IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular 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 Offering Circular. In accessing the attached Offering Circular, 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 Offering Circular on the basis that you have confirmed to Coöperatieve Rabobank U.A. (Rabobank), Goldman Sachs International, Morgan Stanley & Co. International plc, Nomura International plc and UBS Limited (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.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Coöperatieve Rabobank U.A. (Rabobank) (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 Offering Circular 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 Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular 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 Offering Circular to any other person.

Restrictions on marketing and sales to retail investors: The Capital Securities discussed in the attached Offering Circular (the "**Capital Securities**") are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**").

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"):

(i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Capital Securities, must not be sold to retail clients in the European Economic Area (the "**EEA**"); and

(ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The Joint Lead Managers are required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer

and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

1. it is not a retail client in the EEA (as defined in the PI Rules);

2. whether or not it is subject to the PI Rules, it will not

   A. sell or offer the Capital Securities (or any beneficial interest therein) to retail clients in the EEA; or

   B. communicate (including the distribution of the attached Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules),

   in any such case other than (i) in relation to any sale or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Capital Securities (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Capital Securities (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

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 U.S. 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 Offering Circular 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 Offering Circular 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 Offering Circular 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.

Offering Circular dated 22 April 2016

Coöperatieve Rabobank U.A. (Rabobank)
EUR 1,250,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities

Issue Price of the Capital Securities: 100 per cent.

The EUR 1,250,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities (the "**Capital Securities**") will be issued by Coöperatieve Rabobank U.A. (Rabobank) ("**Rabobank**", the "**Issuer**" or the "**Bank**"). The Capital Securities will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves.

Interest on the Capital Securities will accrue on their Prevailing Principal Amount (as defined in '*Terms and Conditions of the Capital Securities*') from (and including) 26 April 2016 (the "**Issue Date**") to (but excluding) 29 June 2021 (the "**First Reset Date**") at an initial rate of 6.625 per cent. per annum, and will, subject as provided below, be payable semi-annually in arrear on 29 June and 29 December in each year, except that there will be a short first Interest Period of 63 days, beginning on (and including) the Issue Date and ending on (but excluding) 29 June 2016. Interest on the Capital Securities shall accrue from (and including) the First Reset Date, at a rate, to be reset every five years thereafter, based on the Reset Reference Rate (as defined in '*Terms and Conditions of the Capital Securities*') plus 6.697 per cent. Payments of interest on the Capital Securities will be made without deduction for, or on account of, taxes of the Netherlands to the extent described under '*Terms and Conditions of the Capital Securities – Taxation'*. The Issuer may, in its sole discretion, elect to cancel the payment of interest on the Capital Securities (in whole or in part) on any Interest Payment Date, and payments of interest may be subject to mandatory cancellation, as more particularly described under '*Terms and Conditions of the Capital Securities – Cancellation of Interest*'.

The Prevailing Principal Amount of the Capital Securities will be written down if the CET1 Ratio of the Rabobank Group has fallen below 7 per cent. and/or the CET1 Ratio of the Issuer has fallen below 5.125 per cent. (a "Trigger Event", as further defined in '*Terms and Conditions of the Capital Securities*') occurs. The Trigger Event relates to the solvency levels on which Rabobank is supervised: non-consolidated at Issuer level and consolidated on the level of the Rabobank Group. Rabobank Group comprises Rabobank and a number of specialised subsidiaries. Holders may lose some or all of their investment in the Capital Securities as a result of such a write-down. Following such reduction, the Prevailing Principal Amount may, at the Issuer's discretion, be written up (but never above the Initial Principal Amount (as defined in '*Terms and Conditions of the Capital Securities*')) if certain conditions are met. See '*Terms and Conditions of the Capital Securities – Write Down and Write Up*'.

The Capital Securities will be perpetual securities, have no fixed or final redemption date and holders of the Capital Securities (the "**Holders**") do not have the right to call for their redemption. Subject to satisfaction of certain conditions (as described herein) and applicable law, the Capital Securities may be redeemed (at the option of the Issuer) on 29 June 2021 (the "**First Call Date**"), or on each Interest Payment Date thereafter, in whole but not in part in an amount equal to the Prevailing Principal Amount together with any Outstanding Payments (each as defined in '*Terms and Conditions of the Capital Securities*'). In addition, upon the occurrence of a Capital Event or a Tax Law Change (each as defined in '*Terms and Conditions of the Capital Securities*'), the Capital Securities may be redeemed (at the option of the Issuer) in whole but not in part in an amount equal to their Prevailing Principal Amount together with any Outstanding Payments, as further described herein. Upon the occurrence of a Capital Event, the Issuer may substitute, or vary the terms of, the Capital Securities so that they remain or, as appropriate, become Compliant Securities (as defined in '*Terms and Conditions of the Capital Securities*').

This Offering Circular does not comprise a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC as amended. Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Capital Securities to be admitted to the Official List and trading on the Global Exchange Market of the Irish Stock Exchange. This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by the Irish Stock Exchange.References in this Offering Circular to the Capital Securities being "**listed**" (and all related references) shall mean that the Capital Securities have been admitted to the Official List and trading on the Global Exchange Market.

The denominations of the Capital Securities shall be EUR 200,000. The Capital Securities will initially be represented by a temporary global capital security without interest coupons in bearer form (the "**Temporary Global Capital Security**"), 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 Capital Security will be exchangeable for interests in a global capital security (the "**Global Capital Security**"), without interest coupons, on or after a date which is expected to be 6 June 2016, upon certification as to non-U.S. beneficial ownership. Individual definitive Capital Securities in bearer form ("**Definitive Capital Securities**") will only be available in certain limited circumstances as described herein. See "*Summary of the Provisions Relating to the Capital Securities while in Global Form*".

The Capital Securities are expected upon issue to be rated Baa3 and BBB- by Moody's Investors Service Limited ("**Moody'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 Offering Circular have been issued by Moody'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.

The Capital Securities are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" on pages 2 to 3 of this Offering Circular for further information.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

Joint Lead Managers

Goldman Sachs International | **Morgan Stanley**
Nomura | **Rabobank**
UBS Investment Bank

This Offering Circular 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 Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"). Subject to certain exceptions, Capital Securities 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 CAPITAL SECURITIES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE CAPITAL SECURITIES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE CAPITAL SECURITIES 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 Offering Circular 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 Capital Securities. The distribution of this Offering Circular and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular 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 Capital Securities and distribution of this Offering Circular see "*Subscription and Sale*" below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Capital Securities 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 Goldman Sachs International, Morgan Stanley & Co. International plc, Nomura International plc or UBS Limited have separately verified the information contained in this Offering Circular. Goldman Sachs International, Morgan Stanley & Co. International plc, Nomura International plc and UBS Limited make no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular 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 Offering Circular or any other financial statements should purchase the Capital Securities. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular. This Offering Circular does not describe all of the risks of an investment in the Capital Securities. Each potential purchaser of Capital Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Capital Securities should be based upon such investigation as it deems necessary.

Restrictions on marketing and sales to retail investors: The Capital Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**").

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"):

(i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Capital Securities, must not be sold to retail clients in the European Economic Area (the "**EEA**"); and

(ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or

disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The Joint Lead Managers are required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

1. it is not a retail client in the EEA (as defined in the PI Rules);

2. whether or not it is subject to the PI Rules, it will not

   A. sell or offer the Capital Securities (or any beneficial interest therein) to retail clients in the EEA; or

   B. communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules),

   in any such case other than (i) in relation to any sale or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Capital Securities (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Capital Securities (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

With effect from 1 January 2016, the Issuer, as surviving entity following a legal merger with all of its members being the local Rabobanks, changed its name from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. to Coöperatieve Rabobank U.A. Accordingly, references in this Offering Circular to the "**Issuer**", the "**Bank**" and "**Rabobank**" shall, with respect to matters occurring prior to 1 January 2016 (i.e. prior to the legal merger with the local Rabobanks), be deemed to refer to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., and with respect to matters occurring on or after 1 January 2016, be deemed to refer to Coöperatieve Rabobank U.A. (i.e. after the legal merger with the local Rabobanks). Accordingly, references to "**Rabobank Group**" or the "**Group**" are to Coöperatieve Rabobank U.A. (or, with respect to matters occurring prior to 1 January 2016, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.) together with its consolidated subsidiaries.

Unless otherwise specified or the context requires, references to "**EUR**" and "**€**" are to euro, which means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community.

In connection with this issue of Capital Securities, Morgan Stanley & Co. International plc (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities 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 Capital Securities 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 Capital Securities and 60 days after the date of the allotment of the Capital Securities. 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 Offering Circular have not been audited, unless stated otherwise. Such figures are internal figures of Rabobank or Rabobank Group.

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. 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 Capital Securities are also described below.

