be recognised; these exposures have been impaired to their fair market value at 30 June 2012. The effect on earnings was highly limited in the first half of 2012. Except for exposures to Dutch, German and French government bonds, exposures to government bonds issued by other European countries are very low; Rabobank Group does not have any exposures to Cyprus, Hungary and Romania.

Interest rate risk

Rabobank Group is exposed to structural interest rate risk in its balance sheet. Interest rate risk can result from, among other things, mismatches in assets and liabilities; for example, mismatches between the periods for which interest rates are fixed on loans and funds entrusted. Rabobank Group manages interest rate risk by using both the accrual based Income at Risk concept and the value based Equity at Risk concept. Based on the Income at Risk and Equity at Risk analyses, the Executive Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to the Group's interest rate risk profile.

Rabobank Group's short-term interest rate risk can be quantified by looking at the sensitivity of net interest income (interest income less interest expenses, before tax) for changes in interest rates. This "Income at Risk" figure represents the change in net interest income for the coming 24 months, due to parallel increases/decreases in interest rates of 200 basis points, assuming no management intervention. As of 1 January 2011 the Income at Risk calculation also takes account of changes in client savings and prepayments behaviour in reaction to interest rate movements and changes in the pricing policy of savings products. The applied interest rate scenarios are based on the assumption that all money and capital market interest rates will show an even and parallel increase/decline by 200 basis points during the first 12 months and remain at those elevated levels in months 13 to 24. The simulation of the possible interest income development is based on an internal interest rate risk model. This model includes certain assumptions regarding the interest rate sensitivity of products with interest rates that are not directly linked to a certain money or capital market rate, such as savings of private customers.

Rabobank Group's long-term interest rate risk is measured and controlled based on the concept of "Equity at Risk", which is the sensitivity of Rabobank Group's economic value of equity to an instant parallel change in interest rates of 200 basis points. The economic value of equity is defined as the present value of the assets less the present value of the liabilities plus the present value of the off-balance sheet items. In the Equity at Risk calculation client behaviour and the bank's pricing policy are supposed to show no changes, while all market interest rates are assumed to increase/decline by 200 basis points at once. Just as in the Income at Risk calculation, the impact analysis of these scenarios is based on an internal interest rate risk model. In that model balance sheet items without a contractual maturity, like demand savings deposits and current accounts,

are included as a replicating portfolio. Equity at Risk is expressed as a percentage. This percentage represents the deviation from the economic value of equity at the reporting date.

At 31 December 2011, the Income at Risk (“**IatR**”) and Equity at Risk (“**EatR**”) for Rabobank Group were as follows:

	200 basis points increase	200 basis points decrease
	<i>(in millions of euro, except percentages)</i>	
IatR 1-12 months.....	434	(191)
IatR 13-24 months.....	1,120	16
EatR.....	(5)%	(1)%

Rabobank Group performs complementary scenario analyses to assess the impact of changes in customer behaviour and the economic environment.

Liquidity risk

Liquidity risk is the risk that the bank is not able to meet its financial liabilities when due, as well as the risk that it is unable to fund increases in assets either at reasonable prices or at all. In line with the Basel principles, the Rabobank Group policy is that long-term lending is financed by means of stable funding, being funding from customers and long-term funding from the professional market. Liquidity risk management is based on three pillars.

The first pillar sets strict limits on the maximum outgoing cash flows of the wholesale banking division. This ensures that excessive dependence on the professional market is avoided. To this end, the incoming and outgoing cash flows over the next 12 months are calculated and reported on a daily basis. In addition, limits have been set on the outgoing cash flows per currency and location. Detailed contingency plans have been drawn up in order to ensure the bank is prepared for potential crises.

Under the second pillar, a large buffer of liquid assets is held. If necessary, these assets can be used to generate liquidity immediately, either by being used in repo transactions, being sold directly on the market, or by means of pledging them to central banks.

The third pillar is to limit liquidity risk by pursuing a prudent funding policy that is designed to ensure that the financing requirements of group entities are met at an acceptable cost. The diversification of funding sources and currencies, the flexibility of the funding instruments used and an active investor relations function play an important role in this context. This prevents Rabobank Group from becoming overly dependent on a single source of funding.

Liquidity risk is an organization-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets. Several methods have been developed to measure and manage liquidity risk. Methods used to measure liquidity risk include the CA/CL method (Core Assets/Core Liabilities). Using various time periods, a quantification is made of the assets, unused facilities and liabilities that are expected to remain on the balance sheet after assumed and closely defined stress scenarios have occurred. These remaining assets and liabilities are referred to as Core Assets and Core Liabilities, respectively, and their inter-relationship is the liquidity ratio. A ratio below 1.2 is considered adequate and in 2011, this was the case for the scenarios used. The Dutch regulator also provides extensive guidelines for

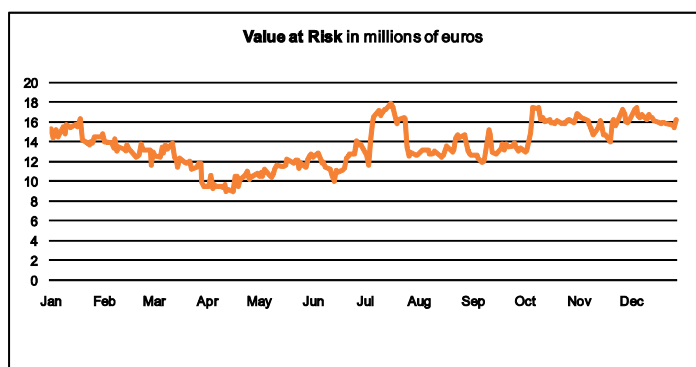
measuring and reporting the liquidity position of Rabobank Group. According to these guidelines the liquidity position is more than adequate, with available liquidity exceeding the requirement by 40 per cent. on average in 2011.

Market risk

Market risk relates to the change in value of Rabobank Group's trading portfolio as a consequence of changes in market prices, such as interest rates, foreign exchange rates, credit spreads, commodity prices and equity share prices. The BRMC-RG is responsible for developing and supervising market risk policies and monitors Rabobank Group's worldwide market risk profile. On a daily basis, the Market Risk department measures and reports the market risk positions. Market risk is calculated based on internally developed risk models and systems, which are approved and accepted by the Dutch Central Bank. Rabobank Group's risk models are based on the "Value at Risk" concept. Value at Risk describes the maximum possible loss that Rabobank Group can suffer within a defined holding period, based on historical market price changes and a given certain confidence interval. Value at Risk within Rabobank Group is based on actual historical market circumstances. To measure the potential impact of strong adverse market price movements, stress tests are applied. These "event risk scenarios" measure the effect of sharp and sudden changes in market prices. Value at Risk and event risk are tied to limits that are set by the Executive Board on an annual basis.

For the year ended 31 December 2011, the Value at Risk, based on a one day holding period and 97.5 per cent. confidence level, fluctuated between €10 million (2010: €9 million) and €24 million (2010: €18 million), with an average of €16 million (2010: €14 million). The slight increase of the average Value at Risk compared to 2010 follows from changes in positions and activities.

Value at Risk models have certain limitations; they are more reliable during normal market conditions, and historical data may fail to predict the future. Therefore, Value at Risk results cannot guarantee that actual risk will follow the statistical estimate. The performance of the Value at Risk models is regularly reviewed by means of back testing. These back testing results are reported both internally, as well as to the regulator. In addition to Value at Risk, also other risk indicators are used for market risk management. Some of them are generated by using statistical models. All these indicators assist the Market Risk department, as well as the BRMC-RG in evaluating Rabobank Group's market positions.



Source: Rabobank Group Annual Report 2011

Currency risk

Currency risk is the risk of changes in income or equity as a result of currency exchange movements. In currency risk management, a distinction is made between positions in trading books and positions in banking books. In the trading books, currency risk is part of market risk and is controlled using Value at Risk and other limits, as are other market risks. Value at risk for currency risk in the trading books stood at EUR 1.3 million at year-end 2011. In the banking books, the only risk is translation risk related to non-euro net investments in foreign entities and hybrid capital instruments that are not denominated in euros.

To monitor and manage the translation risk, Rabobank Group uses a dual-track approach to protect its capital position. The hedge strategy is to cover the risk associated with non-euro net investments in foreign entities while protecting the capital ratios against the effects of exchange rate movements wherever possible.

Operational risk

Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, people and systems or from external events. Possible legal and reputational risks are included while assessing and managing operational risks. Rabobank Group has a Group-wide operational risk policy and it applies the Advanced Measurement Approach to its operational risk framework. The group-wide operational risk policy is based upon the principle that the primary responsibility for managing operational risks lies with the Rabobank Group entities and should be interwoven in the strategic and daily decision-making. The management of each Rabobank Group entity is responsible for developing policies and procedures to manage their specific operational risks in line with Rabobank Group Operational Risk Management policy. Group Risk Management - Operational Risk Management (“**GRM-ORM**”) offers overview, support tools, expertise and challenge to the group entities and provides transparency in the Rabobank Group to senior management. Examples of the instruments made available to facilitate operational risk management within each Rabobank Group entity include risk assessment and scenario analysis. All entities record operational incidents and report them on a quarterly basis to the Group Operational Risk department which are in turn used for both operational risk management and measurement.

LIBOR

Various supervisory authorities in different jurisdictions are examining the daily setting of interest rates known as LIBOR (London Interbank Offered Rate). Rabobank has received various subpoenas and requests for documents and information from numerous regulatory agencies in the Netherlands, the United Kingdom, the United States, the European Union, Japan, Hong Kong, Singapore, and Switzerland. The documents and information sought concern the submission process for LIBOR. Some of these inquiries also relate to the submission process for the Euro Interbank Offered Rate (EURIBOR). Rabobank was at various times a member of eight of the ten LIBOR panels and the EURIBOR panel, and still is a member of the LIBOR panels for three currencies (GBP, USD and EUR) and the EURIBOR panel. Rabobank is cooperating fully with the investigations.

In addition, Rabobank, along with other panel banks, has been named as a defendant in a number of private individual and class action civil suits pending in the United States District Court for the Southern District of New York that assert federal and state claims relating to U.S. Dollar LIBOR, EURIBOR, Japanese Yen LIBOR, and the Tokyo Interbank Offered Rate (TIBOR). Rabobank has never been a member of the panel for TIBOR.

Based on the facts currently known, it is not possible at this time for Rabobank to make a reliable estimate of the potential outcome of the aforementioned investigations or civil proceedings, including the timing thereof.

GOVERNANCE OF RABOBANK GROUP

Corporate governance

In recent years the corporate governance of organizations has been of particular public interest. On account of its cooperative organization, Rabobank's corporate governance is characterised by a robust system of checks and balances. As a result, this governance is in many respects even stricter than in listed enterprises. The members of the independent, cooperative local Rabobanks exercise influence at a local level. As members of Rabobank Nederland, the local Rabobanks in turn play a very important part in the policy-making within Rabobank's organization. For example, a distinguishing feature in Rabobank Group's governance is the Central Delegates Assembly, Rabobank Group's parliament, which meets at least four times a year and where Rabobank Nederland's members are able to participate in virtually all Rabobank Nederland's strategic decisions.

Although the Dutch Corporate Governance Code does not apply to the cooperative as a legal form of enterprise, Rabobank Nederland's corporate governance is broadly consistent with this code. Rabobank also observes the Banking Code, which was adopted in 2009 by the Netherlands Bankers' Association and came into force on 1 January 2010.

