IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Prospectus accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access.

Confirmation of Your Representation: You have been sent the attached Prospectus on the basis that you have confirmed to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), HSBC Bank plc, Morgan Stanley & Co. International plc and Nomura International plc (the "**Joint Lead Managers**") being the sender of the attached, (i) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and (ii) that you consent to delivery by electronic transmission.

This Prospectus 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 transmission and consequently none of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) (the "**Issuer**") or the Joint Lead Managers and any person who controls any of them or any director, officer, employee or agent of the Issuer or any Joint Lead Manager or any person who controls either of them or any affiliate of any of the foregoing accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer or any Joint Lead Manager.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorised to deliver the attached Prospectus to any other person.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.

The attached Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. person or to any U.S. address. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Under no circumstances shall the attached Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The attached Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

Prospectus dated 12 September 2012

Rabobank Nederland
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
GBP500,000,000 5.25 per cent. Subordinated Notes due 2027

Issue Price of the Notes: 99.852 per cent.

The GBP500,000,000 5.25 per cent. Subordinated Notes due 2027 (the "**Notes**") will be issued by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ("**Rabobank Nederland**", the "**Issuer**" or the "**Bank**"). The Notes will bear interest at an interest rate of 5.25 per cent. per annum, from (and including) 14 September 2012 (the "**Issue Date**") to (but excluding) 14 September 2027, payable annually in arrear on each Interest Payment Date (as defined below), as more fully described under ('Terms and Conditions of the Notes'). Interest will be payable on 14 September in each year (each, an "**Interest Payment Date**"), commencing on 14 September 2013.

The Notes will have a final maturity date of 14 September 2027. 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. The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves.

Application has been made to the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or "**AFM**"), in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and regulations thereunder (together "**Dutch securities laws**"), for the approval of this Prospectus for the purposes of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**"). Application has also been made for the Notes to be admitted to trading on NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). References in this Prospectus to the Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and the Council on Markets in Financial Instruments.

The denominations of the Notes shall be GBP100,000 and integral multiples of GBP1,000 in excess thereof, up to and including GBP199,000. The Notes will initially be represented by a temporary global Note without interest coupons in bearer form (the "**Temporary Global Note**"), which will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on the Issue Date. The Temporary Global Note will be exchangeable for interests in a global Note (the "**Global Note**"), without interest coupons, on or after a day which is expected to be 25 October 2012, upon certification as to non-US beneficial ownership. Individual definitive Notes in bearer form ("**Definitive Notes**") will only be available in certain limited circumstances as described herein. See 'Summary of the 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 credit ratings included or referred to in this Prospectus have been issued by Moody's, Standard & Poor's and Fitch, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Prospective investors should have regard to the factors described under the section headed 'Risk Factors' in this Prospectus.

Prospectus investors should also note that the Issuer intends to issue EUR1,000,000,000 4.125 per cent. Subordinated Notes due 2022 on or around the Issue Date.

Joint Lead Managers

HSBC	**Nomura**
Morgan Stanley	**Rabobank International**

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see 'Important Information - Documents Incorporated by Reference' below).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NEITHER THE ISSUER NOR THE JOINT LEAD MANAGERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in 'Subscription and Sale' below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of further restrictions on offers and sales of Notes and distribution of this Prospectus see 'Subscription and Sale' below.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of HSBC Bank plc, Morgan Stanley & Co. International plc or Nomura International plc have separately verified the information contained in this Prospectus. HSBC Bank plc, Morgan Stanley & Co. International plc and Nomura International plc make no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are or should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Prospective investors should have regard to the factors described under the section headed 'Risk Factors' in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary.

Unless the context otherwise requires, references in this Prospectus to "**Rabobank Group**", "**Rabobank**" or the "**Group**" are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and its members, subsidiaries and affiliates.

Unless otherwise specified or the context requires, references to "**GBP**" and "**£**" are to the currency of the United Kingdom and "**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.

In connection with this issue of Notes, Morgan Stanley & Co. International plc (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

All figures in this Prospectus 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. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

*Capitalised terms used herein shall, unless otherwise defined, have the same meanings as in the terms and conditions of the Notes (the "**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 authorisations 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 per cent. to 2 per cent.). The Dutch government will introduce a banking tax in 2012. 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 per cent. of the value of the property (instead of the maximum of 106 per cent. 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.

At 30 June 2012, 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 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 Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission and the newly created Financial Stability Oversight Council, and uncertainty remains about the final details, timing and impact 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) OTC 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 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.

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.

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 Prospectus 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 are subordinated obligations

The Issuer's obligation to make payments under the Notes are subordinated. In particular, the Issuer's obligations under the Notes rank:

(i) subordinated and junior only to present or future unsubordinated indebtedness of the Issuer;

(ii) *pari passu* with Parity Securities any other present or future indebtedness of the Issuer 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 Issuer 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 this subordination, payments to the Holders will, in the case of the bankruptcy or dissolution as a result of the insolvency of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to Notes and Coupons have been satisfied in full. In addition, any right of set-off by the Holder or Couponholder in respect of any amount owed to such Holder or Couponholder by the Issuer under or in connection with such Note or Coupon shall be excluded and each Holder or Couponholder shall, by virtue of being the Holder or a Couponholder, as the case may be, be deemed to have waived all such rights of set-off. See also the risk factor entitled "*Future bank recovery and resolution regimes*" and "*Statutory loss absorption*".

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 a winding-up of the Issuer. Accordingly, in the winding-up of the Issuer 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.

Redemption at maturity

The Notes mature on 14 September 2027. 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 7.

Notes subject to optional redemption by the Issuer

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.

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 Issuer (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 Issuer (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, 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 will be subject to Statutory Loss Absorption may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer'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 Notes will become subject to Statutory Loss Absorption could have an adverse effect on the market price of the relevant 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 Issuer 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*", "*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 "*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 Issuer.

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 Issuer, 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 "*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 "*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 "*Statutory loss absorption*", "*Future Bank recovery and resolution regimes*", and "*Change of law*" for further information.

Modification and waiver

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 (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 the Couponholders, to all of which each Holder and Couponholder shall, by acceptance thereof, consent.

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.