The Issuer believes that the factors described below represent risks inherent in investing in the Capital Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Capital Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Capital Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (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 Capital Securities (the "**Conditions**").*

Factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities

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 and has continued. Since 2014, the Dutch economy has shown signs of a recovery. 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. Interest rates remained low in 2014 and the first half of 2015 due to the measures taken by the European Central Bank (the "**ECB**") intended to stimulate European economies. Persistent low interest rates have negatively affected and continue to negatively affect the net interest income of Rabobank Group. Also, a prolonged economic downturn, or significantly higher interest rates for customers, 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, a market downturn and worsening of the Dutch and global 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 commissions and interest. Continuing volatility in the financial markets or a protracted economic downturn in the Rabobank Group's 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 a 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 Group, in its role as financial services 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 or an escalation of the European sovereign debt crisis 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

Interest rate risk is the risk, outside the trading environment, of deviations in net 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: (a) decrease the value of certain fixed income instruments which Rabobank Group holds; (b) result in surrenders of certain savings products with fixed rates below market rates by banking customers of Rabobank Group; (c) require Rabobank Group to pay higher interest rates on the securities that it issues; and (d) 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 was 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 defined within the Rabobank Group as "the risk of losses resulting from inadequate or failed internal processes, people or

systems or by external events". Rabobank Group operates within the current regulatory framework as regards measuring and managing operational risk, including holding capital for this risk. Events of recent decades in modern international banking have shown that operational risks can lead to substantial losses. Examples of operational risk incidents are highly diverse: fraud or other illegal conduct, failure of an institution to have policies and procedures and controls in place to prevent, detect and report incidents of non-compliance with applicable laws or regulations, claims relating to inadequate products, inadequate documentation, losses due to poor occupational health and safety conditions, errors in transaction processing and system failures. The occurrence of any such incidents or additional cost of complying with new regulation could have a material adverse effect on Rabobank Group's reputation and 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 and arbitration proceedings whether private litigation or regulatory enforcement action, are brought against it. The outcome of such proceedings is inherently uncertain and could result in financial loss. Defending or responding to such 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. Failure to manage legal 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. In addition, banking entities generally, including the Rabobank Group, are experiencing heightened regulatory oversight and scrutiny, which may lead to additional regulatory investigations or enforcement actions. These and other regulatory initiatives may result in judgements, settlements, fines or penalties, or cause the Rabobank Group to restructure its operations and activities, any of which could have a negative impact on the Rabobank Group's reputation or impose additional operational costs, and could have a material adverse effect on the Rabobank Group's results of operations. Rabobank Group is exposed to regulatory scrutiny and potentially significant claims, in relation to, among other things, the sale of interest rate derivatives to SME clients. A negative outcome of any such claims (including proceedings, collective-actions and, settlements), action taken by supervisory authorities or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could have a negative impact on the Rabobank Group's reputation or impose additional operational costs, and could have a material adverse effect on the Rabobank Group's results of operations, financial condition and prospects. For further information, see "*Description of Business of Rabobank Group – Legal and arbitration proceedings*".

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 or lead to regulatory enforcement action or may have a negative impact on Rabobank Group's reputation.

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 and financial institutions in Europe and the United States remain. The large sovereign debts and/or fiscal deficits of a number of European countries, including those of Greece, and the United States go hand in hand with 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, crisis management, asset quality review, recovery and resolution 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, increased capital requirements and changes relating to capital treatment, changes and rules in competition and pricing environments, developments in the financial reporting environment, stress-testing exercises to which financial institutions are subject, implementation of conflicting or incompatible regulatory requirements in different jurisdictions relating to the same products or transactions, 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 October 2012, the Dutch government introduced a bank tax for all entities that are authorised to conduct banking activities in the Netherlands. The tax is based on the amount of the total liabilities on the balance sheet of the relevant bank as at the end of such bank's preceding financial year, with exemptions for equity, deposits that are covered by a guarantee scheme and for certain liabilities relating to insurance business. The levy on short-term funding liabilities is twice as high as the levy on long-term funding liabilities. Rabobank Group was charged a total of €167 million in bank tax in 2014.

On 1 February 2013, the Dutch state nationalised the Dutch banking and insurance group SNS Reaal. To finance this operation, a special, one-off resolution levy of €1 billion was imposed on banks based in the Netherlands. Rabobank Group's share of the resolution levy was €321 million and had an adverse effect on Rabobank Group's results of operations in 2014. If further financial institutions are bailed out, additional taxes or levies could be imposed, which may have a material adverse effect on Rabobank Group's results of operations.

A new way of financing the Dutch deposit guarantee scheme (the "**Dutch Deposit Guarantee Scheme**"), a pre-funded system that protects bank depositors from losses caused by a bank's inability to pay its debts when due, has come into force. The target level of the scheme is 1 per cent. of total guaranteed deposits in the Netherlands, or €4 billion. Each bank is required to pay a base premium of 0.0167 per cent. per quarter of its total guaranteed deposits in the Netherlands. A risk add-on may be charged depending on the risk-weighting of the bank. The Dutch Deposit Guarantee Scheme was originally planned to be introduced in 2012, however, the introduction of this new financing method was postponed to 1 January 2016. Furthermore the Single Resolution Mechanism (see the risk factor entitled "*Bank recovery and resolution regimes*") and other new European rules on deposit guarantee schemes will both have an impact on the Rabobank Group in the years to come. All these factors may have material adverse effects on Rabobank Group's results of operations.

In February 2013, the European Commission issued a proposal for a financial transactions tax. The financial transactions tax would be levied on transactions involving certain financial instruments by financial institutions with an established link to one of the 11 participating member states. These participating member states are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. However, Estonia has since stated that it will not participate. The financial transactions tax would be assessed on a transaction either if one of the parties is established in one of the 11 participating member states or if the transaction involves financial instruments issued in one of the 11 participating member states. If the proposal is implemented, Rabobank Group may be required to pay the financial transactions tax on certain transactions in financial instruments. The proposal requires further approval by the Council of the European Union, and will require consultation with other European Union institutions before it may be implemented by the participating member states. Currently the proposal is still under discussion, given broad opposition in a number of countries as well as outstanding legal issues. The Dutch Parliament has not adopted the proposal, but may do so in the future. The financial transactions tax, if implemented, may have a material adverse effect on Rabobank Group's results of operations.

As of 1 July 2015, a personal mortgage loan may not be higher than €245,000 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**").

Since 1 January 2013, the tax deductibility of mortgage loan interest payments for Dutch homeowners has been restricted; interest payments on new mortgage loans can only be deducted if the loan amortises within 30 years on a linear or annuity basis. Moreover, the maximum permissible amount of a residential mortgage has been reduced from 104 per cent. in 2014, to 103 per cent. in 2015 of the value of the property. This maximum will be further reduced (by 1 percentage point each year) to 100 per cent. in 2018. In addition to these changes, further restrictions on tax deductibility of mortgage loan interest payments entered into force as of 1 January 2014. The tax rate against which the mortgage interest payments may be deducted is being gradually reduced beginning 1 January 2014. For taxpayers previously deducting mortgage interest at the highest income tax rate (52 per cent.), the interest deductibility will decrease annually at a rate of 0.5 percentage points, from 52 per cent. to 38 per cent in 2042. Changes in governmental policy or regulation with respect to the Dutch housing market 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 extend to almost every area of U.S. financial regulation. Implementation of the Dodd-Frank Act requires detailed rulemaking by different U.S. regulators, including the Department of the Treasury, the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"), the SEC, the Federal Deposit Insurance Corporation (the "**FDIC**"), the Office of the Comptroller of the Currency (the "**OCC**"), the United States Commodity Futures Trading Commission (the "**CFTC**") and the Financial Stability Oversight Council (the "**FSOC**"). While many of the implementing rules have been finalised, significant uncertainty remains about the implementation, timing and impact of many of such rules.

The Dodd-Frank Act provides for new or enhanced regulations regarding, among other things: (i) systemic risk oversight, (ii) bank capital and prudential standards, (iii) the resolution of failing systemically significant financial institutions, (iv) over-the-counter ("**OTC**") derivatives, (v) the ability of banking entities and their affiliates to engage as principal in proprietary trading activities and to invest in, sponsor or engage in certain transactions with hedge funds, private equity funds and other similar private funds (the so-called "**Volcker Rule**") and (vi) consumer and investor protection. Implementation of the Dodd-Frank Act and related final regulations is ongoing and imposes significant costs and potential limitations on Rabobank Group's businesses and may have material adverse effects on Rabobank Group's results of operations.

On 10 December 2013, the five U.S. federal financial regulatory agencies adopted final regulations to implement the Volcker Rule. The regulations impose limitations and significant costs across all of Rabobank Group's subsidiaries and affiliates and their activities in scope for the Volcker Rule. While the Volcker Rule implementing regulations contain a number of exclusions and exemptions that permit Rabobank Group to maintain certain of its trading and fund businesses and operations, particularly those outside of the United States, aspects of those businesses have been modified to comply with the Volcker Rule. Further, Rabobank Group has devoted significant resources to develop a Volcker Rule compliance programme, as mandated by the final regulations. The conformance period for the Volcker Rule funds ended on 21 July 2015 for all proprietary trading activities and for all investments in and relationships with "covered funds" (as defined in the Volcker Rule) that were not in place before 31 December 2013. For those investments in and relationships with "covered funds" that were in place prior to 31 December 2013 ("**legacy covered funds**"), including certain types of collateralised loan obligations, or CLOs, the Volcker Rule conformance period has been extended by the Federal Reserve to 21 July 2016, and the Federal Reserve also indicated its intention to extend the conformance period for an additional year to 21 July 2017. Rabobank Group must conform its activities and investments to the Volcker Rule and must implement the required compliance programme by the end of the conformance period applicable to the relevant activity or investment.

The Federal Reserve issued a final rule on 18 February 2014 imposing "enhanced prudential standards" with respect to foreign banking organisations ("**FBOs**") such as Rabobank Group. The rule will impose, among other things, new liquidity, stress testing, risk management and reporting requirements on Rabobank Group's U.S. operations, which could result in significant costs to the Group. The final rule becomes effective with respect to Rabobank Group on 1 July 2016.

The Federal Reserve has not finalised (but continues to consider) requirements relating to single counterparty credit limits and an "early remediation" framework under which the Federal Reserve would implement prescribed restrictions and penalties against an FBO and its U.S. operations (including the New York Branch) and certain of its officers and directors, if the FBO and/or its U.S. operations do not meet certain requirements, and would authorise the termination of U.S. operations under certain circumstances.

In the United Kingdom, the Banking Reform Act 2013 received Royal Assent on 18 December 2013. It is a key part of the UK Government's plan to create a banking system that supports the economy, consumers and small businesses. It implements the recommendations of the Independent Commission on Banking, set up by the Government in 2010 to consider structural reform of the UK banking sector. Measures contained in the Banking Reform Act 2013 include the structural separation of the retail banking activities of banks in the United Kingdom from wholesale banking and investment banking activities by the use of a "ring fence". A similar recommendation was made at EU level in the final report (the "**Liikanen Report**"), published on 2 October 2012, of the High-level Expert Group on reforming the structure of the EU banking sector under the chair of Mr. Erkki Liikanen. In November 2012, the Dutch government established a committee, the "*Commissie Structuur Nederlandse banken*", chaired by Mr. Herman Wijffels, to investigate the applicability of the Liikanen Report to the Dutch banking sector and the manner in which a defaulting bank might be split up and resolved. The committee delivered its final report on 28 June 2013. The Dutch Parliament still has to decide on how to implement the recommendations included in the Wijffels report. Adopting the full recommendations in the Wijffels report could have a material adverse effect on Rabobank Group's results of operations.