Executive Board

The Executive Board (*raad van bestuur*) of Rabobank Nederland is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities. The management of Rabobank Group is based on its strategic principles and, by extension, on the interrelationship between risk, return and equity. This includes responsibility for the achievement of the objectives of Rabobank Group as a whole, its strategic policy with the associated risk profile, its results, the social aspects of its business and their relevance to the enterprise, the synergy within Rabobank Group, compliance with all relevant laws and regulations, the management of business risks and the financing of Rabobank Group. The Executive Board reports on all these aspects to the Supervisory Board (*raad van commissarissen*) of Rabobank Nederland, the Central Delegates Assembly and the General Meeting (*algemene vergadering*) of Rabobank Nederland, which is formed by the members, i.e. the local Rabobanks.

The Financial Supervision Act and related subordinate legislation, as well as regulations imposed by the Dutch supervisory authorities have formulated standards for financial institutions. The supervision of Rabobank Nederland's solvency and stability - i.e. prudential supervision - is performed by the Dutch Central Bank, while the AFM supervises orderly and transparent market processes, sound relationships between market parties and conscientious customer treatment, i.e. conduct supervision. Obviously, these regulations form the framework for the organization and control of Rabobank Group's activities.

The members of the Executive Board are appointed by the Supervisory Board for a four-year period, but their contracts of employment are for an indefinite period. Reappointments likewise are for a four-year term. Members may be dismissed and suspended by the Supervisory Board. The Supervisory Board determines the remuneration of the members of the Executive Board and reports on this to the Committee on Confidential Matters of the Central Delegates Assembly. The principles of the remuneration policy for the Executive Board, as recommended by the Supervisory Board, are established by the Central Delegates Assembly. Finally, the Supervisory Board periodically assesses and follows up on the Executive Board's performance. The Executive Board is responsible for the authorization of debenture issues of Rabobank Nederland, under the approval of the Supervisory Board.

Supervisory Board

The Supervisory Board performs the supervisory role within Rabobank Nederland. This means that the Supervisory Board supervises the policy pursued by the Executive Board and the general conduct of affairs of Rabobank Nederland and its affiliated entities. As part thereof, the Supervisory Board monitors the compliance with the law, the Articles of Association and other relevant rules and regulations. In practice, this means that the achievement of Rabobank Group's objectives, the strategy, business risks, the design and operation of the internal risk management and control systems, the financial reporting process and compliance with laws and regulations are discussed at length and tested regularly. In addition, the Supervisory Board has an advisory role in respect of the Executive Board.

The Supervisory Board has five committees: the Audit & Compliance Committee, the Cooperative Issues Committee, the Appointments Committee, the Remuneration Committee and the Appeals Committee. These committees perform preparatory and advisory work for the Supervisory Board.

In the performance of their duties, the members of the Supervisory Board act in the interests of all stakeholders of Rabobank Nederland and its affiliated entities. Certain key Executive Board decisions are subject to Supervisory Board approval. Examples include decisions on strategic collaboration with third parties, major investments and acquisitions, as well as the annual adoption of policy plans and the budget.

The members of the Supervisory Board are appointed by the General Meeting of Rabobank Nederland on the recommendation of the Supervisory Board. However, the Executive Board, as well as Rabobank Nederland's Works Council and the General Meeting are each entitled to nominate individuals for consideration by the Supervisory Board. The independence of the individual members, among other factors, is an important consideration for nomination and appointments of Supervisory Board members. Any semblance of a conflict of interests must be avoided. The profile for the Supervisory Board sets standards for its size and composition, taking into account the nature of the enterprises carried on by Rabobank Nederland and its activities, and for the expertise, backgrounds and diversity of the Supervisory Board members. The profile for the Supervisory Board is drawn up in consultation with the Committee on Confidential Matters of the Central Delegates Assembly and is adopted by the General Meeting. The Supervisory Board's desired composition and the competencies represented in it are specific areas of attention, within the profile's framework, when nominating candidates for appointment or reappointment.

The Committee on Confidential Matters of the Central Delegates Assembly determines the remuneration of the Supervisory Board members and also has a say in the profile of the members of the Supervisory Board.

The Supervisory Board, headed by its Chairman, continually assesses its own performance, both as a collective body and in terms of its separate committees and individual members. Initiatives are developed regularly to keep Supervisory Board members abreast of developments or to increase their knowledge in various areas.

Member influence

As a cooperative, Rabobank has members, not ordinary shareholders like companies do. The local cooperative Rabobanks are members of the Rabobank Nederland cooperative and hence have an important role in the working of Rabobank Nederland's governance. In that context, a key element is the open and transparent culture, with clear accountability for the management and supervision and the assessment thereof. The influence and control of the local Rabobanks are manifested through their representation in two bodies: the Central Delegates Assembly and the General Meeting. The local Rabobanks can vote at the General Meeting according to a formula that is adjusted periodically by the Executive Board, and through indirect representation at the Central Delegates Assembly.

Central Delegates Assembly

The local Rabobanks are organized geographically in twelve Regional Delegates Assemblies, each with a board of six. Together the Boards of the Regional Delegates Assemblies form the Central Delegates Assembly (*Centrale Kringvergadering*) (“CKV”), which meets at least four times a year in the city of Utrecht. Prior to the CKV, the banks belonging to a particular Regional Delegates Assembly discuss the agenda at their Assembly. Thus, the members of the local Rabobanks, through the representation of the local management and supervisory bodies in the Regional Delegates Assemblies, are represented in the CKV, although without instructions or consultations. The majority of the Boards of the Regional Delegates Assemblies and thereby the CKV consists of individuals elected by the local members, who from their commitment to the Rabobank organization wish to fulfil this role.

The CKV’s powers include the establishment of rules that are binding on all local Rabobanks and the establishment of Rabobank’s Strategy. This strategy describes the principles for the Executive Board’s policies and thereby directly influences Rabobank Group’s policy. The CKV also approves the budget for Rabobank Nederland’s activities on behalf of the local Rabobanks. The CKV has in-depth discussions, which are held not only as part of the CKV’s specific duties and powers, but also with the aim of encouraging commitment in the local Rabobanks and consensus between the local Rabobanks and Rabobank Nederland. Finally, the CKV advises the local Rabobanks on all the items on the agenda pertaining to the General Meeting.

The manner in which Rabobank Nederland accounts for its policy to its members in the CKV is considerably more extensive than the account rendered by a typical listed public company to its shareholders. Because of the special relationship between Rabobank Nederland and its members, the CKV enjoys almost full attendance. In order to operate effectively, the CKV has appointed three committees from among its members, which are charged with special duties. The Committee on Confidential Matters advises on appointments in the Supervisory Board, sets the Supervisory Board’s remuneration and assesses the Supervisory Board’s application of the remuneration policy. The Coordinating Committee draws up the agenda of the CKV and subjects items for the agenda to formality compliance tests. The Emergency Affairs Committee advises the Executive Board on behalf of the CKV in urgent, price-sensitive and/or confidential cases concerning major investments or divestments.

In order to maintain maximum effectiveness of the CKV, an internal committee was established in 2006 whose task was to advise on the CKV’s desired future size and composition. The committee’s recommendations included the following: to reduce the CKV membership from 120 to 72, to introduce observers in the CKV and to confirm the CKV’s composition according to the ratio of “2 elected members to 1 appointed member”. These recommendations have been implemented.

General Meeting

The General Meeting (*algemene vergadering*) is the body through which all local Rabobanks, as members of Rabobank Nederland, can exercise direct control. The General Meeting deals with important issues, such as the adoption of the financial statements, approval and endorsement of management and supervision, amendments to the Articles of Association and regulations, and the appointment of members of the Supervisory Board. The CKV issues advice prior to the General Meeting on all the items on the agenda. This procedure ensures that, prior to the General Meeting, these subjects have been discussed in detail on a local, regional and central level. Because of the special relationship between Rabobank Nederland and its members, the General Meeting enjoys almost full attendance.

Local Rabobanks

Corporate governance at the local Rabobanks

In the past, the local Rabobanks could choose one of two governance models: the Partnership model and the Executive model. Based on a review of the operation of both models, preparations started in 2009 to replace them and from mid-2010 they began to be replaced by a single governance model: the Rabo model. Effective member influence and control are similarly assured in this new governance model, and the governance of the local Rabobanks will be carried out both adequately and professionally, and in a way that befits their cooperative culture. The members of all the local Rabobanks have important powers, for instance to adopt the financial statements, to amend the Articles of Association, to appoint members of the Supervisory Board and to approve and endorse management and supervision. Account is rendered to the members in respect of the local Rabobank's management and supervision.

Rabo model

In the Rabo model, each local Rabobank has a Board of Directors comprising several persons appointed by the Supervisory Board, which operates under the supervision of the Supervisory Board. A delegation of the members (*de ledenraad*) has important powers, such as to appoint the members of the Supervisory Board, to amend the articles of association, to approve of a merger and to adopt the financial statements. Each member of a local Rabobank belongs to an electoral district and has the power to vote for a candidate of that electoral district as a member of the delegation of members (*de ledenraad*). From mid-2010 the Rabo model began to replace the Partnership model and the Executive model.

Member council

Local Rabobanks must institute a member council in order to firmly and permanently embed member influence and control in the structure. The member council is a delegation of all members elected by the members from their ranks. The member council assumes the bulk of the powers of the General Meeting and promotes and structures member control and engagement. The General Meeting continues to exist, but decides only on major issues that impact the local Rabobank's continued existence.

Employee influence within Rabobank Group

Rabobank attaches great value to consultations with the various employee representative bodies. Employee influence within Rabobank Group has been enabled at various levels. Issues concerning the business of Rabobank Nederland are handled by Rabobank Nederland's Works Council. Subsidiaries such as Robeco, De Lage Landen, Orbay and Rabo Real Estate Group each have their own Works Councils with consultative powers on matters concerning these enterprises. In addition, each local Rabobank has its own Works Council to discuss matters concerning that particular local Rabobank. The Group Works Council of Member Banks ("**GOR AB**") is a cooperative-structure based employee representative body that represents the interests of the employees of the local Rabobanks on issues that concern all the local Rabobanks or a majority thereof. In the case of a proposed decision, as defined in the Dutch Works Councils Act, that affects the majority of the local Rabobanks, it is submitted for approval or advice to the GOR AB. In the case of a proposed decision that does not affect the majority of all local Rabobanks, the GOR AB does not interfere with the position of the Works Councils of the local Rabobanks. Rabobank Group also has an employee representative body at a European level, the European Working Group ("**EWG**"), in which employees of Rabobank offices from the EU member states are represented. The EWG holds discussions with the Executive Board at least twice a year about developments within Rabobank Group. This does not affect the role of the national employee representative bodies.

Dutch Corporate governance code

Although it is under no obligation to do so due to its cooperative structure, Rabobank Nederland complies with the Dutch Corporate Governance Code on a voluntary basis.

Partly because of its cooperative structure, Rabobank Nederland departs in some respects from the Dutch Corporate Governance Code.