Exchange rate risks and exchange controls

The Issuer will, in the circumstances provided herein, pay principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of the pound or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the pound would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. If the Notes are denominated in another currency than the currency of the country in which the Holder is resident, the Holder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Holder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices in another currency than the currency in which the relevant Note is denominated. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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 ratings 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 Issuer 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.

Integral multiples of less than GBP100,000

The Notes are denominated in amounts of GBP100,000 and integral multiples of GBP1,000 in excess thereof up to and including GBP199,000. In the event that definitive Notes are required to be issued, a Holder who holds a principal amount which is less than GBP100,000 in his account with the relevant clearing system at the relevant time would need to purchase a principal amount of Notes such that his holding amounts to at least GBP100,000 before he may receive a definitive Note in respect of such holding. Except in circumstances set out in the relevant Global Note, investors will not be entitled to receive definitive Notes.

Change of law

The conditions of the Notes are based on Dutch law in effect as at the date of the final Prospectus. 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 Prospectus. 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 Issuer, including the Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger (see the risk factors entitled "*Statutory loss absorption*", "*Future bank recovery and resolution regimes*" and "*Basel III Reforms — Loss absorbency at the point of non-viability*" above for further details).

U.S. Foreign Account Tax Compliance Withholding

The Issuer 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 in respect of the Notes pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"). This withholding tax may be triggered if (i) the Issuer 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**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer has a positive "passthru percentage", and (iii) (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) any FFI to or through which payment on such Notes is made 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 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, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may, if FATCA is implemented as currently proposed by the

IRS, receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

IMPORTANT INFORMATION

Responsibility Statement

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and the Dutch securities laws. Rabobank Nederland, having taken all reasonable care to ensure that such is the case, confirms that, to the best of its knowledge, the information contained in this Prospectus with respect to the Group and the Notes or otherwise is in accordance with the facts and does not omit anything likely to affect the import of such information. Rabobank Nederland accepts responsibility accordingly.

Documents incorporated by reference

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and which have been filed with the AFM:

(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 interim report of Rabobank Group for the six months ended 30 June 2012 (together with the review report on the condensed consolidated interim financial information in respect thereof).

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus 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 Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus 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 Issuer at its registered office set out at the end of this Prospectus, (ii) by telephoning the Issuer on +31 (0)30 2160000 or (iii) from the Issuer's website at http://www.rabobank.com/content/investor_relations/funding_programmes/bank_capital.jsp. In addition, such documents will be available, without charge, from the principal office in the Netherlands of Rabobank International (as Euronext Amsterdam Listing Agent).

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, 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 Prospectus. The Issuer 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 Issuer'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 Prospectus and which are incorporated by reference herein — see 'Important Information — Documents incorporated by reference'.

OVERVIEW

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

Issuer of the Notes	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
Joint Lead Managers	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) HSBC Bank plc Morgan Stanley & Co. International plc Nomura International plc
Fiscal Agent and Paying Agent	Deutsche Bank AG, London Branch
Listing Agent	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)
Issue Size	GBP500,000,000
Maturity Date	14 September 2027
Issue Date	14 September 2012
Interest	The Notes will bear interest at an interest rate of 5.25 per cent. per annum, from (and including) the Issue Date to (but excluding) the Maturity Date, payable annually in arrear on each Interest Payment Date, as more fully described under Condition 4.
Interest Payment Dates	Interest will be payable on 14 September in each year (each, an "**Interest Payment Date**"), commencing on 14 September 2013.
Ranking	The payment obligations under the Notes and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. Subject to exceptions provided by mandatory applicable law, in the case of (a) the bankruptcy of the Issuer; (b) a Moratorium; or (c) dissolution (*ontbinding*) as a result of the insolvency of the Issuer, the payment obligations of the Issuer under the Notes and the Coupons shall rank: (i) subordinated and junior only to present or future unsubordinated indebtedness of the Issuer; (ii) *pari passu* with Parity Securities and any other present or future indebtedness of the Issuer 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 Issuer 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 Holders and

	Couponholders will, in the case of the bankruptcy or dissolution as a result of the insolvency of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Notes and Coupons have been satisfied in full.
Redemption for Taxation Reasons	If as a result of a Tax Law Change: (i) there is more than an insubstantial risk that the Issuer will be required to pay Additional Amounts with respect to payments on the Notes; or (ii) Interest payable on the Notes when paid would not be deductible by the Issuer 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 5*(c)*.
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 *5(d)*.
Withholding Tax and Additional Amounts	Notwithstanding Condition 5(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 8.
Listing..	Application has been made to list the Notes on NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. It is expected that admission to listing will become effective and dealings are expected to commence on 14 September 2012.
Governing Law	The Notes will be governed by, and construed in accordance with, the law of the Netherlands.
Form	Bearer. The Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable for interests in a permanent global Note, without interest coupons, on or after 25 October 2012, upon certification as to non-US beneficial ownership.
Denomination......................................	GBP100,000 and integral multiples of GBP1,000 in excess thereof, up to and including GBP199,000.
Clearing and Settlement......................	The Notes have been accepted for clearance through the facilities of each of Euroclear and Clearstream, Luxembourg.

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	ISIN: XS0827563452 Common Code: 082756345
Selling Restrictions	The United States of America, United Kingdom, Japan, Singapore, Hong Kong, Malaysia, the Republic of China, the People's Republic of China, the Republic of Korea, India, Indonesia, Brazil, Switzerland, France, the Republic of Italy and Israel. The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see 'Subscription and Sale'.

TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes was authorised by a resolution of the Issuer on 5 September 2012 and is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 8 November 2011 and a resolution of the Supervisory Board passed on 28 November 2011. 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 and the Coupons. The Holders and the Couponholders (whether or not the Coupons held are attached to the relevant Notes) 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 or the Couponholders, 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 the Coupons 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 14 September 2012 entered into between the Issuer, the Fiscal Agent and the Paying Agents;

"**Authorised Signatories**" means any two of the members of the Executive Board;

"**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 London;

"**Calculation Amount**" means GBP1,000 in principal amount of each Note;

A "**Capital Event**" is deemed to have occurred if the Issuer 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;

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

"**Coupon**" means an interest coupon in respect of a Note;

"**Couponholders**" means the holder of a Coupon;

"**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, the number of days in the relevant period from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last);

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

"**Euronext Amsterdam**" means NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.;

"**Event of Default**" means the Issuer becomes bankrupt or an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer (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 Issuer 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 Issuer (*liquidatie van het bedrijf van de kredietinstelling*);

"**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 per cent. of the votes cast;

"**Fiscal Agent**" means Deutsche Bank AG, London Branch 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 Issuer (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 Issuer (on a solo or consolidated basis) to the extent required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;

"**Holder**" means the holder of a Note, 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 14 September of each year commencing 14 September 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 5.25 per cent. per annum;

"**Issue Date**" means 14 September 2012, being the date of the initial issue of the Notes;

"**Issuer**" means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland);

"**Local Rabobank**" means any of the Issuer'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 Issuer;

"**Notes**" means the GBP500,000,000 5.25 per cent. Subordinated Notes due 2027, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 13 and forming a single series with the Notes;

"**Parity Securities**" means the Issuer's EUR1,000,000,000 5.875 per cent. Subordinated Notes 2009 due 20 May 2019 (ISIN: XS0429484891), EUR1,000,000,000 3.75 per cent. Subordinated Notes due 9 November 2020 (ISIN: XS0557252417) and EUR1,000,000,000 4.125 per cent. Subordinated Notes due 2022 (ISIN: XS 0826634874);

"**Paying Agents**" means Deutsche Bank AG, London Branch and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) 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 Issuer together with its branches and consolidated subsidiaries and the Local Rabobanks;

"**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;

"**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 Issuer and the Rabobank Group are subject;

"**Sterling**" or "**£**" means the currency of the United Kingdom;

"**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 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; and

"**Tier 2 Capital**" means, at any time, all items classified as Tier 2 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group.

2 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered and in bearer form in the denominations of GBP100,000, and integral multiples of GBP1,000 in excess thereof, up to and including GBP199,000, each with Coupons attached on issue. No definitive Notes will be issued with a denomination above GBP199,000. Notes of one denomination may not be exchanged for Notes of any other denomination.

(b) Title

Title to the Notes and the Coupons passes by delivery. The holder of any Note or Coupon 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 or Couponholder, as the case may be.

3 Status and Subordination

(a) Status

The Notes and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders and Couponholders are subordinated as described in Condition 3*(b)*.

(b) Subordination

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

(i) subordinated and junior only to present or future unsubordinated indebtedness of the Issuer;

(ii) *pari passu* with Parity Securities and any other present or future indebtedness of the Issuer 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 Issuer 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 and Couponholders will, in the case of the bankruptcy or dissolution as a result of the insolvency of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Notes and Coupons have been satisfied in full. In addition, any right of set-off by the Holder or Couponholder in respect of any amount owed to such Holder or Couponholder by the Issuer under or in connection with such Note or Coupon shall be excluded and each Holder or Couponholder shall, by virtue of being the Holder of any

Note or a Couponholder, as the case may be, be deemed to have waived all such rights of set-off in full.

In respect of this Condition 3, reference is made to statutory loss absorption as more fully described in the risk factors entitled "Change of law" and "Statutory loss absorption" in the prospectus relating to the Notes.

4 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 4.

Interest shall be payable on the Notes annually in arrear on each Interest Payment Date as provided in this Condition 4.

(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 5 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 penny (half a penny being rounded upwards).

5 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 14 September 2027.

(b) Conditions to Redemption and Purchase

Any redemption or purchase of the Notes in accordance with Condition 5*(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 5*(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 12, which notice shall be irrevocable.

Prior to the publication of any notice of redemption pursuant to this Condition 5, the Issuer shall deliver to the Fiscal Agent a certificate signed by the Authorised 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 will be required to pay Additional Amounts with respect to payments on the Notes; or

(ii) Interest payable on the Notes when paid would not be deductible by the Issuer for Netherlands corporate income tax liability purposes,

then the Issuer may, subject to Condition 5*(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 5*(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 5*(b)* and having given the notice required by Condition 5*(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 5*(b)*(i), at any time purchase Notes in any manner and at any price (provided that, if they should be cancelled under Condition 5*(f)* below, they are purchased together with all unmatured Coupons relating to them).

(f) Cancellation

All Notes redeemed by the Issuer pursuant to this Condition 5, and any unmatured Coupons attached to or surrendered with them, will forthwith be cancelled. All Notes and Coupons 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 and Coupons 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 or Coupons shall be discharged.

6 Payments

(a) Method of Payment

Payments of principal and Interest shall be made against presentation and surrender of the Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent. Such payments will be made by transfer to a Sterling account maintained by the payee with a bank in London.

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 8, 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 8. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Unmatured Coupons

Upon the due date for redemption of any Note, any unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Note is presented for redemption without all unmatured Coupons, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) Payments on Business Days

A Note or Coupon may only be presented for payment on a business day in the place of presentation (and, in the case of payment by transfer to a Sterling account, a day which is a Business Day). Unless otherwise specified herein, if the day on which the relevant Note or Coupon may be presented for payment falls after the due date for any payment in respect of the Notes or Coupons, the Holder or Couponholder, as the case may be, shall not be entitled to any interest or other sum in respect of such postponed payment. In this Condition, "**business day**" means a day on which commercial banks and foreign exchange markets are open in the place of the location of the specified office of the relevant Paying Agent.

7 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.

8 Taxation

All payments made by or on behalf of the Issuer in respect of the Notes and the Coupons 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 Couponholder (or to a third party on the Holder's or Couponholder's behalf) with respect to any Notes:

(i) if such Holder or Couponholder 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 or Coupons by reason of such Holder or Couponholder having some connection with the Netherlands other than by reason only of holding Notes or Coupons or the receipt of the relevant payment in respect thereof;

(ii) if such Holder or Couponholder 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; or

(iv) if such Holder or Couponholder could lawfully avoid (but has not so avoided) such deduction or withholding by presenting and surrendering the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

9 Prescription

Claims for principal and Interest shall become void unless the relevant Note or Coupon is presented for payment as required by Condition 8 within a period of five years of the appropriate due date.

10 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11 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 per cent. 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 or the Coupons, (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 referred to in Condition 3, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. 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 per cent. 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 authorisation 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 or Couponholders.