Pursuant to Regulation EU 1024/2013 conferring specific tasks on the ECB for the prudential supervision of credit institutions, the ECB assumed direct responsibility from national regulators for specific aspects of the supervision of approximately 120 major European credit institutions, including the Rabobank Group, with effect from 4 November 2014. Under this "Single Supervisory Mechanism", the ECB now has, in respect of the relevant banks, all the powers available to competent authorities under the CRD IV (as defined in the Risk

Factor entitled "Minimum regulatory capital and liquidity requirements" below) including powers of early intervention if a bank breaches its regulatory requirements and powers to require a bank to increase its capital or to implement changes to its legal or corporate structures. All other tasks related to resolution remain with the relevant national authorities or, in the future, with the SRM. The ECB may also carry out supervisory stress tests to support the supervisory review. Such stress tests do not replace the stress tests carried out by the European Banking Authority (the "**EBA**") with a view to assessing the soundness of the banking sector in the European Union as a whole.

The impact of future regulatory requirements, including the Basel III Reforms (as defined below), the Bank Recovery and Resolution Directive (as defined below), sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**" and such sections of the Code and the regulations thereunder being commonly referred to as "**FATCA**"), the framework recovery plan, the Volcker Rule, the Banking Reform Act 2013 and the Dodd-Frank Act will have far-reaching implications and require implementation of new business processes and models. Compliance with the rules and regulations places ever greater demands on the Rabobank Group's management, employees and information technology.

FSB Proposals for Total Loss-Absorbing Capacity

On 9 November 2015, the Financial Stability Board (the "**FSB**") published its final principles regarding the loss-absorbing capacity of global systemically important banks ("**G-SIBs**") in resolution. The FSB principles seek to ensure that G-SIBs will have sufficient loss absorbing capacity available in a resolution of such an entity, in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The FSB's principles also include a specific term sheet for total loss-absorbency capacity (or "**TLAC**") which attempts to define an internationally agreed standard. The FSB's principles require all G-SIBs to maintain a minimum Pillar 1 level of TLAC eligible capital of at least 16 per cent. of the resolution group's risk-weighted assets with effect from 1 January 2019 and at least 18 per cent. with effect from 1 January 2022 (alongside minimum regulatory capital requirements). Minimum TLAC must also be at least 6 per cent. of the Basel III leverage ratio requirement with effect from 1 January 2019, and at least 6.75 per cent. with effect from 1 January 2022. The principles also require G-SIBs to pre-position such loss-absorbing capacity amongst material subsidiaries on an intra-group basis. The FSB requires that the minimum TLAC requirement should be satisfied before any surplus common equity is available to satisfy CRD IV (as defined below) buffers and the term sheet provides the possibility for local regulators to impose a Pillar II TLAC requirement over and above the Pillar 1 minimum. Based on the most recently updated FSB list of GSIBs published in November 2015, Rabobank does not currently constitute a G-SIB. However, the EU or Dutch legislator could impose similar requirements on non-G-SIBs.

The TLAC principles provide that TLAC may comprise Tier 1 and Tier 2 capital (for the purposes of CRD IV), such as the Capital Securities, along with other TLAC-eligible liabilities which can be effectively written down or converted into equity during the resolution of the G-SIB. All TLAC is required to be subordinated to "excluded liabilities", which includes insured deposits and any other liabilities that cannot be effectively written down or converted into equity by the relevant resolution authority.

EBA proposals on the minimum requirement for own funds and eligible liabilities under BRRD

On 3 July 2015, the EBA published a paper setting out final draft regulatory technical standards ("**RTS**") on the criteria for determining the minimum requirement for own funds and eligible liabilities ("**MREL**") under Directive 2014/59/EU for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or the "**BRRD**"). In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or if

earlier, the date of national implementation of Article 45 of the BRRD). The draft RTS provide for resolution authorities to allow institutions a transitional period of up to four years to reach the applicable MREL requirements.

Unlike the FSB's principles regarding TLAC, the RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an institution has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the institution; the systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "Eligible Liabilities", meaning liabilities which, inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year) and do not arise from derivatives.

Whilst there are a number of similarities between the MREL requirements and the FSB's principles regarding TLAC, there are also certain differences, including the express requirement that TLAC be subordinated to insured deposits (which is not specifically the case for MREL eligible liabilities), and the timescales for implementation. In its final draft RTS, the EBA states that it expects the RTS to be "broadly compatible" with the FSB term sheet for TLAC. While acknowledging some differences, the EBA considers "these differences do not prevent resolution authorities from implementing the MREL for G-SIBs consistently with the international framework". The TLAC requirements are stated to apply from 1 January 2019. It remains to be seen whether there will be any further convergence in the detailed requirements of the two regimes.

Risks relating to the FSB principles regarding TLAC and EBA proposals regarding MREL

The EBA's proposal on MREL is in draft form, and may therefore be subject to change. As a result, it is not possible to give any assurances as to the ultimate scope and nature of any resulting obligations, or the impact that they will have on Rabobank once implemented. If the EBA's proposals are implemented in their current form however, and taking into account the FSB's final principles regarding TLAC, it is possible that the Issuer may have to issue a significant amount of additional TLAC and MREL eligible liabilities (including potentially further Tier 2 Capital) in order to meet the new requirements within the required timeframes. If the Issuer were to experience difficulties in raising TLAC or MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on Rabobank's business, financial position and results.

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 its minimum regulatory capital requirements, any additional own funds requirements and/or any buffer capital requirements. Capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of Rabobank Group to maintain its "Pillar 1" minimum

regulatory capital ratios, any "Pillar 2" additional own funds requirements and/or any buffer capital requirements 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.

Under the Basel III regime ("**Basel III**"), capital and liquidity requirements have increased. 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". On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on a number of fundamental reforms to the regulatory capital framework (such reforms being commonly referred to as the "**Basel III Reforms**"), including new capital requirements, higher capital ratios, more stringent eligibility requirements for capital instruments, a new leverage ratio and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for financial institutions, including building societies.

The Basel III Reforms are being implemented in the European Economic Area (the "**EEA**") through the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "**CRR**") and the Directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "**CRD IV Directive**", and together with the CRR, "**CRD IV**"), which were adopted in June 2013. The CRR entered into force on 1 January 2014 and the CRD IV Directive became effective in the Netherlands on 1 August 2014 when the provisions of the CRD IV were implemented by legislation amending the Dutch Financial Supervision Act and subordinate legislation, although particular requirements will be phased in over a period of time, to be fully effective by various dates up to 31 December 2021. The EBA has proposed detailed rules through binding technical standards for many areas including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

It is possible that the ECB and/or the EBA may implement the Basel III Reforms and CRD IV in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on Dutch banks.

At the end of December 2014, the Basel Committee issued two Consultative Documents: "Revisions to the Standardized Approach for credit risk" and "Capital floors: the design of a framework based on standardized approaches". The Basel Committee is seeking to reduce reliance on external credit ratings and internal models and aims to enhance the comparability of risk weighted assets and capital ratios. While most (large) banks now calculate capital with advanced risk sensitive models, the Basel Committee proposes to put 'capital floors' on the 'standardised method'. In particular, low risk portfolios with good collateral are affected as it is expected that the capital floor will have a greater impact than for portfolios which are assessed to have a higher risk based upon the Advanced Internal Rating approach. This may lead to higher capital requirements.

Proposals are in the consultation and impact study phase. The Basel Committee intends to publish the final standard, including its calibration and implementation arrangements, by the end of 2016. The implementation date is not yet defined.

Historically, only Rabobank, N.A. was subject to U.S. capital adequacy standards. However, under section 171 of the Dodd-Frank Act (the "**Collins Amendment**") Utrecht-America Holdings, Inc., which holds Rabobank, N.A. and many of the Group's U.S. non-bank subsidiaries, became subject to U.S. capital adequacy standards as of 21 July 2015. Those standards will require Rabobank Group to maintain capital at the level of Utrecht-America Holdings, Inc. in accordance with U.S. regulatory capital requirements rather than relying on capital maintained at Rabobank Group's top-level parent company. This could prevent Rabobank Group from deploying that capital more efficiently in accordance with its subsidiaries' business

needs, which could increase the costs of the Group's operations and may result in capital deficiencies elsewhere in Rabobank Group.

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.

For further information regarding the Basel III Reforms and CRD IV, including their implementation in the Netherlands, please see the section entitled "*Regulation of Rabobank Group*" below.

Credit ratings

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

A downgrading or announcement of a potential downgrade in its credit ratings, as a result of a change in a rating agency's view of Rabobank Group, its industry outlook, sovereign rating, 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.

Geopolitical developments

Concerns about geopolitical developments, social unrest (such as the continuing turmoil in Ukraine which resulted in EU sanctions against Russia, and continuing turmoil in Syria), political crises (such as the Greek debt crisis), 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 and financial crises 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 Capital Securities

The Capital Securities may not be a suitable investment for all investors

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact the Capital Securities will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where euro is different from the potential Investor's Currency (as defined in "*Risks related to the market generally — Exchange rate risks and exchange controls*");

(iv) understand thoroughly the terms of the Capital Securities and be familiar with the behaviour of any relevant financial markets; and

(v) 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 Capital Securities are subordinated obligations

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Capital Securities and Coupons constitute unsecured obligations of the Issuer and Holders shall, in the case of (a) the bankruptcy of the Issuer, (b) a Moratorium or (c) dissolution (*ontbinding*), have a claim for an amount equal to the then Prevailing Principal Amount of the Capital Securities, together with any Outstanding Payments, which shall rank:

(i) subordinated and junior to present or future indebtedness of the Issuer, including but not limited to Tier 2 Capital of the Issuer (other than the Issuer's present or future obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, the Issuer's present or future obligations under the Capital Securities or the Coupons (including, without limitation, the Existing Capital Securities));

(ii) *pari passu* (a) with the Issuer's present or future obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts III and IV and the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs III and IV, (b) with the Issuer's obligations under the Existing Capital Securities, and (c) effectively, with the most senior ranking preferred equity securities or preferred or preference shares (if any) of the Issuer and at least *pari passu* with the Issuer's most senior Tier 1 Capital; and

(iii) senior only to the Issuer's present or future obligations under the Participations and any other instruments ranking *pari passu* with the Participations (in accordance with, and by virtue of the subordination provisions of, the Participations) and any other present or future instruments ranking *pari passu* therewith.