Banking Code

On 9 September 2009, the Banking Code for Dutch banks was adopted as binding by the Board of the Netherlands Bankers' Association, in response to the report entitled "Restoring Trust" ("*Naar herstel van vertrouwen*") of the Advisory Committee on the Future of Banks in the Netherlands. Although the Banking Code did not come into force until 1 January 2010, Rabobank commenced compliance preparations in 2009. Rabobank intends fully to observe the Banking Code and has only one departure, which is explained according to the "comply or explain" principle. This departure concerns the severance pay for members of the Executive Board. Members of the Executive Board appointed prior to 1 January 2010 receive severance pay based on the subdistrict court formula in the event of their removal. This entitlement to severance pay was laid down in agreements made previously with the relevant members of the Executive Board and therefore constitutes a departure from the relevant provision of the Banking Code. The Banking Code principle on severance pay will be complied with in the case of new members of the Executive Board.

Controls over financial reporting

Rabobank Group constantly seeks to improve its corporate governance and overall internal controls, with the aim of achieving an open culture and transparent accountability in respect of policies and supervision, and to remain in line with the leading standards across the globe. Accordingly, Rabobank Group voluntarily implemented internal controls over its financial reporting in a manner similar to that of US-registered companies pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), even though Rabobank Group is not a registrant with the United States Securities and Exchange Commission and, thus, is not subject to the Sarbanes-Oxley Act or related regulations and oversight. Rabobank Group believes that internal controls over financial reporting increase the effectiveness of such reporting, and offer opportunities to identify and remedy any deficiencies at an early stage. This results in a higher quality of Rabobank Group's financial reporting process.

Internal controls

Rabobank Group uses internal controls to provide reasonable assurance that:

- transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and that receipts and expenditures are recognised only in accordance with authorizations of management;
- unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements, is prevented or detected.

Rabobank Group's internal control framework is based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). As set out in the report included in the financial statements, the Executive Board concluded that the internal risk management and control systems are adequate and effective and provide reasonable assurance that the financial reporting is free of material misstatement.

Members of Supervisory Board and Executive Board

Supervisory Board of Rabobank Nederland

The following persons, all of whom are resident in the Netherlands, are appointed as members of the Supervisory Board and the Executive Board of Rabobank Nederland, respectively:

Name	Born	Year Appointed ⁽¹⁾	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2013	Dutch
Antoon (A.J.A.M.) Vermeer, Vice Chairman	1949	2002	2014	Dutch
Irene (I.P.) Asscher-Vonk	1944	2009	2013	Dutch
Tom (A.) de Bruijn	1953	2009	2013	Dutch
Leo (L.N.) Degle	1948	2012	2015	German
Wout (W.) Dekker	1956	2010	2015	Dutch
Louise (L.O.) Fresco	1952	2006	2014	Dutch
Leo (S.L.J.) Graafsma	1949	2010	2014	Dutch
Erik (E.A.J.) van de Merwe	1950	2010	2015	Dutch
Marinus (M.) Minderhoud	1946	2002	2014	Dutch
Martin (M.J.M.) Tielen	1942	2002	2013	Dutch
Cees (C.P.) Veerman	1949	2007	2015	Dutch

Notes:

- (1) As a result of a 2002 amendment of the management organization of Rabobank Nederland, the former supervisory council was replaced by the Supervisory Board due to which the appointment date for a number of supervisory directors was fixed at 2002 even though they had been previously on the supervisory council.

Mr L. Koopmans (Lense)

Date of Birth	17 June 1943
Profession	<ul style="list-style-type: none"> • Professional supervisory director • Former Professor at the Erasmus University of Rotterdam • Emeritus Professor at the University of Groningen
Main positions	<ul style="list-style-type: none"> • Chairman of the Supervisory Board of Rabobank Nederland • Chairman of the Board of Directors of Stichting TBI
Nationality	Dutch
Auxiliary positions	<p>Supervisory Directorships:</p> <ul style="list-style-type: none"> • Chairman of the Supervisory Board of Siers Groep B.V. • Chairman of the Supervisory Board of Arriva Nederland B.V. • Chairman of the Supervisory Board of TSS B.V. <p>Other auxiliary positions:</p>

- Member of the Board of Directors of Unilever Trust Office
- Member of the Board of Directors Ubbo Emmius Fund (Groningen University)
- Vice-Chairman of the Board of Supervision of the University Medical Center Groningen
- Chairman of the Board of Supervision of the Fries Museum en Princessehof

Date of first appointment to the Supervisory Board June 2002 (Member of the Board of Directors (*raad van beheer*) from June 1996 until June 2002)

Current term of appointment to the Supervisory Board June 2009 - June 2013

Mr A.J.A.M. Vermeer (Antoon)

Date of Birth 21 October 1949

Profession Professional director and professional supervisory director

Main positions Member of a dairy farming partnership (*maatschap melkveehouderijbedrijf*)

Nationality Dutch

Auxiliary positions Supervisory Directorships:

- Vice-Chairman of the Supervisory Board of Rabobank Nederland
- Chairman of the Supervisory Board of VION N.V.
- Member of the Supervisory Board of Achmea B.V.

Other auxiliary positions:

- Member of the Board of Governors of the ZLTO Food, Farming and Agribusiness Chair, Tilburg University
- Chairman Board of Supervision of HAS Den Bosch
- Chairman of the Board of KNBTB
- Chairman of the Steering committee Landbouw Innovatie Noord-Brabant (collaboration between Dutch province Noord-Brabant and ZLTO)
- Chairman Council for the Rural Area (*Raad voor het Landelijk Gebied*)

Date of first appointment to the Supervisory Board June 2002

Current term of appointment to the Supervisory Board June 2010 - June 2014

Mrs I.P. Asscher-Vonk (Irene)

Date of Birth 5 September 1944

Profession	Professional supervisory director
Main position	Emeritus professor at the Radboud University, Nijmegen
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: <ul style="list-style-type: none"> • Member of the Supervisory Board of Rabobank Nederland • Member of the Supervisory Board of KLM • Member of the Supervisory Board of Arriva Nederland • Member of the Supervisory Board of Philip Morris Nederland
Date of first appointment to the Supervisory Board	June 2009
Current term of appointment to the Supervisory Board	June 2009 - June 2013

Mr A. de Bruijn (Tom)

Date of Birth	9 July 1953
Profession	<ul style="list-style-type: none"> • Entrepreneur • Professional director and professional supervisory director
Main position	Grower of cut flowers and potted plants
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: <ul style="list-style-type: none"> • Member of the Supervisory Board of Rabobank Nederland Other auxiliary positions: <ul style="list-style-type: none"> • Acting member of the Board of Directors of Vereniging Achmea • Chairman Programme Advisory Committee Greenhouse Farming Research (Commodity Board for Horticulture/<i>productschap tuinbouw</i>) • Member of the Board of the Dutch Foundation for Innovation in Greenhouse Farming (<i>Stichting Innovatie Glastuinbouw Nederland</i>) • Chairman of the Cooperative Growers Society FresQ (<i>Coöperatieve Telersvereniging</i>) • Member of the Board of the Dutch Produce Association (Branch association of market organizations in vegetables, fruit and fungi in The Netherlands)
Date of first appointment to the Supervisory Board	June 2009
Current term of appointment to the Supervisory Board	June 2009 - June 2013

Mr L.N. Degle (Leo)

Date of Birth	15 August 1948
Profession	None
Main position	None
Nationality	German
Auxiliary Positions	Supervisory Directorships: <ul style="list-style-type: none">• Member of the Supervisory Board of Rabobank Nederland• Member of the Supervisory Board of Berlage B.V.• Member of the Supervisory Board of Ten Kate B.V. Other auxiliary positions: <ul style="list-style-type: none">• Member of the board of the German Dutch Chamber of Commerce• Member of the board of the Germany Institute• Member of the board of the Support Foundation for the Dutch Bach Association• Member of the board of the FINCA Foundation (microfinance)
Date of first appointment to the Supervisory Board	15 September 2012
Term of appointment to the Supervisory Board	15 September 2012 - June 2015

Mr W. Dekker (Wout)

Date of Birth	10 November 1956
Profession	<ul style="list-style-type: none">• Professional supervisory director
Main position	Chief Executive Officer/Chairman Executive Board Nutreco N.V. (ending as of 31 December 2012, thereafter: Member of the Supervisory Board of Rabobank Nederland) Member of the Supervisory Board of Rabobank Nederland
Nationality	Dutch
Auxiliary Positions	Supervisory Directorships: <ul style="list-style-type: none">• Member of the Supervisory Board of Randstad Holding N.V.• Member Supervisory Board Macintosh Retail Group N.V.
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the Supervisory Board	June 2012 - June 2016

Mrs L.O. Fresco (Louise)

Date of Birth	11 February 1952
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Profession	<ul style="list-style-type: none"> Professional director Professor
Main positions	<ul style="list-style-type: none"> University Professor, University of Amsterdam
Nationality	Dutch
Auxiliary positions	<p>Supervisory Directorships:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of Rabobank Nederland Non-executive Director, Unilever N.V./Unilever PLC <p>Other auxiliary positions:</p> <ul style="list-style-type: none"> Crown-Appointed Member of the Social and Economic Council of the Netherlands (SER) Distinguished Professor at Wageningen University Member of the Recommendation Committee for the University Asylum Fund Vice-chairman of the Board of Supervision of the United Nations University in Tokyo Member Royal Holland Society of Sciences and Humanities Member Board of Trustees Shell Foundation Great Britain Member of the Dutch Safety Board (Onderzoeksraad voor Veiligheid) Member Royal Netherlands Academy of Arts and Sciences Member of the Spanish Academy of Engineering Sciences and the Swedish Academy of Agricultural and Forestry Sciences Member of the Advisory Board of Wereldvoedselprijs (World Food Prize)
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the Supervisory Board	June 2010 - June 2014

Mr S.L.J. Graafsma RA (Leo)

Date of Birth	29 March 1949
Former profession	<ul style="list-style-type: none"> Accountant/associate of an audit, tax and advisory firm
Main position	<ul style="list-style-type: none"> Member of the Supervisory Board of Rabobank Nederland
Nationality	Dutch
Auxiliary Position	<ul style="list-style-type: none"> Deputy member of the “Accountantskamer” (Chamber of accountants) resulting from the “Wet Tuchtrechtspraak Accountants” (Disciplinary jurisdiction accountants)
Date of first appointment to the Supervisory Board	September 2010

Current term of appointment to the Supervisory Board September 2010 - June 2014

Mr E.A.J. van de Merwe (Erik)

Date of Birth 30 December 1950

Profession

- Owner of E. van de Merwe Consulting B.V.
- Professional director and professional supervisory director

Nationality Dutch

Auxiliary Positions Supervisory Directorships:

- Member of the Supervisory Board of Rabobank Nederland
- Chairman of the Supervisory Board of Staalbankiers N.V.
- Chairman of the Supervisory Board of Achmea Bank Holding N.V.
- Chairman of the Supervisory Board of Achmea B.V.