The Agency Agreement may be amended by the Issuer and the Fiscal Agent, without the consent of any Paying Agent, Holder or Couponholder, 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 Couponholders.

12 Notices

Notices to Holders shall be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) and, for so long as the Notes are listed on Euronext Amsterdam and the rules of such exchange so require, in the Euronext Amsterdam N.V.'s Daily Official List and a daily newspaper with general circulation in the Netherlands. 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 Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. 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. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

13 Further Issues

The Issuer may from time to time, without the consent of the Holders or Couponholders, 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.

14 Agents

The Fiscal Agent and Paying Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent and Paying Agents 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 at least two major European cities (including Amsterdam) 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 12. 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.

15 Governing Law

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

16 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 Coupons and, accordingly, any

Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders and Couponholders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Temporary Global Note and the Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions.

1. Form of Notes

The Notes will initially be represented by a Temporary Global Note without interest coupons in bearer form, which will be deposited on or about the Issue Date with Deutsche Bank AG, London Branch as common depositary on behalf of interests held through Euroclear and Clearstream, Luxembourg.

2. Exchange

The Temporary Global Note is exchangeable in whole or in part for interests in the Global Note on or after a date which is expected to be 25 October 2012, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note.

The Global Note is exchangeable in whole but not, except as provided in the paragraph below, in part (free of charge to the holder) for Definitive Notes:

(i) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Notes is not paid when due; or

(iii) with the consent of the Issuer.

If principal in respect of any Notes is not paid when due, the Holder may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in 'Default' below) require the exchange of a specified principal amount of the Global Note (which may be equal to or (provided that if the Global Note is held by or on behalf of Euroclear, Clearstream, Luxembourg and/or the Alternative Clearing System, Euroclear, Clearstream, Luxembourg and/or the Alternative Clearing System agree) less than the outstanding principal amount of Notes represented by the Global Note) for Definitive Notes on or after the Exchange Date specified in such notice.

3. Payments

Payments of principal and interest in respect of Notes represented by the Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of the Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holders for such purpose.

A record of each payment made in respect of Notes represented by the Global Note will be endorsed in the appropriate schedule to such Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of such Notes. Conditions 8(iv) and 14(iv) will apply to the Definitive Notes only.

4. Accountholders

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by the Global Note must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Global Note, and in relation to all other rights arising under the Global

Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the holder of the Global Note, as the case may be, in respect of each amount so paid.

5. Default

The Global Note provides that the Holders may cause the Global Note or a portion of it to become due and payable in the circumstances described in Condition 7 by stating in the notice to the Issuer the principal amount of Notes to which such notice relates. If principal in respect of any Note is not paid when due and payable, the holder of the Global Note may from time to time elect that direct enforcement rights under the provisions of the Global Note shall come into effect as against the Issuer, in favour of the relevant person(s) shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder(s) of such Notes represented by the Global Note. Such election shall be made by notice to the Fiscal Agent and presentation of the Global Note to or to the order of the Fiscal Agent for reduction of the principal amount of Notes represented by the Global Note to GBP zero (or to such other figure as shall be specified in the notice) by endorsement thereon and the corresponding endorsement thereon of such principal amount of Notes in respect of which such direct enforcement rights have arisen. Upon such notice being given the appropriate direct enforcement rights shall take effect.

6. Notices

So long as the Notes are represented by the Global Note and the Global Note is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes, except that so long as the Notes are listed on Euronext Amsterdam and rules of such exchange so require, notices to Holders will also be published on the Euronext Daily Official List.

7. Prescription

Claims against the Issuer in respect of principal and interest on redemption while the Notes are represented by the Global Note will become void unless the Global Note is presented for payment within a period of five years of the appropriate due date in the case of principal and interest.

8. Meetings

The holder of the Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each EUR0.01 principal amount of Notes for which the Global Note may be exchanged.

9. Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Global Note.

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 organisation 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 is among the world's 30 largest financial institutions (*source: The Banker*).

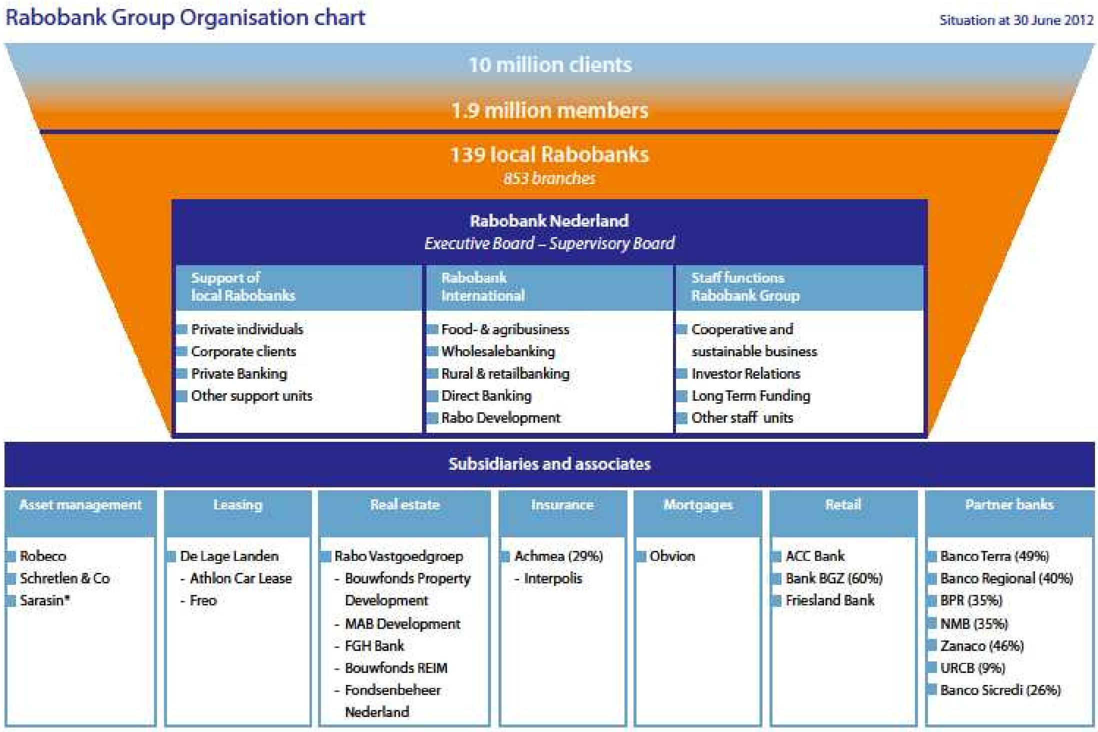
Rabobank Group's cooperative core business comprises independent local Rabobanks. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank 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



* Sale Sarasin completed in July 2012

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

Rabobank made a bid for all outstanding shares in Polish-based Bank BGZ in 2012. The purpose of the bid was to acquire at least 75 per cent. of the shares, which would increase Rabobank's control in Bank BGZ. The bidding period closed at the end of July. After completion of the bid, Rabobank will hold 98 per cent. of the shares. Bank BGZ will continue to be listed on the stock market.