By virtue of this subordination, payments to the Holders and Couponholders will, in the case of the bankruptcy or dissolution of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to Capital Securities and Coupons have been satisfied.

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 Capital Security or Coupon shall be excluded. See also the risk factor entitled "*Bank recovery and resolution regimes*".

Loss absorption following a Trigger Event

The Capital Securities are being issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of (i) the Issuer and (ii) the Rabobank Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Terms and Conditions of the Capital Securities and which, in particular, require the Capital Securities and the proceeds of their issue to be available to absorb any losses of the Issuer and the Rabobank Group.

Accordingly, if at any time (i) the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Rabobank Group to the Risk Weighted Assets of the Rabobank Group, in each case calculated on a consolidated basis and expressed as a percentage (the "**CET1 Ratio of the Rabobank Group**") has fallen below 7 per cent. and/or (ii) (for so long as required under applicable Capital Regulations) the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Issuer to the Risk Weighted Assets of the Issuer, in each case calculated on a solo or non-consolidated basis and expressed as a percentage (the "**CET1 Ratio of the Issuer**", and together with the CET1 Ratio of the Rabobank Group, each a "**CET1 Ratio**") has fallen below 5.125 per cent. (a "**Trigger Event**"), the Issuer shall, after first giving notice thereof to Holders in accordance with the Conditions (a "**Trigger Event Notice**") and subject to certain conditions:

(i) (without the need for the consent of the Holders) reduce the then Prevailing Principal Amount of each Capital Security by the relevant Write Down Amount; and

(ii) cancel any Interest which is accrued to the relevant Write Down Date and unpaid.

A Trigger Event may occur on more than one occasion.

Holders may lose all or some of their investment as a result of such a Write Down to the Prevailing Principal Amount. In particular, the Issuer may elect to Write Down the Prevailing Principal Amount of the Capital Securities following the occurrence of a Trigger Event such that the CET1 Ratios are restored to a level higher than 7 per cent. in the case of the CET1 Ratio of the Rabobank Group and higher than 5.125 per cent. in the case of the CET1 Ratio of the Issuer. In such an event, the Write Down Amount will be greater than the amount by which the then Prevailing Principal Amount would have been Written Down if the Issuer had elected to Write Down the principal amount of the Capital Securities to the extent necessary thereby to restore the CET1 Ratios to 7 per cent. and 5.125 per cent. respectively. The Write Down of the Capital Securities together with any write down or conversion (to the extent possible) of any Loss Absorbing Instruments, may also result in the CET1 Ratios being restored to greater levels still, as all such instruments are intended to be written down or converted into CET1 instruments by at least the pro rata amount necessary to restore the CET1 Ratios as contemplated above, but the terms of certain instruments may require the further write down or write off or conversion of those instruments.

Although the Write Down Amount is determined by taking into account the write down or conversion of any Loss Absorbing Instruments, the Write Down of the Capital Securities is not conditional on the write down or conversion of such instruments and to the extent that the write down or conversion of any such instruments is not in fact possible for any reason, this shall not impact the effectiveness or otherwise invalidate the Write Down of the Capital Securities and it is possible that the Write Down Amount of the Capital Securities shall be correspondingly increased, as more fully described in Condition 6*(c)*.

Following the giving of a Trigger Event Notice, the Issuer shall procure that (i) a similar notice is given in respect of other Loss Absorbing Instruments in accordance with their terms and (ii) the then prevailing

principal amount of each series of Loss Absorbing Instruments (if any) is written down or converted in accordance with their terms following the giving of such Trigger Event Notice. However, the failure by the Issuer to give such notice and/or write down such Loss Absorbing Instruments will not in any way impact the effectiveness of, or otherwise invalidate, any Write Down of the Capital Securities or give Holders any rights as a result of either such failure (and, for the avoidance of doubt, the Write Down Amount may increase as a result thereof).

Any reduction of the Prevailing Principal Amount of a Capital Security shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written Down whether in a bankruptcy, Moratorium or dissolution (*ontbinding*) or otherwise, save to the extent (if any) such amounts are Written Up in accordance with Condition 6*(d)*.

Following any Write Down of the Capital Securities, interest will only continue to accrue on the Prevailing Principal Amount of the Capital Securities following such Write Down, which principal amount is lower than the Initial Principal Amount of the Capital Securities or, as the case may be, the Prevailing Principal Amount of the Capital Securities immediately prior to such Write Down.

The principal amount of any other Additional Tier 1 Instruments of the Issuer, which principal amount is to be written down or converted as a result of the CET1 Ratios falling below the levels that are applicable to the Trigger Event, may not be reduced in conjunction with any Write Down of the Capital Securities.

Following any such Write Down, the Issuer will not in any circumstances be obliged to Write Up the Prevailing Principal Amount of the Capital Securities. A Write Down of the Capital Securities may occur at any time and on more than one occasion. Any redemption of the Capital Securities on the First Call Date or on each Interest Payment Date thereafter, and upon the occurrence of a Tax Law Change or a Capital Event following any such Write Down will further be at the then Prevailing Principal Amount of the Capital Securities, which may be lower than their Initial Principal Amount. To the extent the Issuer does exercise its discretion to Write Up the Capital Securities, such Write Up can only be undertaken as provided in Condition 6*(d)* and is subject to compliance with applicable regulatory restrictions (including the Issuer recording a net profit and subject to the Maximum Distributable Amount).

Investors should note that the risk of a Write Down is an appreciable risk and is not limited to the bankruptcy, Moratorium or dissolution (*ontbinding*) of the Issuer. It may result in the Holders losing some or all of their investment and due to the limited circumstances in which a Write Up may be undertaken, any reinstatement of the Prevailing Principal Amount of the Capital Securities and recovery of such investment may take place over an extended period of time or not at all (including as a result of any prior redemption of the Capital Securities at their then Prevailing Principal Amount). Any Write Down of the Capital Securities or any suggestion of a Write Down could, therefore, materially adversely affect the price or value of the Capital Securities and/or the amounts payable by the Issuer in respect of the Capital Securities.

The market price of the Capital Securities is expected to be affected by fluctuations in the CET1 Ratio of the Rabobank Group and/or the CET1 Ratio of the Issuer. Any indication that the CET1 Ratio of the Rabobank Group is approaching 7 per cent. and/or that the CET1 Ratio of the Issuer is approaching 5.125 per cent. may have an adverse effect on the market price of the Capital Securities. The level of the CET1 Ratio of the Rabobank Group and/or the CET1 Ratio of the Issuer may significantly affect the trading price of the Capital Securities.

In addition, the Capital Securities may become subject to statutory loss absorption measures — see the risk factors entitled "*Statutory Loss Absorption*", "*Bank recovery and resolution regimes*" and "*Change of law*" below for further information.

No limitation on issuing pari passu securities; subordination

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Capital Securities and no restriction on the Issuer or any other member of the Rabobank Group issuing securities with similar, different or no trigger event provisions.

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 or resolution 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.

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

The Capital Securities are a new issue of securities for which there is no established public market.

The Joint Lead Managers have advised the Issuer that they may make a market in the Capital Securities, as permitted by applicable laws and regulations; however, the Joint Lead Managers are not obligated to make a market in the Capital Securities, and they may discontinue their market-making activities at any time without notice. Therefore, there can be no assurance that an active market for the Capital Securities will develop or, if developed, that it will continue. In addition, subsequent to their initial issuance, the Capital Securities may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar Capital Securities, Rabobank's performance and other factors.

The calculation of the CET1 Ratios will be affected by a number of factors, many of which may be outside the Issuer's control

The occurrence of a Trigger Event and, therefore a Write Down of the Prevailing Principal Amount, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Because the CET1 Ratios may be calculated as at any date, a Trigger Event could occur at any time. The calculation of the CET1 Ratio of the Rabobank Group or the CET1 Ratio of the Issuer could be affected by a wide range of factors, including, among other things, factors affecting the level of Rabobank's earnings, the mix of businesses, regulatory changes (including changes to definitions and calculations of the CET1 Ratios and their components or the interpretation thereof by the relevant authorities, including Common Equity Tier 1 Capital and Risk Weighted Assets, in each case on either an individual or a consolidated basis, and the unwinding of transitional provisions under CRD IV), the ability to manage effectively the riskweighted assets in both the ongoing businesses and those Rabobank may seek to exit or changes in Rabobank's structure or organisation. See the section entitled "*Factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities*" for further information regarding factors that could have a material adverse effect on Rabobank's results of operations. The calculation of the CET1 Ratios also may be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which any permitted discretion under the applicable accounting rules is exercised as well as changes to or to the interpretation of regulatory requirements, including the expiry of any transitional arrangements for the calculation of the CET1 Ratios permitted by the Competent Authority.

The usual reporting cycle of the Issuer is for the CET1 Ratio of the Rabobank Group and the CET1 Ratio of the Issuer to be reported on a semi-annual basis in conjunction with the Issuer's financial reporting, which may mean investors are given limited warning of any deterioration in the CET1 Ratios. Notwithstanding the above, and for the avoidance of doubt, a Trigger Event may occur on any date.