Other auxiliary positions:

- Non-executive Chairman of GWK Travelex N.V.
- Member of the Board of Governors of the postgraduate study Corporate Compliance, VU University Amsterdam
- Chairman of the Board of Supervision of the Dutch Burns Foundation (Nederlandse Brandwonden Stichting)
- Chairman of the Board of Supervision of the Euro Tissue Bank
- Member Arbitration committee Dutch Securities Institute (DSI)
- Jurymember Sijthoff Award
- Member of the board of the KidsRights Foundation

Date of first appointment to the Supervisory Board June 2010

Current term of appointment to the Supervisory Board June 2012 - June 2015

Mr M. Minderhoud (Marinus)

Date of Birth 13 September 1946

Profession None

Main position None

Nationality Dutch

Auxiliary Positions Supervisory Directorships:

- Member of the Supervisory Board of Rabobank Nederland
- Vice-Chairman of the Supervisory Board of Achmea B.V.
- Member of the Supervisory Board of De Friesland

	Zorgverzekeringen
	<ul style="list-style-type: none"> • Chairman Vodafone International Holdings B.V. • Chairman of Vodafone Europe B.V.
Date of first appointment to the Supervisory Board	June 2002
Current term of appointment to the Supervisory Board	June 2007 - June 2014
Mr M.J.M. Tielen (Martin)	
Date of Birth	22 September 1942
Profession	Professor
Main position	Emeritus Professor at Utrecht University
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: <ul style="list-style-type: none"> • Member of the Supervisory Board of Rabobank Nederland Other auxiliary positions: <ul style="list-style-type: none"> • Chairman Evaluation Team EAEVE to Faculty of Veterinary Medicine, Afyon, Turkey • Chairman of the Stichting Stimulering Agrarisch Onderwijs en Praktijk • Chairman of the Stichting Professor Tielen Fonds • Acting member of the Board of Directors of Vereniging Achmea • Professor Honoris Causa University of Environmental and Life Science in Wroclaw, Poland
Date of first appointment to the Supervisory Board	June 2002
Current term of appointment to the Supervisory Board	June 2009 - June 2013

Mr C.P. Veerman (Cees)

Date of Birth	8 March 1949
Profession	<ul style="list-style-type: none"> • Professor • Professional director/supervisory director
Main positions	<ul style="list-style-type: none"> • CEO of Bracamonte B.V. in Groesbeek • Professor at Tilburg University and Wageningen University focusing on the field of sustainable rural development from a European perspective • Crop farmer

Nationality	Dutch
Auxiliary positions	<p>Supervisory Directorships:</p> <ul style="list-style-type: none"> • Member of the Supervisory Board of Rabobank Nederland • Chairman of the Supervisory Board of USG People • Member of the Supervisory Board of DHV Holding B.V. • Member of the Advisory Board of Prominent • Member of the Supervisory Board of Barenbrug B.V. • Chairman of the Supervisory Board of Koninklijke Reesink N.V. • Chairman of the Supervisory Board of VU Medical Centre Amsterdam • Chairman of the Supervisory Board of Ikazia Hospital Rotterdam • Chairman of the Supervisory Board of Novamedia • Member of the Supervisory Board of KDS • Chairman of the Board of Supervision Deltares • Chairman of the Supervisory Board of NCB Naturalis <p>Other auxiliary positions:</p> <ul style="list-style-type: none"> • Chairman Project Administration Noord Zuidlijn • Member of the Governing Board of the Netherlands Organization for Scientific Research (NWO) • Chairman of the Board of directors of Amsterdam Baroque Orchestra & Choir
Date of first appointment to the Supervisory Board	June 2007
Current term of appointment to the Supervisory Board	June 2007 - June 2015

Executive Board of Rabobank Nederland

Name	Born	Year		Nationality
		Appointed		
Piet (P.W.) Moerland, Chairman.....	1949	2009		Dutch
Bert (A.) Bruggink, CFO	1963	2004		Dutch
Berry (B.J.) Martin.....	1965	2009		Dutch and Brazilian
Sipko (S.N.) Schat.....	1960	2006		Dutch
Piet (P.J.A.) van Schijndel ⁽¹⁾	1950	2002		Dutch

¹As per 1 December 2012, Mr. Van Schijndel will retire and will be succeeded by Mr. Hans (J.A.M.) van der Linden.

Name	Born	Year Appointed	Nationality
Gerlinde (A.G.) Silvis	1959	2009	Dutch

Piet (P. W.) Moerland

Mr Moerland was appointed to Rabobank Nederland’s Executive Board as of 1 January 2003 and was appointed Chairman of the Executive Board of Rabobank Nederland as of 1 July 2009. Mr Moerland is responsible for Audit Rabobank Group and the Supervisory and Legal and Fiscal Affairs directorates. His portfolio furthermore includes the Knowledge & Economic Research and Communications directorates. After completing his degree and dissertation in the field of economics at the Erasmus University of Rotterdam in 1978, Mr Moerland undertook a position with Rabobank Nederland’s Central Group Staff from 1979 to 1980. Mr Moerland then took a position as a professor of business administration with a focus on economics at the University of Groningen from 1981 to 1987 and as a professor of business economics with a focus on corporate finance at the University of Tilburg from 1988 to 2002. Mr Moerland also had a sponsored chair as a professor of corporate governance at the University of Tilburg. Mr Moerland is a member of the supervisory board of Rabohypothekbank and a member of the shareholders’ council of Rabo Development B.V. Outside Rabobank, Mr Moerland serves as chairman of the European Association of Co-operative Banks (Groupement), member of the board of directors of International Raiffeisen Union (IRU), Member of the Board of the National Co-operative Council for Agriculture and Horticulture of the Netherlands (NCR) and member of the board of the Dutch Bach Association.

Bert (A.) Bruggink

Mr Bruggink was appointed Chief Financial Officer of the Executive Board of Rabobank Nederland as of 15 November 2004. Mr Bruggink is responsible for Control Rabobank Group, Credit Risk Management, Group Risk Management, Treasury Rabobank Group and Special Asset Management Rabobank. Mr Bruggink joined Rabobank Group in 1986. After several different jobs in Finance and Control within Rabobank Group, he became Head of Finance and Control Rabobank International (1994-1998) and Group Finance Director Rabobank Group (1998-2004). As CFO he fulfils several additional functions. He is a member of the supervisory boards of Rabohypothekbank, IPB Holding B.V., Rabo Herverzekeringsmaatschappij N.V., Robeco, the Nederlandse Financierings Maatschappij voor Ontwikkelingslanden (FMO), Friesland Bank N.V. and Rabo Cycling Teams (*Rabo Wielerploegen B.V.*). Mr Bruggink is chairman of the board of the Rabobank Pension Fund and a member of the board of directors of Rabo Groei Sparen B.V. Furthermore, he is a member of the Supervisory Board of ROVA, member of the supervisory board of Windesheim University of Applied Sciences and professor at Twente University.

Berry (B.J.) Marttin

Mr Marttin was appointed to Rabobank Nederland’s Executive Board as of 1 July 2009. Mr Marttin joined Rabobank in 1990. Within the Executive Board, Mr Marttin is responsible for the international retail network, the regional international operations, international risk management and Rabobank Development. Shortly after earning his degree in business administration in Brazil, he went to work for Rabobank as an international management trainee. During the more than 14 years that he worked for Rabobank International on various continents and in a range of roles, he gained extensive experience as an international banker in both wholesale banking and retail banking. After fulfilling a number of positions in Brazil, Mr Marttin was appointed senior marketing officer in Curacao. In 1997 he continued his career as Head of International Corporates in Hong Kong. Mr Marttin subsequently moved to Indonesia four years later to take up an appointment as Head of Risk Management. Thereafter, Mr Marttin served as Deputy General Manager of Rural Banking in Australia and New Zealand. Prior to his appointment to Rabobank Nederland’s Executive Board, he was Chairman of

the board of directors of Rabobank Amsterdam. Mr Marttin serves as chairman of the Foundation Supervision Internal Market Rabo Extra Member Notes (*Stichting Toezicht Interne Markt Rabo Extra Ledenobligaties*) and member of the supervisory boards of Rabohypotheekbank and De Lage Landen. Mr Marttin is a member of the board of directors of Rabobank International Holding, a member of the board of RI Investments Holding B.V. and chairman of the shareholders' council of Rabo Development B.V. Mr Marttin is a member of the Steering Committee Unico Banking Group, vice chairman of the board of directors of the American Chambers of Commerce in the Netherlands, member of the Dutch Trade Board, member of the Amsterdam Climate Council, member of the supervisory boards of Wageningen University and the Sustainable Trade Initiative (*Initiatief Duurzame Handel*), chairman of the advisory board of Amsterdam University College and member of the advisory board of JINC.

Sipko (S.N.) Schat

Mr Schat was appointed to Rabobank Nederland's Executive Board as of 1 July 2006. Mr Schat is responsible for Rabobank International's Wholesale Clients division, leading the Wholesale management team. Areas of responsibility are Wholesale Clients Netherlands, Wholesale Clients International, Professional Products and Global Financial Markets. Mr Schat took a position as in-house counsel with Rabobank Nederland between 1985 and 1990. Mr Schat was senior manager Structured Finance between 1990 and 1995, Head Corporate Finance of Rabobank Ireland plc between January 1994 and December 1994, Head Structured Finance Europe between 1995 and 1999 and Head Corporate Finance of Rabobank International between 1999 and 2002. Mr Schat also held positions as Head Corporate Finance (worldwide), member of the Supervisory Board of Rabobank Ireland plc and Managing Director of Rabo Merchant Bank N.V. As of April 2002 responsible for North and South America and as of September 2004 responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also a member of the supervisory boards of Rabo Bouwfonds Holding N.V., Rabo Vastgoedgroep, Rabohypotheekbank, Bank Sarasin & Cie AG and Rothschilds Continuation Holding AG. Mr Schat is a member of the board of directors of Rabobank International Holding and a member of the board of RI Investments Holding B.V. Mr Schat also holds some external positions on behalf of the Rabobank Group: member of the Advisory Committee of Issuing Institutions (Euronext), member of the board of the Confederation of Netherlands Industry and Employers VNO-NCW, member of the Steering Committee of Unico Banking Group and member of the Advisory Council Executive Master Business Valuation at the University of Groningen.

Piet (P.J.A.) van Schijndel

Mr van Schijndel was appointed to Rabobank Nederland's Executive Board as of 1 December 2002. Mr van Schijndel is responsible for the Retail, Private Banking and Group ICT directorates. Mr van Schijndel took a position as a management consultant with Rabobank Nederland from 1975 to 1977. From 1977 to 1979, Mr van Schijndel was Head of Insurance Administration. From 1979 to 1983, Mr van Schijndel was a member of the Staff Group Directorate Insurance. Thereafter, he served as Acting Head and Head of the Insurance and Travel Directorate from 1983 to 1986 and from 1986 to 1990, respectively, Vice-chairman of the Executive Board of Interpolis from 1990 to 1997 and Chairman of the Executive Board of Interpolis from 1998 to 2002. Mr van Schijndel serves as chairman of the supervisory boards of De Lage Landen, Obvion and Friesland Bank N.V. and as vice chairman of the supervisory board of Robeco. Furthermore, Mr van Schijndel is a member of the board of directors of the NVB (Association of Dutch Banks), a member of the board of the Netherlands Red Cross, a member of the Supervisory Boards of St. Elisabeth Hospital Tilburg and CSU Total Care, chairman of the boards of advisors of the Dutch E-work Foundation (*TelewerkForum*) and of the Industrial Engineering & Innovation Sciences Faculty of Eindhoven University of Technology, vice chairman of the Oisterwijk-Haaren chapter of the Red Cross and chairman of the Friends of the Oisterwijks Brass Band Foundation.