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 Prospectus, 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 announced on 27 August 2012 that it will redeem the 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 14 December 2011, Fitch lowered the long-term issuer default rating ("**IDR**") of Rabobank Group as well as of Rabobank Nederland to 'AA' with a stable outlook.

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.

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 concentrates 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 may affect the competitive environment in which Rabobank Group operates in the Netherlands and Rabobank expects competition in the Dutch savings market to continue in 2012 and 2013.

The Dutch mortgage loan market is highly competitive. Driven by the tax deductibility of mortgage loan interest payments, Dutch homeowners usually take out relatively high mortgage loans. This does not necessarily indicate a high risk for banks with mortgage-lending operations. 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 and all mortgage loans are collateralised. 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 organisation, 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 organisation 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 organised 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 organisation 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 organisation. 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.

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 Prospectus. 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 (*) has not been directly extracted from the audited financial statements but instead is unaudited and derived from the 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 organisation 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 organisation 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 Prospectus 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 Prospectus 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 summarised financial information for Rabobank Group for the years indicated:

	Year ended 31 December		
	2011	**2010**	**2009**
	(in millions of euro)		
Interest	9,229	8,614	8,075
Commission	2,981	2,831	2,575
Other results	1,168	1,271	1,784
Total income	13,378	12,716	12,434
Staff costs	5,141	4,919	4,603
Other administrative expenses	3,001	2,706	2,908
Depreciation and amortisation	578	571	527
Operating expenses	8,720	8,196	8,038
Gross result	4,658	4,520	4,396
Value adjustments	1,606	1,234	1,959
Operating profit before taxation	3,052	3,286	2,437
Taxation	425	514	229
Net profit	2,627	2,772	2,208

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, mainly due to an increase in 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 amortisation

Depreciation and amortisation 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 a rough patch 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 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 amortisation 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 amortisation

Depreciation and amortisation 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 years indicated:

	Year ended 31 December		
	2011	**2010**	**2009**
		(in millions of euro)	
Interest	5,218	4,894	4,360
Commission	1,357	1,321	1,261
Other results	366	294	505
Total income	6,941	6,509	6,126
Staff costs	2,258	2,161	2,196
Other administrative expenses	1,609	1,553	1,569
Depreciation and amortisation	119	119	133
Operating expenses	3,986	3,833	3,898
Gross result	2,954	2,676	2,228
Value adjustments	648	358	721
Operating profit before taxation	2,307	2,318	1,507
Taxation	454	475	294
Net profit	1,853	1,843	1,213

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 amortisation

At €119 million in 2011, compared to €119 million in 2010, depreciation and amortisation 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 amortisation

Depreciation charges on real estate and equipment were lower in 2010, as a result of which depreciation and amortisation 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 years indicated:

	Year ended 31 December		
	2011	**2010**	**2009**
	(in millions of euro)		
Interest	2,957	2,813	2,955
Commission	586	460	488
Other results	207	306	(63)
Total income	3,750	3,579	3,380
Staff costs	1,116	1,020	998
Other administrative expenses	847	811	691

	Year ended 31 December		
	2011	2010	2009
	(in millions of euro)		
Depreciation and amortisation	109	108	94
Operating expenses	2,072	1,939	1,783
Gross result	1,678	1,640	1,597
Value adjustments	686	597	940
Operating profit before taxation	992	1,043	657
Taxation	211	269	91
Net profit	781	774	566

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 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 amortisation

Depreciation and amortisation 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 amortisation

Due to higher amortisation changes on software, depreciation and amortisation 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 years indicated:

	Year ended 31 December		
	2011	**2010**	**2009**
	(in millions of euro)		
Interest	163	166	104
Commission	979	995	757
Other results	2	47	123
Total income	1,144	1,208	984
Staff costs	593	564	553
Other administrative expenses	311	287	288
Depreciation and amortisation	114	117	109
Operating expenses	1,018	968	950
Gross result	126	240	34
Value adjustments	(1)	2	4
Operating profit before taxation	127	238	30
Taxation	65	71	17
Net profit	62	167	13

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 amortisation

Due to lower amortisation charges of intangible assets, depreciation and amortisation 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 amortisation

Due to higher amortisation of intangible assets, depreciation and amortisation 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 years indicated:

	Year ended 31 December		
	2011	**2010**	**2009**
	(in millions of euro)		
Interest	778	658	590
Commission	76	83	59
Other results	465	440	377
Total income	1,319	1,181	1,026
Staff costs	455	416	375
Other administrative expenses	269	244	206
Depreciation and amortisation	50	40	35
Operating expenses	774	700	616
Gross result	545	481	410

	Year ended 31 December		
	2011	2010	2009
	(in millions of euro)		
Value adjustments	144	214	300
Operating profit before taxation	401	267	110
Taxation	97	66	(2)
Net profit	304	201	112

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.