The factors that influence the CET1 Ratio of the Rabobank Group may not be the same as the factors that influence the CET1 Ratio of the Issuer. For example, an event that has a negative impact on any of the Issuer's subsidiaries may have a greater relative impact on the CET1 Ratio of the Rabobank Group than on

the CET1 Ratio of the Issuer. Conversely, an event that has a negative impact on the Issuer may have a greater relative impact on the CET1 Ratio of the Issuer than on the CET1 Ratio of the Rabobank Group. As at 31 December 2015, the CET1 Ratio of the Rabobank Group was 13.5 per cent. and the CET1 Ratio of the Issuer was 16.0 per cent.. The capital instruments eligible as Common Equity Tier 1 capital of the Issuer are the same as the capital instruments eligible as Common Equity Tier 1 capital of the Rabobank Group, but the risk weighted assets and deductions of the own funds of the Issuer are lower than the risk weighted assets and deductions of the own funds of the Rabobank Group, because a number of legal entities, which are not part of the Issuer, are included for the purposes of calculating risk weighted assets and own funds at the Rabobank Group level, but not at the Issuer level.

Since a Trigger Event will occur if either CET1 Ratio threshold is breached regardless of whether or not the other CET1 Ratio threshold is breached, the additional uncertainties resulting from differences in the factors affecting the two CET1 Ratios may have an adverse impact on the market price or the liquidity of the Capital Securities.

As discussed above, either CET1 Ratio could be affected by a number of factors. Each CET1 Ratio will also depend on the Rabobank Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Rabobank Group will have no obligation to consider the interests of the Holders in connection with its strategic decisions, including in respect of its capital management. Holders will not have any claim against the Issuer or any other member of the Rabobank Group relating to decisions that affect the business and operations of the Rabobank Group, including the Rabobank Group's capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Holders to lose all or part of the value of their investment in the Capital Securities.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Prevailing Principal Amount may be Written Down. Accordingly, the trading behaviour of the Capital Securities may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the CET1 Ratio of the Rabobank Group and/or the CET1 Ratio of the Issuer is approaching the level that would cause a Trigger Event may have an adverse effect on the market price and liquidity of the Capital Securities. Under such circumstances, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to more conventional investments.

Interest payments may be cancelled on a discretionary or mandatory basis

Payment of Interest on any Interest Payment Date is at the sole discretion of the Issuer. The Issuer may elect not to pay Interest, in whole or in part, on any Interest Payment Date. The Issuer may make such election for any reason.

Any Interest not paid will be cancelled, and Holders will have no right to receive such cancelled Interest (or any amount in respect thereof) in any circumstances.

Further, the Competent Authority has wide-ranging powers given to it pursuant to Article 104 of the CRD IV Directive for the purpose of the supervisory review and evaluation process under that directive (see the risk factor entitled "*CRD IV includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payment"*). These powers include, *inter alia*, a general power to restrict or prohibit interest payments to holders of Additional Tier 1 securities, such as the Capital Securities. There are no ex-ante limitations on the discretion to exercise this power.

In addition, payment of Interest will be prohibited if and to the extent that (i) the Issuer's Distributable Items are insufficient to fund the relevant payment (when aggregated with other interest payments or distributions

which have been paid or are required to be paid during the then current Financial Year on other own funds items) and/or (ii) payment would cause any Maximum Distributable Amount then applicable to be exceeded.

The capacity of the Issuer to make interest payments may also be affected by its compliance with all capital requirements applicable from time to time. For a discussion of current capital requirements applicable to the Rabobank Group, see the risk factor entitled "*CRD IV includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payment*". As a result of the diminishing effect of the transitional provisions under CRD IV over time, the Rabobank Group will be required to meet more onerous capital requirements. There can be no assurance that additional new and more onerous requirements will not apply in the future and such requirements may also affect the Issuer's capacity to make payments of interest. Further, even if the Rabobank Group were to meet any such enhanced capital requirements, the Competent Authority may exercise its powers pursuant to Article 104 of the CRD IV Directive to restrict or prohibit interest payments to holders of the Capital Securities.

Payment of interest may also be affected by any application of the legislation in the Netherlands implementing the BRRD. See the risk factors entitled "*Statutory Loss Absorption*" and "*Bank recovery and resolution regimes*".

Insufficient Distributable Items

Payments of Interest due on any Interest Payment Date will be prohibited and will not be paid if and to the extent that the amount of such Interest payment otherwise due, together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year on other own funds items (which, for the avoidance of doubt, excludes any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate exceed the amount of Distributable Items of the Issuer as at such Interest Payment Date. Accordingly, the amount of Distributable Items available for this purpose may be affected, *inter alia*, by other discretionary interest payments or CET1 distributions. See further "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict the Issuer's ability to make interest payments on the Capital Securities*" below. As at 30 June 2015, i.e. before the Issuer merged with the local Rabobanks, the Issuer's Distributable Items were approximately €4.7 billion. At that time, equity of the local Rabobanks amounted to approximately €26.3 billion. The total amount of Distributable Items within the combination of the Issuer and the local Rabobanks would have been approximately €25.6 billion as at 30 June 2015.

Maximum Distributable Amount

The Issuer shall not, to the extent required by Capital Regulations, pay any Interest otherwise due on an Interest Payment Date if and to the extent that the payment of such Interest would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law, including the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) transposing or implementing Article 141(2) of the CRD IV Directive, as amended or replaced), the Maximum Distributable Amount (if any) then applicable to be exceeded. See further "*CRD IV includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*" below.

Consequences of cancellation

Any Interest payment (or part thereof) cancelled and not paid on any relevant Interest Payment Date or repayment date by reason of Condition 5 shall be cancelled and shall not accumulate or be payable at any time thereafter, and Holders will have no claim for any amount in respect of Interest not paid in such circumstances and no right to receive any additional interest or compensation as a result of such non-payment. Non-payment of any Interest (or part thereof) will not constitute a default by the Issuer for any purpose, and the Holders shall have no right thereto whether in a bankruptcy, Moratorium or dissolution (*ontbinding*) of the Issuer or otherwise. Thus, any Interest payment not paid as a result of the Issuer's election to cancel Interest or as a result of the mandatory restrictions described above will be lost and the Issuer will have no obligation to make payment of such Interest or to pay Interest thereon.

If the Issuer elects to cancel, or is prohibited from paying, Interest on the Capital Securities at any time, this imposes no restrictions on the Issuer. For the avoidance of doubt, there is no restriction (other than any restriction imposed by any applicable law or regulation) on the Issuer from otherwise making distributions or any other payments to the holders of the Participations or any other securities of the Issuer, including securities ranking *pari passu* with, or junior to, the Capital Securities.

Any actual or anticipated cancellation or reduction of Interest payments can be expected to have a significant adverse effect on the market price of the Capital Securities and any trading market for the Capital Securities could be severely restricted. In addition, as a result of the interest cancellation and reduction provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation or reduction and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict the Issuer's ability to make interest payments on the Capital Securities

The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore its ability to make interest payments under the Capital Securities, are a function of its existing Distributable Items and its future profitability. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior and parity ranking instruments.

The level of the Issuer's Distributable Items may be affected by changes to regulation, changes to Dutch and European accounting standards or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items, and therefore its ability to make Interest Payments on the Capital Securities, may be adversely affected by a wide range of factors, including, among other things, factors affecting the level of the Rabobank Group's earnings, the mix of businesses, the ability to manage effectively the risk-weighted assets in both the ongoing businesses and those the Rabobank Group may seek to exit or changes in the Rabobank Group's structure or organisation. In addition, adjustments to earnings, as determined by the Issuer, may fluctuate significantly and may materially adversely affect Distributable Items.

The Issuer shall not make an Interest payment on the Capital Securities on any Interest Payment Date or repayment date (and such Interest payment shall therefore be cancelled) if the level of Distributable Items is insufficient to fund that payment, as discussed under "*Insufficient Distributable Items*" above and as provided in Condition 5*(b)*.

CRD IV includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments

Under CRD IV, institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent. of Risk Weighted Assets (of which at least 4.5 per cent. must be Common Equity Tier 1 Capital). In addition to these so-called minimum or "Pillar 1" "own funds" requirements, CRD IV (for example, at Article 128 and following) also introduces capital buffer requirements that are in addition to the minimum "own funds" requirements and are required to be met with Common Equity Tier 1 Capital. It provides for five new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. When an institution is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic risk buffer addresses. Subject to transitional provisions, the capital conservation buffer (currently, 2.5 per cent.) and systemic risk buffer (currently, 3.0 per cent.) apply to the Rabobank Group and the Issuer and some or all of the other buffers may be applicable to the Rabobank Group and/or the Issuer from time to time, as determined by the Competent Authority.

In addition to the "Pillar 1" and buffer capital requirements described above, CRD IV (for example, at Article 104(1)(a)) contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by an institution relating to elements of risks which are not fully captured by the minimum "own funds" requirements ("**additional own funds requirements**") or to address macro-prudential requirements.