Gerlinde (A.G.) Silvis

Mrs. Silvis was appointed to Rabobank Nederland's Executive Board as of 1 July 2009. Mrs. Silvis is responsible for the Small- and Medium-Sized Enterprises, Company Management, Co-operative, Management & Sustainability Affairs and Human Resources directorates. Mrs. Silvis joined Rabobank in 1984. Having begun working for Rabobank Nederland as a management trainee, she then went on to hold a number of positions within the securities division, the international division, the payments division and Rabofacet. In her role as Head of Administrative Affairs, she was closely engaged in the process of merging local Rabobanks. In recent years, she has served as Head of the Management and Talent Development Directorate and has been responsible for merging the Human Resources and Management and Talent Development directorates into a single directorate providing integrated services for the entire Rabobank Group. Mrs. Silvis serves as chairman of the boards of the Foundation Contingency Fund Rabobanken (*Stichting Garantiefonds Rabobanken*), the Rabobank Guarantee Foundation (*Stichting Waarborg Rabobank*) and the Supervision Internal Market Rabobank Member Certificates Foundation (*Stichting Toezicht Interne Markt Rabobank Ledencertificaten*). Mrs. Silvis is also a member of the board of the Rabobank Foundation and a member of the supervisory boards of Rabohypotheekbank, De Lage Landen and Friesland Bank N.V. Outside of Rabobank she serves as a member of the board of the NVB (Dutch Association of Banks), a member of the board of directors of Holland Financial Centre, a member of the INSEAD Dutch Council, member of the supervisory board of Koninklijke Kentalis Zorggroep and member of the supervisory boards of Stadsschouwburg Amsterdam and of the Amsterdam Institute of Finance.

Administrative, management and supervisory bodies - conflicts of interests

The Issuer is not aware of any potential conflicts of interest between the duties to Rabobank and their private interests or other duties of the persons listed above under "Supervisory Board of Rabobank Nederland" and "Executive Board of Rabobank Nederland".

Administrative, management and supervisory bodies - business address

The business address of the members of Rabobank's Supervisory Board and Executive Board is Croeselaan 18, 3521 CB Utrecht, the Netherlands.

REGULATION OF RABOBANK GROUP

Rabobank Nederland is a bank organized under the laws of the Netherlands. The principal Dutch law on supervision applicable to Rabobank Nederland is the Financial Supervision Act (*Wet op het financieel toezicht*), which entered into force on 1 January 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or the “*AFM*”) and the Dutch Ministry of Finance (*Ministerie van Financiën*). Rabobank Nederland and the various Rabobank Group entities are also subject to certain European Union (“*EU*”) legislation, which has a significant impact on the regulation of Rabobank Group’s banking, asset management and broker-dealer businesses in the EU, and the regulation and supervision of local supervisory authorities of the various countries in which Rabobank Group does business.

Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements (the “**Basel Committee**”) develops international capital adequacy guidelines based on the relationship between a bank’s capital and its credit risks. In this context, on 15 July 1988, the Basel Committee adopted risk-based capital guidelines (the “**Basel guidelines**”), which were implemented by banking regulators in the countries that have endorsed them. The Basel guidelines are intended to strengthen the soundness and stability of the international banking system. The Basel guidelines are also intended to reduce competitive inequality among international banks by harmonising the definition of capital and the rules for the evaluation of asset risks and by establishing a uniform target capital base ratio (capital to risk-weighted assets). Supervisory authorities in each jurisdiction have, however, some discretion in determining whether to include particular instruments as capital under the Basel guidelines and to assign different weights, within a prescribed range, to various categories of assets. The Basel guidelines were adopted by the European Community and applied to all banks and investment firms in the EU, and on 1 January 1991, the Dutch Central Bank implemented them and they were made part of Dutch regulations.

In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988. A new accord (“**Basel II**” - the previous Basel guidelines being referred to as “**Basel I**”) was published in June 2004. Basel II is a flexible framework that is more closely in line with internal risk control and that results in a more sophisticated credit risk weighting. The Basel II framework, consisting of three “pillars”, reinforces these risk-sensitive requirements by laying out principles for banks to assess the adequacy of their capital (“**Pillar 1**”) and for supervisors to review such assessments to ensure banks have adequate capital to support their risks (“**Pillar 2**”). It also seeks to strengthen market discipline by enhancing transparency in banks’ financial reporting (“**Pillar 3**”).

Basel II provides a range of options for determining the capital requirements for credit risk and also operational risk. In comparison to Basel I, Pillar 1 of the new capital framework aligns the minimum capital requirements more closely to each bank’s actual risk of economic loss. Pursuant to Pillar 2, effective supervisory review of banks’ internal assessments of their overall risks is exercised to ensure that bank management is exercising sound judgement and has reserved adequate capital for these risks. Pillar 3 uses market discipline to motivate prudent management by increasing transparency in banks’ public reporting.

Instead of the previous “one size fits all” approach, under Basel II banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility to select approaches that are most appropriate for their operations and their financial market infrastructure.

For credit risk, banks can choose between the “Standardised Approach”, the “Foundation Internal Ratings Based Approach” and the “Advanced Internal Ratings Based Approach”. The Standardised Approach is based on external credit ratings and is the least complex. The two Internal Ratings Based Approaches allow banks to use internal credit rating systems to assess the adequacy of their capital. The Foundation Internal Ratings Based Approach allows banks to use their own credit rating systems with respect to the “Probability of Default”. In addition to this component of credit risk, the Advanced Internal Ratings Based Approach allows banks to use their own credit rating systems with respect to the “**Exposure at Default**” and the “**Loss Given Default**”. Rabobank Group has chosen the most sophisticated approach, the Advanced Internal Ratings Based Approach.

For operational risk, banks can also choose between three approaches with different levels of sophistication, the most refined one being the “Advanced Measurement Approach”. Rabobank Group has chosen the Advanced Measurement Approach.

In the future, under Basel III, capital and liquidity requirements will increase. On 17 December 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled “Strengthening the resilience of the banking sector”. The Basel Committee published its economic impact assessment on 18 August 2010 and, on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements. On 16 December 2010 the Basel Committee issued its final view on Basel III. The framework sets out rules for higher and better quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirements, measures to promote the build-up of capital that can be drawn down in periods of stress, and the introduction of two liquidity standards. The Basel Committee’s package of reforms includes increasing the minimum common equity (or equivalent) requirement from 2 per cent. (before the application of regulatory adjustments) to 4.5 per cent. (after the application of stricter regulatory adjustments which will be gradually phased in from 1 January 2013 until 1 January 2017). The total Tier 1 capital requirement will increase from 4 per cent. to 6 per cent. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer of 2.5 per cent. to withstand future periods of stress, bringing the total common equity (or equivalent) requirements to 7 per cent. If there is excess credit growth in any given country resulting in a system-wide build up of risk, a countercyclical buffer of up to 2.5 per cent. of common equity (or other fully loss absorbing capital) may be applied as an extension of the conservation buffer. Furthermore, banks considered to have systemic importance should have loss absorbing capacity beyond these standards. The capital requirements are to be supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio will also be introduced. The proposed reforms are expected to be implemented from the beginning of 2013, although certain requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to become fully effective by 2019.

The Basel Committee’s reforms have introduced two international minimum standards for liquidity risk supervision with the aim of ensuring banks have an adequate liquidity buffer to absorb liquidity shocks. The first one is the liquidity coverage ratio (“**LCR**”; to be introduced on 1 January 2015), which is a test to promote short-term resilience of a bank’s liquidity risk profile by ensuring that it has sufficiently high-quality liquid assets to survive a significant stress scenario lasting for 30 days. The second one is a net stable funding ratio (“**NSFR**”; to be introduced on 1 January 2018), which is a test to promote resilience over a longer period by creating additional incentives for banks to fund their activities with more stable funding on an ongoing basis. The NSFR test is similar to the LCR except the period over which it is tested is one year.

There can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, the European Commission and/or the Dutch Central Bank may

implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital requirements on Dutch banks.

European Union standards

The European Union had adopted a capital adequacy regulation for credit institutions in all its member states based on the Basel I guidelines. In 1989, the EC adopted the Council Directive of 17 April 1989 on the “own funds” of credit institutions (the “**Own Funds Directive**”), defining qualifying capital (“**own funds**”), and the Council Directive of 18 December 1989 on a solvency ratio for credit institutions (the “**Solvency Ratio Directive**” and, together with the Own Funds Directive, the “**Capital Directives**”), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The Capital Directives required EU member states to transform the provisions of the Solvency Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks operating in the member states. The Capital Directives permitted EU member states, when transforming the Capital Directives into national law, to establish more stringent, but not more lenient requirements. In 1993, the EC adopted the Directive of 15 March 1993 on the capital adequacy of investment firms and credit institutions (“**EEC Directive 1993/6**”) and in 2000 the Directive of 20 March 2000 on the taking up and pursuit of the Business of Credit Institutions (“**EC Directive 2000/12**”), which directive consolidated various previous directives, including the Capital Directives.

EC Directive 2000/12 and EEC Directive 1993/6 have been recast by EC Directives 2006/48 and 2006/49 (the “**Capital Requirements Directive**”), respectively, to introduce the new capital requirements framework agreed by the Basel Committee. The new rules on capital requirements reflect the flexible structure and the major components of Basel II, tailored to the specific features of the EU market. The simple and intermediate approaches of Basel II have been available from January 2007 and the most advanced approaches since January 2008.

On 16 December 2002, the EU adopted a directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. This directive aims to address the supervisory issues that arise from the blurring of distinctions between the activities of firms in each of the banking, securities, investment services and insurance sectors. The main objectives of the directive are to:

- ensure that a financial conglomerate has adequate capital;
- introduce methods for calculating a conglomerate’s overall solvency position;
- deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- prevent situations in which the same capital is used simultaneously as a buffer against risk in two or more entities which are members of the same financial conglomerate (“**double gearing**”) and where a parent issues debt and downstreams the proceeds as equity to its regulated subsidiaries (“**excessive leveraging**”).

The directive was implemented in the Netherlands in the Financial Supervision Act that came into effect on 1 January 2007.

The Capital Requirements Directive has been amended three times in 2009 and once in 2010 to repair shortcomings identified in the original Capital Requirements Directive. The amendments entered into force as of 31 December 2010 and certain further amendments as of 31 December 2011. Further amendments to the Capital Requirements Directive designed to implement the Basel III accords are expected to take place from 1 February 2013 onwards.

In 2010, agreement was reached at EU level on the introduction of a new supervisory structure for the financial sector. The new European architecture consists of the existing national authorities and the newly created European Systemic Risk Board (“ESRB”) and the following three European Authorities: European Banking Authority (“EBA”), European Insurance and Occupational Pensions Authority (“EIOPA”) and European Securities and Markets Authorities (“ESMA”). These institutions have been in place since 1 January 2011. Operational day-to-day supervision continues to be with national supervisors.

The European Commission has proposed a European Crisis Management Framework. In this framework different issues will be addressed, such as prevention tools and early intervention and final resolution mechanisms. Rabobank Group generally supports the Basel Committee and European Commission reform programmes to strengthen the global capital and liquidity regulations and reduce market volatility. Notwithstanding, a number of proposals may hamper traditional retail-oriented institutions in their intermediary function, and thus reduce their ability to play their important role in the European economy. Further, the new rules still allow national regulators a measure of autonomy. For instance, the liquidity requirements assign relatively extensive powers to national regulators, which may affect the level playing field in the European Internal Market. Hence the biggest challenge for policy makers and supervisors is to take a coordinated and unified approach. It is essential that supervisors and regulators across the globe adopt a more consistent and coordinated approach (for example, while Europe is already introducing Basel III, Basel II is not yet fully applied in the US).