Depreciation and amortisation

The depreciation and amortisation item increased by 25 per cent. to €50 million, compared to €40 million in 2010, due, in part, to the accelerated amortisation 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 are now 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 amortisation

The depreciation and amortisation item increased by 14 per cent. to €40 million in 2010, compared to €35 million in 2009, due to higher amortisation 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 years indicated:

	Year ended 31 December		
	2011	**2010**	**2009**
	(in millions of euro)		
Interest	282	253	182
Commission	41	26	44
Other results	207	214	283
Total income	530	493	509
Staff costs	200	193	196
Other administrative expenses	124	145	164
Depreciation and amortisation	20	29	37
Operating expenses	344	367	397
Gross result	186	126	112
Value adjustments	129	63	22
Operating profit before taxation	57	63	90
Taxation	17	21	22
Net profit	40	42	68

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 amortisation

Depreciation and amortisation 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 amortisation

Depreciation and amortisation 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 31 December 2011 and 31 December 2010, by category of borrower:

	At 31 December			
	2011		2010	
	(in millions of euro and as percentage of total private sector lending)			
Private individuals	212,269	47%	208,005	48%
Trade, industry and services sector	147,877	33%	147,669	34%
Food and agri sector	88,191	20%	80,618	18%
Total private sector lending	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	
	(in millions of euro and as percentage of total loans to customers)			
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 31 December 2011, 31 December 2010 and 31 December 2009:

	Year ended 31 December		
	2011	2010	2009
	(in millions of euro)		
Savings deposits	140,028	130,928	121,373
Other due to customers	189,864	167,833	164,965
Debt securities in issue	213,441	196,819	171,752
Other financial liabilities at fair value through profit or loss	25,889	29,867	27,319
Total	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**
	(in millions of euro)				
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
	(in millions of euro)				
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 authorised 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 authorised 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
	(in millions of euro)		
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**
	(in millions of euro, except percentages)			
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
			(in percentages)		
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:

	2011	2010	2009	2008	2007
			(in millions of euro, except percentages)		
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:

(1) 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			
	2011	2010 (restated	2010	2009
		(in millions of euro)		
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				

	At 31 December			
	2011	2010 (restated	2010	2009
	(in millions of euro)			
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	468,085	455,941	455,941	433,357
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	465,586	451,597	452,832	429,621

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		
	2011	2010	2009
	(in millions of euro)		
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
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					
	On demand	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
	Payments due by period (in millions of euro)					
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
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**
		(in millions of euro)		
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

	Banks	Public authorities	Private sector	Total
		(in millions of euro)		
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
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**
		(in millions of euro)	
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

	At 31 December 2011		
	On balance	Off balance	Total
	(in millions of euro)		
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
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 €3,936million (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 31 December 2011, 31 December 2010 and 31 December 2009:

	At 31 December			
	2011	**2010 (restated)**	**2010**	**2009**
	(in millions of euro)			
Domestic retail banking	4,559	3,577	4,462	4,305
Wholesale banking and international retail banking	3,493	2,649	2,999	3,559
Leasing	832	960	960	1,066
Real estate	1,066	793	793	295
Other	8	70	70	69
Rabobank Group	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**
	(in millions of euro)			
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

	2011	2010 (restated)	2010	2009
		(in millions of euro)		
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)
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
	(in millions of euro)		
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
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
	(in millions of euro)		
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 Prospectus. 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
		(in millions of euro)	
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
	(in millions of euro)		
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
	(in millions of euro)		
Equity			
Equity of Rabobank Nederland and local Rabobanks	26,830	26,500	25,607
Equity instruments issued directly			
Rabobank Member Certificates	6,607	6,614	—
Capital Securities	7,634	7,645	6,230
	41,071	40,759	31,837
Equity instruments issued by subsidiaries			
Rabobank Member Certificates	—	—	6,576
Capital Securities	238	167	160
Trust Preferred Securities III to VI	1,355	1,399	1,279
	1,593	1,566	8,015
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**
	(in millions of euro)	
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 amortisation	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 2012	**31 December 2011**	**30 June 2011**
		(in millions of euro)	
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:

(1) 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 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 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
		(in percentages)	
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 ended 30 June	Year ended 31 December		
	2012	2011	2010	2009
		(in percentages)		
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
			(in millions of euro)		
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
			(in millions of euro)		
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**
	(in millions of euro, except percentages)	
IatR 1-12 months	434	(191)
IatR 13-24 months	1,120	16
EatR	(5)%	(1)%

Rabobank Group performs complementary scenario analyses to access 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.

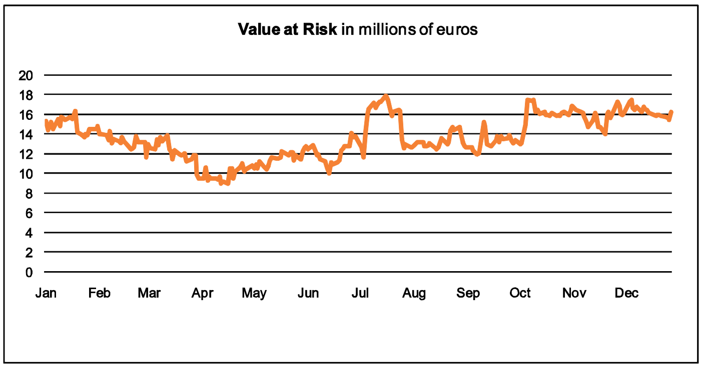
Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets. Several methods have been developed to measure and manage liquidity risk. Methods used to measure liquidity risk include the CA/CL method (Core Assets/Core 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

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.

GOVERNANCE OF RABOBANK GROUP

Corporate governance

In recent years the corporate governance of organisations has been of particular public interest. On account of its cooperative organisation, 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 organisation. 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 organisation 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 authorisation 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 organised 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 organisation 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 authorisations of management;

- unauthorised 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:(1)

Name	Born	Year Appointed(2)	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
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 per 15 September 2012, Mr. Leo (L.N.) Degle has been appointed as a member of the Supervisory Board.