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process ("**SREP**") which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements and which were implemented with effect from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the additional own funds requirements to cover certain risks of at least 56 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 Capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements. Pursuant to the 2016 SREP process, the Competent Authority has determined that the CET1 Ratio of the Rabobank Group should be maintained at a minimum level of 9.5 per cent. This 9.5 per cent. CET 1 capital requirement for the Rabobank Group comprises: the minimum Pillar 1 requirement (4.5 per cent.) and the Pillar 2 additional own funds requirement plus the capital conservation buffer (5.0 per cent.). In addition, Rabobank Group is subject to a systemic risk buffer (the "**Systemic Risk Buffer**") that needs to be applied on top of these CET1 requirements and will result in a 0.75 per cent. surcharge on a transitional basis from 1 January 2016 (bringing the minimum CET1 capital requirement at this date to 10.25 per cent.). The Systemic Risk Buffer is expected to be increased to 3 per cent. on a fully loaded basis in 2019. The CET1 Ratio of the Rabobank Group as at 31 December 2015 was 13.5 per cent. (the fully loaded CET1 Ratio of the Rabobank Group as at 31 December 2015 was 12.0 per cent.). The Competent Authority (which with respect to the Issuer is the ECB) also requires that the Issuer maintains a minimum CET1 Ratio of the Issuer of 9.5 per cent. This 9.5 per cent. CET 1 capital requirement for the Issuer comprises: the minimum Pillar 1 requirement (4.5 per cent.) and the Pillar 2 additional own funds requirement plus the capital conservation buffer (5.0 per cent.). No systemic risk buffer currently applies to the Issuer. The CET1 Ratio of the Issuer as at 31 December 2015 was 16.0 per cent. The interpretation of Article 104(1)(a) of the CRD IV Directive remains unresolved, in particular as to how any "Pillar 2" additional own funds requirements imposed thereunder should be considered to comprise part of an institution's additional own funds requirements. Such uncertainty can be expected to subsist while the relevant authorities in the EU and in the Netherlands continue

to develop their approach to the application of the relevant rules. In this regard, the EBA published an opinion on 16 December 2015 calling on the European Commission to review Article 141 of the CRD to ensure greater consistency in its operation and to ensure that Common Equity Tier 1 Capital held to meet the combined buffer requirement (as defined below) must be in excess of that held to meet Pillar 1 and Pillar 2 requirements. In line with the approach recommended in this EBA opinion, the ECB published a presentation on its SREP methodology on 19 February 2016 in which it outlined that only Common Equity Tier 1 Capital in excess of that used to meet an institution's Pillar 1 and Pillar 2 Common Equity Tier 1 Capital requirements will be taken into account for determining the "maximum distributable amount" (as described below). Further, in March 2016, it was widely reported that, in the context of its wider review of the CRR and CRD IV, an expert group of the European Commission was considering, among other things, clarifications to the operation of automatic restrictions on earnings distributions such that if an institution meets the sum of its Pillar 1 capital requirements, Pillar 2 capital requirements and combined buffer requirements, but does not meet its Pillar 2 capital guidance, it shall not be subject to such automatic restrictions (including on payments of interest on AT1 capital). There can be no assurance however that any formal legislative or other clarification of these issues will be made. Until this uncertainty is resolved, there can be no assurance as to the relationship between the "Pillar 2" additional owns funds requirements and the restrictions on discretionary payments referred to below and as to how and when effect will be given to the EBA's minimum guidelines in the Netherlands, including as to the consequences for an institution of its capital levels falling below the minimum, buffer and additional requirements referred to above.

The Issuer currently intends to maintain an internal management buffer (as described further below) comprising Common Equity Tier 1 capital over the combined buffer requirement applicable to the Rabobank Group and the Issuer. On 9 December 2015, in the context of its 2016-2020 strategic framework, the Rabobank Group set itself the formal target of having a CET1 Ratio of the Rabobank Group of between 14 per cent. and 17 per cent. by the end of 2020, but there can be no assurance that this target ratio will be achieved. Within the CET1 Ratio range of between 14 per cent. and 17 per cent, Rabobank Group currently targets a CET1 ratio of a minimum of 14 per cent. Pending (regulatory) developments this target could be revised upwards. As at 31 December 2015, the CET1 Ratio of the Rabobank Group was 13.5 per cent. There can be no assurance, however, that the Issuer will continue to maintain such internal management buffer or that any such buffer would be sufficient to protect against a breach of the combined buffer requirement resulting in restrictions on payments on the Capital Securities. See further "*Interest payments may be cancelled on a discretionary or mandatory basis – Maximum Distributable Amount*" above.

Under Article 141 of the CRD IV Directive, EU Member States must require that institutions that fail to meet the "combined buffer requirement" (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institution buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as distributions in connection with Common Equity Tier 1 capital, payments on Additional Tier 1 instruments (such as Interest Amounts on the Capital Securities) and payments of variable remuneration). The restrictions, which transition in to effect starting from 1 January 2016, will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution since the most recent decision on the distribution of profits or "discretionary payment". Such calculation will result in a "maximum distributable amount" in each relevant period, which may need to be calculated at each level of supervision. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) Interest payments in respect of the Capital Securities. Further, there can be no assurance that the

Rabobank Group's or the Issuer's combined buffer requirement specifically, or the Rabobank Group's or the Issuer's other capital requirements more generally, will not be increased in the future, which may exacerbate the risk that "discretionary payments", including payments of Interest on the Capital Securities, are cancelled. In an opinion published by it on 16 December 2015, the EBA called on the European Commission to review the prohibition of distributions, notably insofar as it relates to AT1 instruments, in all circumstances when no profits are made in any given year. It opined that any relaxation should apply only in exceptional circumstances where additional flexibility in distributions is necessary in order to support the implementation of a bank's capital conservation plan.

Separately, certain regulatory proposals of the FSB and the EBA currently in development may restrict the Issuer's ability to make discretionary payments in certain circumstances, in which case the Issuer may reduce or cancel Interest payments on the Capital Securities; see the proposals regarding TLAC and MREL described in the risk factors entitled "*FSB Proposals for Total Loss-Absorbing Capacity*", "*EBA proposals on the minimum requirement for own funds and eligible liabilities under BRRD*" and "*Risks relating to the FSB and EBA proposals*".

The Rabobank Group's and the Issuer's capital requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Holders of the Capital Securities may not be able to predict accurately the proximity of the risk of discretionary payments (of Interest and principal) on the Capital Securities being prohibited from time to time as a result of the operation of Article 141 of the CRD IV Directive.

The implementation of Article 141 of the CRD IV Directive in the Netherlands, including its inter-relationship with the minimum and additional capital requirements, buffers and macro-prudential tools referred to above (including the calculation of the maximum distributable amount), remains uncertain in many respects. Such uncertainty can be expected to subsist while the relevant authorities in the EU and the Netherlands continue to develop their approach to the application of the relevant rules.

In addition, CRD IV includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their tier 1 capital as a percentage of their total exposure measure. During the observation period for the introduction of the leverage ratio, the leverage ratio – using the Basel III standard – is required to be maintained at a level of at least 3 per cent. This requirement will be harmonised at EU level from 1 January 2018, until which date regulators may apply such measures as they consider appropriate. The Dutch government has indicated that Dutch systematically important banks, including Rabobank, should have a leverage ratio of at least 4 per cent. by 2018.

There can be no assurance, however, that the leverage ratio specified above, or any of the minimum own funds requirements, additional own funds requirements or buffer capital requirements applicable to the Rabobank Group and/or the Issuer will not be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Capital Securities. See further the risk factors entitled "*Minimum regulatory capital and liquidity requirements*" and "*Interest payments may be cancelled on a discretionary or mandatory basis*".

Perpetual Securities

The Capital Securities are perpetual securities which have no scheduled repayment date. Holders of Capital Securities have no ability to require the Issuer to redeem their Capital Securities. In addition, Holders have limited enforcement remedies in the case of non-payment as there are no events of default under the Capital Securities or the Coupons – see "*Limited remedies in the case of non-payment under the Capital Securities*".

This means that Holders of Capital Securities have no ability to cash in their investment, except:

(a) if the Issuer exercises its rights to redeem or purchase the Capital Securities;

(b) by selling their Capital Securities; or

(c) by claiming for any principal amounts due and not paid in any bankruptcy, Moratorium or dissolution (*ontbinding*) of the Issuer.

All, but not some only, of the Capital Securities may be redeemed at the option of the Issuer, subject to, *inter alia*, the prior approval of the Competent Authority and Capital Regulations then in force, on the First Call Date or on any Interest Payment Date thereafter, at their then Prevailing Principal Amount (which may be lower than their Initial Principal Amount), together with any Outstanding Payments, as further provided in the Conditions. Under the CRD IV Regulation, the Competent Authority will give its consent to a redemption of the Capital Securities in such circumstances provided that either of the following conditions is met:

(i) on or before such redemption of the Capital Securities, the Issuer replaces the Capital Securities with instruments qualifying as Tier 1 Capital of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Tier 1 Capital and Tier 2 Capital would, following such redemption, exceed the capital ratios required under the CRD IV Directive by a margin that the Competent Authority may consider necessary on the basis set out in the CRD IV Directive.

The Capital Securities are also redeemable following a Capital Event or a Tax Law Change on or after the Issue Date at the option of the Issuer in whole but not in part, at any time, at their then Prevailing Principal Amount (which may be lower than their Initial Principal Amount, together with any Outstanding Payments), subject to the prior approval of the Competent Authority and Capital Regulations then in force, as further described in Conditions 7*(c)* and 7*(d)*. The CRD IV Regulation further provides that the Competent Authority may only approve any such redemption of the Capital Securities before the First Call Date if, in addition to meeting the conditions referred to in either one of paragraphs (i) or (ii) above, the following conditions are also met:

(A) in the case of any such redemption upon the occurrence of a Capital Event, (x) the Competent Authority considers the change in the regulatory classification of the Capital Securities to be sufficiently certain and (y) the Issuer demonstrates to the satisfaction of the Competent Authority that such change in the regulatory classification of the Capital Securities was not reasonably foreseeable at the Issue Date; or

(B) in the case of any subject redemption upon the occurrence a Tax Law Change, the Issuer demonstrates to the satisfaction of the Competent Authority that such change in applicable tax treatment of the Capital Securities is material and was not reasonably foreseeable at the Issue Date.

The above conditions to any redemption of the Capital Securities upon the occurrence of a Capital Event or a Tax Law Change only apply to any such redemption of the Capital Securities before the First Call Date and the Issuer may exercise its option to redeem the Capital Securities in such circumstances on the First Call Date or on each Interest Payment Date thereafter (including as a result of a Capital Event or a Tax Law Change that occurred before the First Call Date) without complying with these conditions. However, it will still need to comply with the conditions referred to in one of paragraphs (i) or (ii) above.

There can be no assurance that Holders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

The Interest Rate on the Capital Securities will be reset on each Reset Date, which may affect the market value of the Capital Securities

The Capital Securities will initially earn Interest at a fixed rate of interest to, but excluding, the First Call Date. From, and including, the First Call Date, however, and every Reset Date thereafter, the Interest Rate will be reset as described in Condition 4*(b)*. This reset rate could be less than the Initial Interest Rate and/or the Interest Rate that applies immediately prior to such Reset Date, which could affect the amount of any Interest payments under the Capital Securities and therefore the market value of an investment in the Capital Securities.