If the regulatory capital requirements, liquidity restrictions or ratios applied to Rabobank Group are increased in the future, any failure of Rabobank Group to maintain such increased regulatory capital ratios could result in administrative actions or sanctions, which may have an adverse effect on Rabobank Group’s operating results, financial condition and prospects.

Dutch regulation

General

As of September 2002, banking supervision in the Netherlands has been divided into prudential supervision, carried out by the Dutch Central Bank, and conduct of business supervision, carried out by the AFM.

Pursuant to authority granted under the Financial Supervision Act, the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of Rabobank Group’s activities. The AFM supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the Financial Supervision Act.

Scope of the Financial Supervision Act

A bank is any enterprise whose business it is to receive repayable funds from outside a closed circle and from others than professional market parties, and to grant credits for its own account. Rabobank Nederland and various Rabobank Group entities, including each of the local Rabobanks, are banks and, because they are engaged in the securities business as well as the commercial banking business, each is considered a “universal bank”.

Licensing

Under the Financial Supervision Act, a bank established in the Netherlands is required to obtain a licence from the Dutch Central Bank before engaging in any banking activities. The requirements to obtain a licence, among others, are as follows: (i) the day-to-day policy of the bank must be determined by at least two persons; (ii) the bank must have a body of at least three members which has tasks similar to those of a board of supervisory directors; and (iii) the bank must have a minimum own funds (*eigen vermogen*) of €5,000,000. Also, the Dutch Central Bank shall refuse to grant a licence if, among other things, it is of the view that (i) the

persons who determine the day-to-day policy of the bank have insufficient expertise to engage in the business of the bank, (ii) the trustworthiness of the persons who determine the policy of the bank is not beyond doubt, or (iii) through a qualified holding in the bank, influence on the policy of such enterprise or institution may be exercised which is contrary to “prudent banking policy” (*gezonde en prudente bedrijfsvoering*). In addition to certain other grounds, the licence may be revoked if a bank fails to comply with the requirements for maintaining it.

Reporting and investigation

A bank is required to file with the Dutch Central Bank its annual financial statements in a form approved by the Dutch Central Bank, which includes a statement of financial position and a statement of income that have been certified by an appropriately qualified auditor. In addition, a bank is required to file quarterly (and some monthly) statements, on a basis established by the Dutch Central Bank, which also has the option to demand more frequent reports.

Rabobank Nederland and the local Rabobanks must file consolidated quarterly (and some monthly) reports as well as annual reports that provide a true and fair view of their respective financial position and results with the Dutch Central Bank. Rabobank Nederland’s independent auditor audits these reports annually.

Under the Dutch Financial Supervision Act, Rabobank Nederland is required to make its annual financial statements and its semi-annual financial statements generally available to the public within four months and two months, respectively, of the end of a period to which the financial information relates. The annual and semi-annual financial statements must be filed with the AFM simultaneously with their publication.

Supervision

The Dutch Central Bank exercises supervision with respect to the solvency and liquidity of banks, supervision of the administrative organization of banks and structure supervision relating to banks. To this end, the Dutch Central Bank has issued the following general regulations:

Solvency supervision

The regulations of the Dutch Central Bank on solvency supervision require - in broad terms - that a bank maintains own funds in an amount equal to at least 8 per cent. of its risk-weighted assets and operations. These regulations also impose limitations on the aggregate amount of claims (including extensions of credit) a bank may have against one debtor or a group of related debtors. Since the implementation of the Financial Supervision Act, the regulations have become more sophisticated, being derived from the new capital measurement guidelines of Basel II as described under “Basel standards” above and as laid down in EU directives described above under “European Union standards”. For credit risk Rabobank uses the Advanced Internal Ratings Based Approach. For operational risk, Rabobank uses the most refined approach, the Advanced Measurement Approach.

Liquidity supervision

The regulations of the Dutch Central Bank relating to liquidity supervision require that a bank maintains sufficient liquid assets against certain liabilities of the bank. The basic principle of the liquidity regulations is that liquid assets must be held against “net” liabilities of banks (after netting out claims and liabilities in a maturity schedule) so that the liabilities can be met on the due dates or on demand, as the case may be. These regulations impose additional liquidity requirements if the amount of liabilities of a bank with respect to one debtor or group of related debtors exceeds a certain limit.

Structure supervision

The Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Dutch Central Bank before, among other things, (i) reducing its own funds (*eigen vermogen*) by way of repayment of capital or distribution of reserves or making disbursements from the item comprising the cover for general banking risks as referred to in article 2:424 of the Dutch Civil Code, (ii) acquiring or increasing a qualified holding in a bank, investment firm or insurer with its statutory seat in a state which is not part of the European Economic Area, if the balance sheet total of that bank, investment firm or insurer at the time of the acquisition or increase amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (iii) acquiring or increasing a qualified holding in an enterprise, not being a bank, investment firm or insurer with its statutory seat in the Netherlands or in a state which is part of the European Economic Area or in a state which is not part of the European Economic Area, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1 per cent. of the consolidated own funds of the bank, (iv) taking over all or a major part of the assets and liabilities of another enterprise or institution, directly or indirectly, if the total amount of the assets or the liabilities to be taken over amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (v) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1 per cent. of the bank's consolidated balance sheet total or (vi) proceeding with a financial or corporate reorganization. For the purposes of the Financial Supervision Act, "qualified holding" is defined to mean the holding, directly or indirectly, of an interest of at least 10 per cent. of the issued share capital or voting rights in an enterprise, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a Dutch bank, or to exercise any voting power in connection with such holding, only after such person has obtained a declaration of no objection from the Dutch Central Bank.

Administrative supervision

The Dutch Central Bank also supervises the administrative organization of the individual banks, their financial accounting system and internal controls. The administrative organization must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of the administrative organization, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

Emergencies

The Financial Supervision Act contains an "emergency regulation" which can be declared in respect of a bank by a Dutch court at the request of the Dutch Central Bank in the interest of the combined creditors of the bank. As of the date of the emergency, only the court-appointed administrators have the authority to exercise the powers of the bodies of the bank. A bank can also be declared in a state of bankruptcy by the court.

Intervention

On 13 June 2012, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) entered into force and amended the Financial Supervision Act and the Dutch Bankruptcy Act. Pursuant to the Intervention Act, the Dutch Central Bank can take measures in respect of banks, insurance companies and special purpose vehicles for risk acceptance if it perceives a dangerous development regarding the entity's shareholders' equity, solvency, liquidity or technical provisions and there is a reasonable probability that this development cannot be sufficiently or timely reversed. The possible measures include filing a request for a bank or insurance company to be declared bankrupt, or preparing and effecting the transfer of deposits, other assets/liabilities and/or shares in the capital of the entity to a third party with a view to the timely and efficient

liquidation of the entity. The Dutch Central Bank can prepare a “transfer plan” for this purpose. If the Dutch Central Bank decides to notify the relevant entity of its preparation of such a plan, then following such notification the entity must provide information and access, the entity and its corporate bodies must cooperate in the preparation of the transfer plan and the Dutch Central Bank can appoint a special receiver. The intervention will only be made public after approval of the transfer plan by the Amsterdam district court. The entity itself and holders of more than 5 per cent. of the shares in the entity will be given the opportunity to express their views regarding the proposed measures in court, provided there are no confidentiality or timing concerns.

In addition, under the Intervention Act the Dutch Minister of Finance may with immediate effect take measures or expropriate assets or securities of a financial enterprise (*financiële onderneming*) or its parent, in each case if it has its corporate seat in the Netherlands, if in the Minister’s opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the enterprise finds itself. In taking these measures, provisions in Dutch statute and the enterprise’s articles of association may be set aside. Examples of immediate measures include the suspension of voting rights or of board members. The measures that can be taken by the Minister of Finance may only be used if other measures would not work, would no longer work, or would be insufficient. In addition, to ensure the measures are not taken lightly the Minister of Finance must in advance consult with the Dutch Central Bank and the Dutch Prime Minister must agree with the decision to intervene. The Minister of Finance must further inform the AFM of his intentions, whereupon the AFM must give an instruction to Euronext Amsterdam N.V. to stop the trading in any securities that are expropriated. In the case of expropriation, the beneficiary of the relevant asset will be compensated for the damage that is directly and necessarily resulting from the expropriation. It is unlikely that such compensation will cover all losses of the relevant beneficiary.

The exercise of acceleration, early termination and other rights (including the right to request collateral and the right to set-off or net), could impair the effectiveness of the supervisory measures introduced by the Intervention Act. Therefore, the Intervention Act provides that such rights, to the extent they are triggered by the preparation or implementation of the measures introduced by the Intervention Act (collectively, “**events**”), cannot be exercised without the prior approval of the Dutch Central Bank. Exceptions are made in respect of rights resulting from the finality directive and financial collateral arrangements. Furthermore, an obligation to give notice of an event or to provide information regarding an event is not enforceable. These provisions apply regardless of the governing law and extend to group companies of banks and insurance companies.

Reference is also made to “Risk Factors - Dutch Intervention Act and EU Proposals for Bank Intervention”.

U.S. regulation

Regulation and Supervision in the United States

Rabobank’s operations are subject to federal and state banking and securities regulation and supervision in the United States. Rabobank engages in U.S. banking activities through the New York Branch. It controls a U.S. banking subsidiary, Rabobank N.A., and a U.S. broker-dealer, Rabo Securities USA, Inc., as well as other U.S. non-bank subsidiaries.

Rabobank is a bank holding company that has elected to be a financial holding company within the meaning of the U.S. Bank Holding Company Act of 1956. As such, it is subject to the regulation and supervision of the Federal Reserve. The New York Branch is licensed and supervised by the New York State Department of Financial Services, and it is also supervised by the Federal Reserve. Rabobank N.A. is a national bank subject to regulation, supervision and examination by the Office of the Comptroller of the Currency.

Under U.S. law, Rabobank’s activities and those of its subsidiaries in the United States are generally limited to the business of banking, and managing or controlling banks. So long as Rabobank is a financial holding

company under U.S. law, it may also engage in nonbanking activities in the United States that are financial in nature, or incidental or complementary to such financial activity, including securities, merchant banking, insurance and other financial activities, subject to certain limitations on the conduct of such activities and to prior regulatory approval in some cases. As a non-U.S. bank, Rabobank is generally authorized under U.S. law and regulations to acquire a non-U.S. company engaged in nonfinancial activities as long as the company's U.S. operations do not exceed certain thresholds and certain other conditions are met. Rabobank is required to obtain the prior approval of the Federal Reserve before directly or indirectly acquiring the ownership or control of more than 5 % of any class of voting shares of U.S. banks, certain other depository institutions (including any non-U.S. bank with a branch, agency or commercial lending subsidiary in the U.S.), and bank or depository institution holding companies.