(2) As a result of a 2002 amendment of the management organisation 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	• Professional supervisory director • Former Professor at the Erasmus University of Rotterdam • Emeritus Professor at the University of Groningen
Main positions	• Chairman of the Supervisory Board of Rabobank Nederland • Chairman of the Board of Directors of Stichting TBI
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: • 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. Other auxiliary positions:

	• 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: • 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	• Entrepreneur • Professional director and professional supervisory director
Main position	Grower of cut flowers and potted plants
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: • Member of the Supervisory Board of Rabobank Nederland Other auxiliary positions: • Acting member of the Board of Directors of Vereniging Achmea • Chairman Programme Advisory Committee Greenhouse Farming Research (Commodity Board for Horticulture/*productschap tuinbouw*) • Member of the Board of the Dutch Foundation for Innovation in Greenhouse Farming (*Stichting Innovatie Glastuinbouw Nederland*) • Chairman of the Cooperative Growers Society FresQ (*Coöperatieve Telersvereniging*) • Member of the Board of the Dutch Produce Association (Branch association of market organisations 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 W. Dekker (Wout)

Date of Birth	10 November 1956
Profession	• 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: • 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
Profession	• Professional director • Professor
Main positions	• University Professor, University of Amsterdam
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: • Member of the Supervisory Board of Rabobank Nederland • Non-executive Director, Unilever N.V./Unilever PLC Other auxiliary positions: • 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	• Accountant/associate of an audit, tax and advisory firm
Main position	• Member of the Supervisory Board of Rabobank Nederland
Nationality	Dutch
Auxiliary Position	• 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 • 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: • Member of the Supervisory Board of Rabobank Nederland Other auxiliary positions: • 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	• Professor • Professional director/supervisory director
Main positions	• 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	Supervisory Directorships: • 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 Other auxiliary positions: • Chairman Project Administration Noord Zuidlijn • Member of the Governing Board of the Netherlands

	Organisation 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 Appointed	Nationality
Piet (P.W.) Moerland, Chairman	1949	2009	Dutch
Bert (A.) Bruggink, CFO	1963	2004	Dutch
Berry (B.J.) Marttin	1965	2009	Dutch and Brazilian
Sipko (S.N.) Schat	1960	2006	Dutch
Piet (P.J.A.) van Schijndel[(1)]	1950	2002	Dutch
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 Rabohypotheekbank 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

[1]As per 1 December 2012, Mr. Van Schijndel will retire and will be succeeded by Mr. Hans (J.A.M.) van der Linden.

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 Rabohypotheekbank, 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 organised 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 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 intends to propose 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 organisation 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 reorganisation. 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 organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation 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 organisation, 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

Dodd-Frank

In the United States the Dodd-Frank Act contains very significant regulatory reforms, the full effect of which can only be assessed when the implementation rules are finalised. 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) OTC 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. 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 Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission and the newly created Financial Stability Oversight Council, and uncertainty remains about the final details, timing and impact of the rules.

CAPITALISATION 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 31 December 2011 and at 31 December 2010:

	At 31 December	
	2011	**2010**
	(in millions of euro)	
Capitalisation of Rabobank Group		
Equity of Rabobank Nederland and local Rabobanks	26,500	24,749
Equity instruments issued directly		
Rabobank Member Certificates	6,614	0
Capital Securities	7,645	4,790
	40,759	29,539
Equity instruments issued by subsidiaries		
Rabobank Member Certificates	0	6,583
Capital Securities	167	163
Trust Preferred Securities III to VI	1,399	1,353
	1,566	8,099
Non-controlling interests	2,676	3,119
Total equity	45,001	40,757
Subordinated debt	2,413	2,482
Long-term debt securities in issue	143,134	124,024
Short-term debt securities in issue	70,307	72,795
Total capitalisation	260,855	240,058
Breakdown of reserves and retained earnings		
Revaluation reserves for available-for-sale financial assets	93	48
Other reserves	40	80
Retained earnings	26,367	24,621
Total reserves and retained earnings	26,500	24,749

There has been no material change in the capitalisation of Rabobank Group since 31 December 2011.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately £496.5 million, will be used to fund the general banking business and commercial activities of the Rabobank Group, and to strengthen its capital base.

The expenses in connection with the transaction are expected to amount to €10,500.

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

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 including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

SUBSCRIPTION AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), HSBC Bank plc, Morgan Stanley & Co. International plc and Nomura International plc (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 12 September 2012 (the "**Subscription Agreement**") agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 99.852 per cent. of the principal amount of the Notes plus accrued interest (if any), less certain commissions as agreed with the Issuer.

In addition, the Issuer will reimburse the Joint Lead Managers for certain of its expenses in connection with the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager 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 Joint Lead Manager 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 organised 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 Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager 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 Prospectus 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 Joint Lead Manager 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.

Malaysia

Each Joint Lead Manager has acknowledged that no approval from the Securities Commission has been or will be obtained for the offering of the Notes in Malaysia. Each Joint Lead Manager has represented and agreed that the Notes shall not be offered or sold to any person in Malaysia except to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993 or as trades effected on the secondary market to a person falling within paragraph 11 of Schedule 2 of the Securities Commission Act of 1993.

Each Joint Lead Manager has acknowledged that no prospectus has been or will be registered under the Securities Commission Act of 1993 in respect of the Notes and the Notes will only be issued, offered for subscription or be the subject matter of an invitation to subscribe, to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993 or to persons exclusively outside Malaysia.

Consequently, each Joint Lead Manager has represented and agreed that it has neither offered, sold or made any invitation, and will not offer, sell or make any invitation, in relation to the Notes to any person in Malaysia except to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993 or as trades effected on the secondary market to a person falling within paragraph 11 of Schedule 2 of the Securities Commission Act of 1993, nor has it distributed or published nor will it distribute or publish this Prospectus or any other offering document or material relating to the Notes, whether directly or indirectly, to any person in Malaysia except to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993.

Republic of China

Each Joint Lead Manager has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the Republic of China (for such purposes, "**Republic of China**" shall include Taiwan and other areas under the effective control of the Republic of China), except as permitted by the securities laws of the Republic of China.

People's Republic of China

Each Joint Lead Manager has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China except as permitted by the securities laws of the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan).

Republic of Korea

The Notes have not been and will not be registered under the Securities and Exchange Act of the Republic of Korea. Accordingly, each Joint Lead Manager has represented and agreed, that it has not, directly or indirectly, offered, sold or delivered and will not, directly or indirectly, offer, sell or deliver any Notes in the Republic of Korea or to, or for the account or benefit of, any resident of the Republic of Korea or to others for re-offering or resale, directly or indirectly, in the Republic of Korea or to, or for the account or benefit of, any resident of the Republic of Korea, except as otherwise permitted by applicable Korean laws and regulations.