Substitution and Variation upon the occurrence of a Capital Event

Upon the occurrence and continuation of a Capital Event, the Issuer may, subject as provided in Condition 7*(b)* and without the need for any consent of the Holders, substitute all (but not some only) of the Capital Securities, or vary the terms of the Capital Securities so that they remain or, as appropriate, become, Compliant Securities. The tax and stamp duty consequences of holding Compliant Securities following a substitution could be different for some categories of holder from the tax and stamp duty consequences for them of holding Capital Securities.

The Competent Authority has discretion as to whether or not it will approve any substitution or variation of the Capital Securities. Any such substitution or variation which is considered by the Competent Authority to be material shall be treated by it as the issuance of a new instrument. Therefore, the Capital Securities, as so substituted or varied, must be eligible as Additional Tier 1 Capital in accordance with then prevailing Capital Regulations, which may include a requirement that (save in certain prescribed circumstances) the Capital Securities may not be redeemed or repurchased prior to five years after the effective date of such substitution or variation.

Limited remedies in the case of non-payment under the Capital Securities

The Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Capital Securities, including the payment of any Interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to a Holder or Couponholder for recovery of amounts owing in respect of any payment of principal or Interest on the Capital Securities will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The right of Holders or Couponholders to institute proceedings to enforce any payment obligations under or arising from the Capital Securities or the Coupons is limited to circumstances where payment has become due and has not been made for 14 days or more as further described in Condition 9. The Capital Securities are perpetual securities and the Issuer may only redeem them, and make Interest payments in respect of them, if certain conditions are met. Even if such conditions are met, the Issuer is under no obligation to make any payment, whether of principal or Interest, on the Capital Securities or the Coupons. The Issuer is under no obligation to redeem the Capital Securities. In the case of any Interest payment, even if not required to cancel such payment, the Issuer may elect to cancel that payment at its discretion. In these circumstances no payment, whether of principal or Interest, will be due. The sole remedy available to Holders or Couponholders will be to institute proceedings to demand specific performance (*nakoming eisen*) where an Interest payment has become due and has not been made for 14 days or more and Holders or Couponholders have no right to demand payment of Interest in any other circumstances and no right to demand payment of principal in any circumstances or pursue any other remedy.

In the event of (a) the bankruptcy of the Issuer, (b) a moratorium or (c) dissolution (*ontbinding*), Holders and Couponholders will have a subordinated claim (as set out in Condition 3*(b)*), but Holders or Couponholders cannot themselves petition for the bankruptcy of the Issuer or for its Moratorium or dissolution.

Statutory loss absorption

The Bank Recovery and Resoultion Directive, or BRRD, was published in the Official Journal of the European Union on 12 June 2014. The BRRD includes provisions (known as the bail-in tool) 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. In addition to this general bail-in tool, the BRRD provides for resolution authorities to have the further powers permanently to write-down, or convert into equity, Additional Tier 1 capital instruments (such as the Capital Securities) and Tier 2 capital instruments at the point of non-viability of the bank and before any resolution is commenced or concurrently with other resolution measures. A legislative proposal for the implementation of the BRRD in the Netherlands was made public in November 2014 for consultation and was implemented into Dutch law on 26 November 2015.

Accordingly, it is possible that, pursuant to the Bank Recovery and Resolution Directive or other resolution or recovery rules which may in the future be applicable to the Issuer, 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 Capital Securities absorbing losses ("**Statutory Loss Absorption**").

Pursuant to the exercise of any Statutory Loss Absorption measures, the Capital Securities 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 Capital Securities, 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 a default under the Capital Securities 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 such Statutory Loss Absorption may be applied by the Relevant Authority either at the point of non-viability (and independently of resolution action) or together with a resolution action.

Any determination that all or part of the principal amount of the Capital Securities 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 Capital Securities which are subject to Statutory Loss Absorption is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that Capital Securities will become subject to Statutory Loss Absorption could have an adverse effect on the market price of the relevant Capital Securities. Potential investors should consider the risk that a Holder may lose all of its investment in such Capital Securities, including the principal amount plus any accrued but unpaid Interest, if those Statutory Loss Absorption measures were to be taken.

Potential investors should also refer to the risk factors entitled "*Bank recovery and resolution regimes*" and "*Change of law*".

Bank recovery and resolution regimes

In 2012, the Dutch legislator adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**SMFI**"). The SMFI, enacted before the adoption of the BRRD, contains similar legislation to the rules outlined in the BRRD – see the risk factor entitled "*Statutory loss absorption*" above. Pursuant to the SMFI, substantial 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 (nationalisation) of the relevant bank and expropriation of its outstanding debt securities (which may include the Capital Securities). 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 of the Capital Securities) 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.

On 14 July 2014, Regulation (EU) No 806/2014 (the "**SRM Regulation**") was adopted by the European Council and came into force in part on 19 August 2014. The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in a framework of a single resolution mechanism and a single bank resolution fund (the "**Single Resolution Mechanism**" or "**SRM**"). The SRM Regulation establishes a single resolution board (consisting of representatives from the ECB, the European Commission and the relevant national authorities) (the "**Single Resolution Board**") that will manage the failing of any bank in the Euro area and in other EU member states participating in the European Banking Union (as defined herein). The provisions of the SRM Regulation relating to the cooperation between the Single Resolution Board and the national resolution authorities for the preparation of the banks' resolution plans became applicable from 1 January 2015. Under the SRM Regulation, the Single Resolution Board became fully operational as of 1 January 2015 and as from that date has the powers to collect information and cooperate with the national resolutions authorities for the elaboration of resolution planning. The Single Resolution Board is also granted the same resolution tools as those set out in the BRRD, including a bail-in tool. The SRM became applicable with effect from 1 January 2016 and the applicable legislation in the Netherlands was implemented on 26 November 2015. In a Dutch context, the Dutch Central Bank is the national resolution authority.

The SMFI will be amended following the adoption of the BRRD and the SRM Regulation, although the power of the Dutch Central Bank and the Minister of Finance to expropriate transfer and modify terms of debt securities (including the Capital Securities) shall remain.

Further, on 10 July 2013, the European Commission announced that it has adapted its temporary state aid rules for assessing public support to financial institutions during the crisis (the "**Revised State Aid Guidelines**"). The Revised State Aid Guidelines provide for strengthened burden-sharing requirements, which require banks with capital needs to obtain shareholders' and subordinated debt holders' contribution before resorting to public recapitalisations or asset protection measures. The European Commission has applied the principles set out in the new rules from 1 August 2013. In these guidelines, the European Commission has made it clear that any burden sharing imposed on subordinated debt holders will be made in line with principles and rules set out in the Bank Recovery and Resolution Directive.

More recently, on 26 May 2015, the EBA published its final guidelines on the circumstances in which an institution shall be deemed as 'failing or likely to fail' by supervisors and resolution authorities. These became applicable with effect from 1 January 2016. The guidelines set out the objective elements and criteria which should apply when supervisors and resolution authorities make such a determination and further provide guidance on the approach to consultation and exchange of information between supervisors and resolution authorities in such scenarios.

It is possible that under the SMFI, the BRRD, the Single Resolution Mechanism, the EBA guidelines mentioned above or any other future similar proposals, any new resolution powers given to the Dutch Central Bank, the Single Resolution Board or another relevant authority could be used in such a way as to result in capital instruments of the Issuer, such as the Capital Securities, absorbing losses or otherwise affecting the rights of Holders either in the course of any resolution of the Issuer or, prior thereto, at the point of non-viability.

The SMFI and BRRD could negatively affect the position of Holders and the credit rating attached to the Capital Securities, 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 Capital Securities.

In addition, potential investors should refer to the risk factors entitled "*Statutory loss absorption*" and "*Change of law*".

Modification and waiver

The Terms and Conditions of the Capital Securities 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/or vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Agency Agreement and the Conditions may be amended by the Issuer and the Fiscal Agent (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

Risks related to the market generally

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

The secondary market generally

Capital Securities 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 Capital Securities easily or at all 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 Capital Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, or have been structured to meet the investment requirements of limited categories of investors. These types of Capital Securities 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 Capital Securities.

Exchange rate risks and exchange controls

The Issuer will pay principal and Interest on the Capital Securities in euro. 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 euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro 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 euro would decrease (i) the Investor's Currency-equivalent yield on the Capital Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Capital Securities and (iii) the Investor's Currency-equivalent market

value of the Capital Securities. If the currency of the country in which the Holder is resident is not the euro, the Holder is exposed to the risk of fluctuations in the exchange rate between such currency and the euro. 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 at all.

Credit ratings may not reflect all risks

The Capital Securities are expected to be assigned on issue a rating of Baa3 by Moody's and BBB- by Fitch. 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 Capital Securities from time to time may not be reliable and changes to the credit ratings could affect the value of the Capital Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities. In addition, any reduction in the credit ratings of the Capital Securities or deterioration in the capital market's perception of Rabobank's financial resilience following any such downgrade, could adversely affect the trading price of the Capital Securities.

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.

In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the Issuer to rate the Capital Securities may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to any Capital Securities, there can be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The assignment of a non-solicited rating by a rating agency not hired by the Issuer could adversely affect the market value and liquidity of the Capital Securities.

Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Capital Securities by a prospective investor in the Capital Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. The Joint Lead Managers are also required to comply with the PI Rules and as a result of this compliance, prospective investors will be required to give the representations, warranties, agreements and undertakings as set out on page 3 of this Offering Circular.

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) Capital Securities are legal investments for it, (ii) Capital Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

Change of law

The conditions of the Capital Securities are based on Dutch law in effect as at Issue Date. 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 (including, but not limited to, any such laws, regulations or practices relating to the tax treatment of the Capital Securities) after the date of this Offering

Circular. Such changes in law may also 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 Capital Securities. 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*" and "*Bank recovery and resolution regimes*" above for further details).