State-licensed branches and agencies of non-U.S. banks (such as the New York Branch) may not, with certain exceptions that require prior regulatory approval, engage as a principal in any type of activity not permissible for their federally chartered or licensed counterparts. Likewise, the United States federal banking laws also subject state branches and agencies to the same single-borrower lending limits that apply to federal branches or agencies, which are substantially similar to the lending limits applicable to national banks. These single-borrower lending limits are based on the worldwide capital of the entire non-U.S. bank.

The Federal Reserve may terminate the activities of any U.S. office of a non-U.S. bank if, among other things, it determines that the non-U.S. bank is not subject to comprehensive supervision on a consolidated basis in its home country or that there is reasonable cause to believe that such non-U.S. bank or its affiliate has violated the law or engaged in an unsafe or unsound banking practice in the United States or, for a non-U.S. bank that presents a risk to the stability of the United States financial system, the home country of the non-U.S. bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk. In addition, the Superintendent may revoke any license for a branch of a non-U.S. bank issued under the New York Banking Law if, among other things, the Superintendent finds that the licensee bank has violated any provision of any law, rule or regulation of the State of New York.

A major focus of U.S. governmental policy relating to financial institutions is aimed at preventing money laundering and terrorist financing and compliance with economic sanctions in respect of designated countries or activities. Failure of an institution to have policies and procedures and controls in place to prevent, detect and report money laundering and terrorist financing could in some cases have serious legal, financial and reputational consequences for the institution.

New York Branch

The New York Branch is licensed by the New York Superintendent of Financial Services (the “**Superintendent**”) to conduct a commercial banking business. Under New York Banking Law (“**NYBL**”), the New York Branch is subject to the asset pledge requirements and is required to maintain eligible high-quality assets with banks in the State of New York. The Superintendent may also establish asset maintenance requirements for branches of non-U.S. banks. Currently, no such requirement has been imposed upon the New York Branch.

The NYBL authorizes the Superintendent to take possession of the business and property of a New York branch of a non-U.S. bank under certain circumstances, including violations of law, conduct of business in an unsafe manner, impairment of capital, suspension of payment of obligations, or initiation of liquidation proceedings against the non-U.S. bank at its domicile or elsewhere. In liquidating or dealing with a branch's business after taking possession of a branch, only the claims of depositors and other creditors which arose out of transactions with a branch are to be accepted by the Superintendent for payment out of the business and property of the non-U.S. bank in the State of New York (which includes but is not limited to assets, or other property of the New York branch, wherever situated), without prejudice to the rights of the holders of such

claims to be satisfied out of other assets of the foreign bank. After such claims are paid, the Superintendent will turn over the remaining assets, if any, to the non-U.S. bank or its duly appointed liquidator or receiver.

Under New York Banking Law, (a) the Guarantor, as a New York state-licensed branch of Rabobank Nederland, is required to set aside and pledge certain liquid assets equal to a percentage of its liabilities, including the Guarantee and the Superintendent may increase that percentage, (b) the Superintendent may take possession of such assets and the rest of the property and business of Rabobank Nederland located in New York for the benefit of the Guarantor's creditors, including the beneficiaries of the Guarantee, if, among other things, Rabobank Nederland is placed in liquidation or there is reason to doubt Rabobank Nederland's ability to pay its creditors in full, and (c) the Superintendent is authorized not to turn over any such assets or other property to the principal office of Rabobank Nederland or any Dutch liquidator or receiver until all of the claims of the creditors of the Guarantor, including the beneficiaries of the Guarantee, have been satisfied and discharged. Each Holder and beneficial owner of a Note will, by accepting a direct or beneficial interest in such Note, waive its rights to the preferred treatment it would otherwise receive under Section 606(4)(a) of the New York Banking Law and under any other similar law hereafter enacted to the extent necessary to give effect to the subordination provisions of the Notes and the Guarantee.

The Dodd-Frank Act

On 21 July 2010, the United States enacted the Dodd-Frank Act, which provides a broad framework for significant regulatory changes that will extend to almost every area of U.S. financial markets. Implementation of the Dodd-Frank Act will require further detailed rulemaking over several years by different U.S. regulators, including the Department of the Treasury, the Federal Reserve, the SEC, the FDIC, the CFTC and the newly created FSOC, and uncertainty remains about the final details, timing and impact of the rules.

Among other things, the Dodd-Frank Act removed, effective July 2011, a longstanding prohibition on the payment of interest on demand deposits. In addition, the Dodd-Frank Act requires, effective July 2012 (enforcement of which has been suspended until 1 January 2013), that the lending limits applicable to Rabobank N.A. and to the New York Branch take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and repurchase and reverse repurchase agreements with counterparties. Effective July 2012, the Dodd-Frank Act also expanded the limitations on affiliate transactions applicable to Rabobank N.A. and the New York Branch to include among other things, derivative transactions, securities borrowing and lending transactions, and repurchase transactions.

Additionally, the Dodd-Frank Act provides U.S. regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk, which includes any non-U.S. bank holding company with a branch or agency in the U.S. or a U.S. bank subsidiary and \$50 billion or more in total consolidated assets. However, in imposing heightened capital, leverage, liquidity and other prudential standards on non-U.S. bank holding companies such as Rabobank, the Federal Reserve is directed to take into account the principle of national treatment and equality of competitive opportunity, and the extent to which the non-U.S. bank holding company is subject to comparable home country standards.

The Dodd-Frank Act also, pursuant to the so-called "Volcker Rule", limits the ability of banking entities (including a non-U.S. bank with a U.S. branch, such as Rabobank) to engage in proprietary trading or to sponsor or invest in private equity or hedge funds subject to certain exceptions. For example, certain non-U.S. banking organizations, such as Rabobank, are not prohibited from engaging in such activities that are solely outside of the United States, subject to certain conditions.

In addition, the Dodd-Frank Act provides for an extensive framework for the regulation of derivatives, including mandatory clearing, exchange trading and transaction reporting of certain derivatives, as well as rules regarding the registration of, and capital, margin and business conduct standards for, swap dealers and

major swap participants. U.S. regulators have issued numerous regulations governing swaps and derivatives markets as contemplated by the Dodd-Frank Act. U.S. regulators have not yet issued final guidance on the application of U.S. regulation to activities of swap dealers outside the United States. The potential extraterritorial application of swap dealer regulatory requirements could impose a significant operational and compliance burden and creates the potential for duplicative and conflicting regulation. Under the Dodd-Frank Act, with certain exceptions, our entities that are swap dealers or major swap participants will be required to register with the CFTC, and will become subject to the requirements as to capital, margin, business conduct, recordkeeping and other requirements applicable to such entities. Also, under the so-called swap “push-out” provisions of the Dodd-Frank Act, the derivatives activities of FDIC-insured banks and U.S. branch offices of non-U.S. banks, such as Rabobank N.A. and the New York Branch, respectively, will be restricted or prohibited.

The Dodd-Frank Act also establishes a new regime for the orderly liquidation of systemically significant financial companies. Although uncertainty remains about many of the details, impact and timing of these reforms, implementation of the Dodd-Frank Act and related final regulations could result in significant costs and potential limitations on or reorganization of our businesses and operations.

Additionally, the Dodd-Frank Act requires systemically important nonbank financial companies and large, interconnected financial institutions, including any non-U.S. bank with \$50 billion or more in total consolidated assets that has a branch or agency in the U.S. to prepare and periodically submit to the Federal Reserve, the FDIC and the FSOC a plan for such company’s rapid and orderly resolution in the event of material financial distress or failure. The resolution plan requirements have been implemented through regulations issued by the Federal Reserve and the FDIC that establish rules and requirements regarding the submission and content of a resolution plan and procedures for review by the Federal Reserve and the FDIC. The Federal Reserve and the FDIC must determine that a company’s resolution plan is credible and would facilitate an orderly resolution of the company. A company that fails to submit a credible resolution plan can be subject to a range of measures imposed by the Federal Reserve and the FDIC, including more stringent capital, leverage or liquidity requirements; restrictions on growth, activities or operations; and requirements to divest assets or operations, as directed by the Federal Reserve and the FDIC.

CAPITALIZATION OF RABOBANK GROUP

The following table sets forth in summary form Rabobank Group's consolidated own funds and consolidated long-term and short-term debt securities at 30 June 2012 and at 31 December 2011:

	At 30 June	At 31 December
	2012	2011
	<i>(in millions of euro)</i>	
Capitalization of Rabobank Group		
Equity of Rabobank Nederland and local Rabobanks	26,830	26,500
<i>Equity instruments issued directly</i>		
Rabobank Member Certificates	6,607	6,614
Capital Securities	7,634	7,645
	41,071	40,759
<i>Equity instruments issued by subsidiaries</i>		
Rabobank Member Certificates	0	0
Capital Securities	238	167
Trust Preferred Securities III to VI	1,355	1,399
	1,593	1,566
Non-controlling interests	2,555	2,676
Total equity	45,219	45,001
Subordinated debt	2,673	2,413
Debt securities in issue	227,892	213,441
Total capitalization	275,784	260,855
Breakdown of reserves and retained earnings		
Revaluation reserves for available-for-sale financial assets	(106)	93
Other reserves	160	40
Retained earnings	26,776	26,367
Total reserves and retained earnings	26,830	26,500

There has been no material change in the capitalization of Rabobank Group since 30 June 2012.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately U.S.\$ 1,489,785,000, will be used to fund the general banking business and commercial activities of the Rabobank Group, and to strengthen its capital base.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (a “**Plan**”) should consider the fiduciary standards of ERISA in the context of the Plan’s particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan. In addition, certain governmental, church and non-U.S. plans (“**Non-ERISA Arrangements**”) are not subject to the provisions of Section 406 of ERISA or Section 4975 of the Code, but may be subject to federal, state, local or non-U.S. laws that are substantially similar to those provisions (“**Similar Laws**”).

In addition to ERISA’s general fiduciary standards, the Issuer, directly or through its affiliates, may be considered a “party in interest” within the meaning of ERISA, or a “disqualified person” within the meaning of the Code, with respect to many Plans, as well as many individual retirement accounts and Keogh plans (also “**Plans**”). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the Notes are acquired by or with the assets of a Plan with respect to which the Issuer or any of its affiliates is a service provider or other party in interest, unless the Notes are acquired pursuant to an exemption from the “prohibited transaction” rules. A violation of these prohibited transaction rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

There are five prohibited transaction class exemptions (“**PTCEs**”) issued by the U.S. Department of Labor that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the Notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan receives no less, and pays no more, than “adequate consideration” (within the meaning of ERISA Section 408(b)(17) and Section 4975(f)(10) of the Code) in connection with the transaction (the so-called “**service-provider exemption**”). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Because the Issuer, directly or through its affiliates, may be considered a party in interest or disqualified person with respect to many Plans, the Notes may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “**Plan Asset Entity**”) or any person investing “plan assets” (within the meaning of Department of Labor Regulation Section 2510.3-101, as modified by ERISA Section 3(42) (the “**Plan Asset Regulation**”)) of any Plan or Plan Asset Entity, unless such purchase, holding or disposition is eligible for exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1, or 84-14 or the service-provider exemption. Any purchaser, including any fiduciary purchasing on behalf of a Plan, Plan Asset Entity or Non-ERISA Arrangement, transferee or holder of the Notes will be deemed to have represented, in its corporate and fiduciary capacity, by its purchase and holding of the Notes that (a) either (i) it is not a Plan, a Plan Asset Entity or Non-ERISA Arrangement and is not purchasing such securities on behalf of or with “plan assets” of any Plan, Plan Asset Entity or Non-ERISA Arrangement or (ii) its purchase, holding and disposition are eligible for exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or the service-provider exemption or similar exemptions from Similar Laws and (b) neither the Issuer nor any of its affiliates is (i) a “fiduciary” within the

meaning of ERISA Section 3(21), or (ii) with respect to a Non-ERISA Arrangement, a “fiduciary” or substantially similar person under any federal, state, local or non-U.S. laws that are substantially similar to ERISA Section 3(21), with respect to the purchaser or holder in connection with such person’s purchase or holding of the Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with the Notes, and no advice provided by the Issuer or any of its affiliates has formed a primary basis for any investment decision by or on behalf of such purchaser or holder in connection with the Notes and the transactions contemplated with respect to the Notes.