India

Each Joint Lead Manager has represented and agreed that (i) this Prospectus will not be registered as a prospectus with the Registrar of Companies in the Republic of India and the Notes will not be offered or sold in the Republic of India. The Notes nor the Prospectus or any other offering document or material relating to the Notes shall not be marketed or sold, directly or indirectly, in the Republic of India to any person who may be a resident or non-resident, or outside the Republic of India to any person who is a resident of the Republic of India. The Notes shall not be sold to any entity that is regulated by any Indian government or political subdivision thereof, any department, agency or body of any government or political subdivision thereof; any regulatory authority, including the Reserve Bank of India and the Securities Exchange Board of India and such entity is not entering into any contract where it may derive any ownership or economic or any other interest from or in such Notes.

Indonesia

Each Joint Lead Manager has represented and agreed that (i) it has not offered or sold and will not offer or sell any Notes in Indonesia or to Indonesian nationals, corporates or residents including by way of invitation, offering or advertisement, and (ii) it has not distributed, and will not distribute this Prospectus or any other offering material relating to the Notes in Indonesia, or to Indonesian nationals, corporates or residents, in a manner which constitutes a public offering of the Notes under the laws and regulations of the Republic of Indonesia.

Brazil

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. Neither the Issuer of the Notes nor the issuance of the Notes have been or will be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, the CVM). Therefore, each of the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of this Prospectus or any other document relating to the Notes in the Republic of Italy ("**Italy**") except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 as amended (the "**Consolidated Financial Services Act**") and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the "**Regulation No. 11971**"); or

(b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Financial Services Act and Article 34-*ter* of the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), CONSOB Regulation No. 16190 of 29 October 2007, all as amended and integrated from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time ot time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and

(iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

Any investor purchasing the Notes in this offering is solely responsible for ensuring that any offer or resale of the Notes it purchases in this offering occurs in compliance with applicable laws and regulations.

This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Israel

The Prospectus has not been approved for public offering by the Israeli Securities Authority. Each of the Joint Lead Managers has agreed that the Notes are being offered to a limited number of investors (35 investors or less) and/or special types of investors ("**Investors**") such as: mutual trust funds, managing companies of mutual trust funds, provident funds, managing companies of provident funds, insurers, banking corporations and subsidiary corporations, except for mutual service companies (purchasing bonds/notes for themselves and for clients who are Investors), portfolio managers (purchasing bonds/notes for themselves and for clients who are investors), investment counsellors (purchasing bonds/notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing bonds/notes for themselves and for clients who are investors), underwriters (purchasing bonds/notes for themselves), venture capital funds, corporate entities the main business of which is the capital market and which are wholly-owned by Investors, and corporate entities whose net worth exceeds NIS 250 million, except for those incorporated for the purpose of purchasing securities in a specific offer; and in all cases under circumstances that will fall within the private placement exemption or other exemptions of the Securities Law, 5728-1968 or Joint Investment Trusts Law, 5754-1994. Each of the Joint Lead Managers has agreed that the Prospectus may not be reproduced or used for any other purpose, nor be furnished to any person other than those to whom copies have been sent.

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 Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager 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 Prospectus or any other offering material.

GENERAL INFORMATION

1. Application has been made to the AFM to approve this document as a prospectus for the purposes of Article 5 of the Prospectus Directive. Application has also been made for the Notes to be admitted to trading on Euronext Amsterdam by NYSE Euronext, a regulated market of Euronext Amsterdam N.V., subject only to the issue of the Temporary Global Note.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Issuer on 5 September 2012 and is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 8 November 2011 and a resolution of the Supervisory Board passed on 28 November 2011, as confirmed by a Secretary's Certificate dated 12 September 2012.

3. There has been no significant change in the financial or trading position of the Issuer since 31 December 2011 or of the Rabobank Group since 30 June 2012 and there has been no material adverse change in the financial position or prospects of the Issuer or of the Rabobank Group since 31 December 2011.

4. Neither the Issuer nor any member, subsidiary or affiliate of the Rabobank Group is, or has been during the 12 months preceding the date of this Prospectus, involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer's and/or Rabobank Group's financial position or profitability, nor so far as the Issuer is aware are any such proceedings involving any of them pending or threatened.

5. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) is XS0827563452 and the Common Code is 082756345.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Duchy of Luxembourg.

6. There are no material contracts entered into in the ordinary course of the Issuer's business, which could result in any member of the Rabobank Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Notes being issued.

7. Where information in this Prospectus (including where such information has been incorporated by reference) has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

8. The yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Maturity Date, is 5.265 per cent. on an annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of any future yield.

9. For so long as the Notes are listed on Euronext Amsterdam, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection, free of charge, at the offices of the Fiscal Agent:

   (a) the Fiscal Agency Agreement (which includes the forms of the Global Note and the Definitive Note);

(b) the Articles of Association of the Issuer;

(c) the audited and consolidated financial statements of the Issuer and the Rabobank Group for the three financial years ended 31 December 2009, 2010 and 2011;

(d) the unaudited interim report of the Rabobank Group for the six months ended 30 June 2012 (and the review report on the condensed consolidated interim financial information in respect thereof); and

(e) a copy of this Prospectus.

10. Ernst & Young Accountants LLP, of which the 'Registeraccountants' are members of the Royal Dutch Professional Organization for Accountants, has audited, and issued unqualified auditor's reports on, the consolidated and unconsolidated financial statements of the Issuer and the Rabobank Group for the years ended 31 December 2009, 2010 and 2011. Ernst & Young Accountants LLP has given its consent to the inclusion in this Prospectus of (i) its independent auditor's reports on these financial statements for the years ended 31 December 2009, 2010 and 2011, and (ii) its review report to the condensed consolidated interim financial information for the six-month period 30 June 2012, each as incorporated by reference herein in the form and context in which they appear. Ernst & Young Accountants LLP has no interest in the Issuer.

11. In the ordinary course of their business activities, the Joint Lead Managers 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 Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers 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 Joint Lead Managers 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.

PRINCIPAL OFFICE OF THE ISSUER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland)
Croeselaan 18
3521 CB Utrecht
The Netherlands

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

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United Kingdom

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8 Canada Square
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Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
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United Kingdom

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PAYING AGENT AND EURONEXT AMSTERDAM LISTING AGENT

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AUDITORS OF THE ISSUER

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LEGAL ADVISERS

To the Joint Lead Managers as to Dutch law

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