In addition to considering the consequences of holding the Notes, Plans, Plan Asset Entities and Non-ERISA Arrangements purchasing the Notes should also consider the possible implications of owning any underlying security that an investor may receive upon an optional or mandatory exchange of the Notes at maturity or otherwise. Purchasers of the Notes have exclusive responsibility for ensuring that their purchase, holding and disposition of the Notes do not violate the prohibited transaction rules of ERISA, the Code or any Similar Laws.

Further, as discussed above, the Plan Asset Regulation defines “plan assets” of a Plan with respect to its investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an “equity interest” of an entity that is neither a “publicly-offered security” nor a security issued by an investment company registered under the Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets and such underlying assets will be subject to the rules applicable to plan assets, unless it is established that the entity is an “operating company” or that Plan Asset Entities hold less than 25% of the value of any class of equity interest of such entity. The term “operating company” generally means an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. The Issuer currently provides commercial banking and other related services and believes it would constitute an operating company for purposes of ERISA and, further, intends to treat the Notes as debt for purposes of ERISA. However, it is possible that the Issuer could be found not to constitute an operating company and the Notes could be deemed to be equity interests for ERISA purposes, and no ruling from the Department of Labor has been sought, and no opinion of counsel has been rendered, regarding these issues. There can be no assurances that these characterizations will be respected by Department of Labor, and if the Department of Labor were to successfully challenge the characterization of the Issuer as an operating company and characterization of the Notes as debt for ERISA purposes, the consequences to the Issuer and the holders could be materially and adversely different than those otherwise contemplated prior to such challenge, including the possible application of the “plan asset” rules to the Issuer’s assets.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with “plan assets” of any Plan, Plan Asset Entity or Non-ERISA Arrangement consult with their counsel regarding the availability of exemptive relief under PTCEs 96-23, 95-60, 91-38, 90-1 or 84-14 or the service-provider exemption, or similar exemptions from Similar Laws. The sale of any Notes to a Plan, Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by the Issuer or any of its affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan, Plan Asset Entity or Non-ERISA Arrangement generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement or that such investment is appropriate for such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement.

TAXATION

Netherlands Taxation

The following is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Dutch tax law which could be of relevance to a Holder. Prospective Holders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Notes.

The following summary is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this document. It does not take into account any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, “**the Netherlands**” shall mean that part of the Kingdom of the Netherlands located in Europe and “**Dutch Taxes**” shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities.

This summary does not describe the Dutch tax consequences for a person to whom the Notes are attributed on the basis of the separated private assets provisions (*afgezonderd particulier vermogen*) in the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and/or the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*).

Withholding Tax

Any payments made under the Notes will not be subject to withholding or deduction for, or on account of, any Dutch Taxes.

Taxes on income and capital gains

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to:

- a Holder who is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities, the income from which is taxable in the Netherlands; and
- a Holder which is a corporate entity and a resident of Aruba, Curaçao or Sint-Maarten.

A Holder will not be subject to any Dutch Taxes on any payment made to the Holder under the Notes or on any capital gain made by the Holder from the disposal, or deemed disposal, or redemption of, the Notes, except if:

- the Holder is, or is deemed to be, resident in the Netherlands; or
- the Holder is an individual and has opted to be taxed as if resident in the Netherlands for Dutch income tax purposes; or
- the Holder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of the enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which the Notes are attributable; or

- the Holder is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Notes, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or
- the Holder is not an individual and is entitled to a share in the profits or a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands, other than by way of the holding of securities, and to which enterprise the Notes are attributable; or
- the Holder is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities, and to which enterprise the Notes are attributable.

Gift tax or inheritance tax

No Dutch gift tax or inheritance tax (*schenk- of erfbelasting*) will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a Holder, except if the Holder is a resident, or treated as being a resident, of the Netherlands for the purposes of Dutch gift and inheritance tax.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if he has been a resident in the Netherlands at any time during the twelve months preceding the date of the gift.

Other taxes

No other Dutch Taxes, such as turnover tax (*omzetbelasting*) or other similar tax or duty (including stamp duty and court fees), are due by reason only of the issue, acquisition or transfer of the Notes.

Residency

Subject to the exceptions above, a Holder will not become resident, or deemed resident, in the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of Rabobank Nederland's performance, or the Holder's acquisition (by way of issue or transfer to it), holding and/or disposal of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Savings Directive provides for current withholding tax rate of 35 per cent.

Also with effect from 1 July 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

United States

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

TO COMPLY WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE; (B) ANY SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below), but does not purport to be a complete analysis of all potential tax effects and does not address the effects of any state, local or non-U.S. tax laws. This discussion is based upon the Code, Treasury Regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the IRS have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances (such as the impact of the unearned income Medicare contribution tax) or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, persons subject to the alternative minimum tax, or persons holding the Notes as part of a straddle, hedge, conversion transaction or other integrated transaction. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Code**").

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner of a Note that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation or an entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons within the meaning of Section 7701(a)(30) of the Code have the authority to control all substantial decisions of the trust, or (b) a valid election is in place to treat the trust as a United States person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and

the activities of the partnership. As such, a holder of Notes that is a partnership (including any entity treated as a partnership for U.S. federal income tax purposes), and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors regarding the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income and estate tax laws, as well as any state, local, non-U.S., or other tax laws.

Characterization of the Notes

As discussed above under “*Risk Factors—The Notes may be subject to statutory loss absorption*”, in certain circumstances, the amounts payable under the Notes could be reduced or converted into common equity of the Bank by the applicable regulator if certain portions of the Crisis Management Directive were to be adopted and made applicable to the Notes. The U.S. federal income tax treatment of the Notes is unclear as a result of such potential reduction or conversion. If required to do so for U.S. federal income tax purposes, the Issuer intends to take the position that the Notes should be treated as debt for U.S. federal income tax purposes. However, it is possible that the Notes could be treated as equity for U.S. federal income tax purposes, and no ruling from the IRS has been sought and no opinion of counsel has been rendered regarding this issue. There can be no assurances that this characterization will be respected by the IRS, and if the IRS were to successfully challenge the characterization of the Notes as debt for U.S. federal income tax purposes, the tax consequences to holders could be materially and adversely different than those described below, including the possible application of the passive foreign investment company (“**PFIC**”) rules. The following discussion assumes that the Notes are respected as debt for U.S. federal income tax purposes.

Prospective purchasers of the Notes should consult their tax advisors regarding the characterization of the Notes as debt for U.S. federal income tax purposes and any possible alternative characterizations, including the possible characterization of the Notes as equity of the Bank and the application of the PFIC rules to the purchase, ownership and disposition of the Notes.

Payments of Interest

Stated interest on a Note (including any non-U.S. tax withheld on such payments and the gross amount of any Additional Amounts paid with respect to such withheld amounts) generally will be taxable to a U.S. Holder as foreign source ordinary income at the time it is paid or accrued in accordance with the U.S. Holder’s regular method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Redemption, Retirement, Repurchase or Other Taxable Disposition of Notes

Upon the sale, exchange, redemption, retirement, repurchase or other taxable disposition of a Note, a U.S. Holder will generally recognize U.S. source gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, repurchase or other taxable disposition (less any amount attributable to any accrued but unpaid interest, which will be taxable as interest income as discussed above under “- *Payments of Interest*”) and the adjusted tax basis of the Note. A U.S. Holder’s adjusted tax basis in a Note generally will be the amount paid for the Note.

Gain or loss recognized upon the sale, exchange, redemption, retirement, repurchase or other taxable disposition of a Note generally will be U.S. source capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption, retirement, repurchase or other taxable disposition the Note has been held by such U.S. Holder for more than one year.

Information with respect to Foreign Financial Assets

Certain U.S. Holders are required to report on IRS Form 8938 information relating to an interest in our Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain

financial institutions, although the account itself may be reportable if held at a non-U.S. financial institution). U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their purchase, ownership and disposition of the Notes.

Information Reporting and Backup Withholding

In general, payments of interest and the proceeds from sales or other dispositions (including retirements or redemptions) of Notes held by a U.S. Holder may be required to be reported to the IRS unless the U.S. Holder is a corporation or other exempt recipient and, when required, demonstrates this fact. In addition, a U.S. Holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against U.S. Holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the underwriting agreement among the Issuer and the Underwriters, the Issuer has agreed to sell to the Underwriters, and the Underwriters have agreed to purchase from the Issuer, the principal amount of the Notes set forth opposite the names of the Underwriters below:

<u>Underwriter</u>		<u>Principal Amount of Notes</u>
Credit Suisse Securities (USA) LLC	\$	375,000,000
Goldman, Sachs & Co.	\$	375,000,000
J.P. Morgan Securities LLC	\$	375,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$	375,000,000
Total	\$	<u>1,500,000,000</u>

In addition, the Issuer will reimburse the Underwriters for certain of their expenses in connection with the issue of the Notes.

The obligations of the Underwriters under the underwriting agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The underwriting agreement provides that the Underwriters will purchase all of the Notes if any of them are purchased. The offering of the Notes by the Underwriters is subject to receipt and acceptance and subject to the Underwriters' right to reject any order in whole or in part. After the initial offering, the Underwriters may change the offering price and any other selling terms. The Underwriters may offer and sell Notes through certain of their affiliates.

The Issuer has agreed to indemnify the several Underwriters against liabilities or to contribute to payments that they may be required to make in that respect.

The Notes and the Guarantee have not been registered under the Securities Act or any state securities laws and are being offered pursuant to the exemption from the registration requirements thereof contained in Section 3(a)(2) of the Securities Act. Any representation to the contrary is a criminal offense.

Investors should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the Notes, the Underwriters may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the Underwriters. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The Underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such Underwriter in stabilizing or short covering transactions.

It is expected that delivery of the Notes will be made against payment therefor on or about the Issue Date specified on the cover page of this offering circular, which will be T+5. Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on 2 November 2012 or the next succeeding two business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on 2 November 2012 or the next succeeding two business days should consult their own adviser.

In the ordinary course of their business activities, the Underwriters and their affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Underwriters or their affiliates that have a lending relationship with the Issuer or the Issuer's affiliates routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United Kingdom

Each Underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Underwriter has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and

otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Underwriter has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Underwriter has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

Hong Kong

Each Underwriter has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to

be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Underwriter has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Offering Circular or any other offering material.

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

U.S.\$1,500,000,000 3.950% Subordinated Notes due 2022

Offering Circular

November 2, 2012

Joint Lead Managers

**BofA Merrill Lynch
Credit Suisse
Goldman, Sachs & Co.
J.P. Morgan**