IMPORTANT INFORMATION

Responsibility statement

Rabobank accepts responsibility for the information contained in these Listing Particulars and confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Documents incorporated by reference

This Offering Circular is to be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Offering Circular and that have been filed with the Irish Stock Exchange:

(a) the articles of association of Rabobank, last amended on 31 December 2015;

(b) the audited consolidated financial statements of Rabobank Group for the years ended 31 December 2013, 2014 and 2015 (in each case, together with the independent auditor's reports thereon and explanatory notes thereto);

(c) the audited unconsolidated financial statements of Rabobank for the years ended 31 December 2013 and 2014 (in each case, together with the independent auditor's reports thereon and explanatory notes thereto);

(d) the following parts of the Rabobank annual report 2015:

  (i) 'Key Figures' on pages 8 and 9;

  (ii) 'Profile of Rabobank' on pages 10 and 11;

  (iii) 'Strategy' on pages 12 to 15;

  (iv) pages 16 to 25 of 'Performance – Rabobank Group';

  (v) pages 27 to 33 (up to and exluding the paragraph entitled 'Outlook') of 'Performance – domestic retail banking';

  (vi) pages 35 to 39 (up to and exluding the paragraph entitled 'Outlook') of 'Performance – Wholesale banking and international retail banking';

  (vii) pages 41 to 45 (up to and exluding the paragraph entitled 'Outlook') of 'Performance – Leasing';

  (viii) pages 46 to 50 (up to and exluding the paragraph entitled 'Outlook') of 'Performance – Real estate';

  (ix) 'Risk management' on pages 86 to 100;

  (x) the audited consolidated financial statements of Rabobank Group for the year ended 31 December 2015 (together with the independent auditor's reports thereon and explanatory notes thereto) on pages 172 to 249;

  (xi) the audited unconsolidated financial statements of Rabobank for the year ended 31 December 2015 (together with the independent auditor's reports thereon and explanatory notes thereto) on pages 254 to 297; and

  (xii) the unaudited condensed consolidated interim financial information of Rabobank Group for the six months ended 30 June 2015 (together with the independent auditor's

review report thereon and explanatory notes thereto) on pages 66 to 101 of the Rabobank Group Interim Report 2015.

Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement modifies or supersedes such statement.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular is 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 Offering Circular, (ii) by telephoning the Issuer on +31 (0)30 2160000 or (iii) from the Issuer's website at https://www.rabobank.com/en/investors/funding/capital/index.html. In addition, such documents will be available, without charge, from the registered office in Ireland of Arthur Cox Listing Services Limited (as Irish Listing Agent).

The contents of websites referenced in this Offering Circular do not form any part of this Offering Circular.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Issuer's products), 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.

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, changes or downturns in the Dutch economy or the economies in other countries in which the Rabobank Group conducts business, the impact of fluctuations in foreign exchange rates and interest rates and the impact of future regulatory requirements.

These forward-looking statements speak only as of the date of this Offering Circular. Other than as required by law or the rules and regulations of the relevant stock exchange, 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 Offering Circular and which are incorporated by reference herein — see "*Important Information — Documents incorporated by reference*".

OVERVIEW

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

Issuer of the Capital Securities	Coöperatieve Rabobank U.A. (Rabobank).
Joint Lead Managers	Coöperatieve Rabobank U.A. (Rabobank) Goldman Sachs International Morgan Stanley & Co. International plc Nomura International plc UBS Limited.
Fiscal Agent	Deutsche Bank AG, London Branch.
Paying Agents	The Fiscal Agent and Coöperatieve Rabobank U.A. (Rabobank).
Issue Size	EUR 1,250,000,000
Maturity Date	The Capital Securities are perpetual securities and have no scheduled maturity date.
Issue Date	26 April 2016
Ranking	The payment obligations under the Capital Securities and the Coupons will 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*), the Holders shall have a claim for an amount equal to the then Prevailing Principal Amount of the Capital Securities, together with any Outstanding Payments, which shall rank: (i) subordinated and junior to present or future indebtedness of the Issuer, including but not limited to Tier 2 Capital of the Issuer, (other than the Issuer's present or future obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, the Issuer's present or future obligations under the Capital Securities or the Coupons (including, without limitation, the Existing Capital Securities)); (ii) *pari passu* (a) with the Issuer's present or future obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts III and IV and the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs III and IV, (b) with the Issuer's present or future obligations under the Existing Capital Securities, and (c) effectively, with the most senior ranking preferred equity securities or preferred or preference shares (if any) of the Issuer and at least *pari passu* with the Issuer's most

	senior Tier 1 Capital; and (iii) senior only to the Issuer's present or future obligations under the Participations and any other instruments ranking *pari passu* with the Participations (in accordance with, and by virtue of the subordination provisions of, the Participations) and any other instruments ranking *pari passu* therewith. By virtue of such subordination, payments to the Holders and Couponholders will, in the case of the bankruptcy or dissolution of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Capital Securities and Coupons have been satisfied.
Interest.....	The Capital Securities will bear Interest at an initial interest rate of 6.625 per cent. per annum on their Prevailing Principal Amount, from (and including) the Issue Date to (but excluding) 29 June 2021 (the "**First Reset Date**"), payable, subject as provided below, semi-annually in arrear on each Interest Payment Date, as more fully described under Condition 4. Interest on the Capital Securities shall accrue from (and including) the First Reset Date at a rate, to be reset every five years thereafter, based on the Reset Reference Rate plus 6.697 per cent.
Interest Payment Dates	Except as described below, Interest will be payable on 29 June and 29 December in each year (each, an "**Interest Payment Date**"), commencing on 29 June 2016. There will be a short first Interest Period of 63 days, beginning on (and including) the Issue Date and ending on (but excluding) 29 June 2016.
Discretionary Cancellation of Interest.....	Interest on the Capital Securities will be due and payable only at the sole and absolute discretion of the Issuer, subject at all times to the requirements for mandatory cancellation of Interest payments in Conditions 5*(b)* and 6*(a)*. Accordingly, the Issuer may at any time elect to cancel any Interest payment (or part thereof) which would otherwise be payable on any Interest Payment Date.
Mandatory Cancellation of Interest...	The Issuer shall, subject to certain conditions, be prohibited from making any Interest payment on any Interest Payment Date if and to the extent that: (a) the amount of such Interest payment, together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year on other own funds items (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate exceed the amount of Distributable Items of the Issuer as at such Interest Payment Date; or (b) the payment of such Interest would cause, when aggregated

	together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law, including the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), transposing or implementing Article 141(2) of the CRD IV Directive, as amended or replaced), the Maximum Distributable Amount (if any) then applicable to be exceeded.
Interest non-cumulative; no default...	Any Interest (or part thereof) not paid on any relevant Interest Payment Date by reason of Condition 5*(a)*, 5*(b)* or 6 shall be cancelled and shall not accumulate or be payable at any time thereafter, and shall not constitute a default by the Issuer for any purpose. Holders shall have no right thereto whether in a bankruptcy, Moratorium or dissolution (*ontbinding*) of the Issuer or otherwise.
Write Down upon a Trigger Event.....	Upon the determination by the Issuer in accordance with the requirements set out in Article 54 of the CRD IV Regulation that either: (a) the CET1 Ratio of the Rabobank Group has fallen below 7 per cent.; and/or (b) (for so long as required under applicable Capital Regulations) the CET1 Ratio of the Issuer has fallen below 5.125 per cent., (each a "**Trigger Event**"), the Issuer shall, subject to certain conditions: (i) (without the need for the consent of the Holders) reduce the then Prevailing Principal Amount of each Capital Security by the relevant Write Down Amount (such reduction, a "**Write Down**" and "**Written Down**" shall be construed accordingly); and (ii) cancel any Interest which is accrued to the relevant Write Down Date and unpaid. A Trigger Event may occur on more than one occasion (and each Capital Security may be Written Down on more than one occasion).
Write Up	The Issuer shall have full discretion to reinstate, to the extent permitted in compliance with the Capital Regulations, any portion of the relevant Write Down Amount (such reinstatement, a "**Write Up**"), subject to certain conditions, as more particularly set out in Condition 6*(d)*.
Optional Redemption.....	Subject to certain conditions, as more particularly set out in Condition 7*(b)*, the Issuer may elect, in its sole discretion, to redeem all, but not some only, of the Capital Securities on the First Call Date or on each Interest Payment Date thereafter at their Redemption Price.
Redemption for Taxation Reasons	If as a result of a Tax Law Change that causes a change in the tax treatment of the Capital Securities: (i) there is more than an insubstantial risk that the Issuer will be required to pay Additional Amounts with respect to payments

	on the Capital Securities; or (ii) Interest payable on the Capital Securities when paid would not be deductible by the Issuer for Netherlands corporate income tax liability purposes, then the Issuer may, at its option subject to the conditions set out in Condition 7*(b)*, at any time redeem all, but not some only, of the Capital Securities at their Redemption Price as more particularly set out in Condition 7*(d)*.
Redemption for Regulatory Reasons	If a Capital Event has occurred and is continuing and subject to certain conditions, as more particularly set out in Condition 7*(b)*, then the Issuer may, at its option, at any time redeem all, but not some only, of the Capital Securities at their Redemption Price, as more particularly set out in Condition 7*(e)*. A "**Capital Event**" will be deemed to have occurred if the Issuer demonstrates to the satisfaction of the Competent Authority that as a result of a change on or after the Issue Date in the regulatory classification of the Capital Securities under the Capital Regulations (other than by reason of such a change in the regulatory assessment of the tax effects of a Write Down), the Capital Securities have been or will be excluded from own funds or reclassified as a lower quality form of own funds (that is, no longer Additional Tier 1 Capital), in each case whether whole or in part.
Substitution or variation for a Capital Event	If a Capital Event has occurred and is continuing, and subject to certain conditions as more particularly set out in Condition 7*(b)*, then the Issuer may either substitute all (but not some only), or vary the terms of, the Capital Securities so that they remain, or as appropriate become, Compliant Securities, as more particularly set out in Condition 7*(f)*.
Withholding Tax and Additional Amounts	The Issuer will pay (subject to the availability of sufficient Distributable Items) such Additional Amounts as may be necessary in order that the net payment of Interest (but not principal or any other amount) received by each Holder in respect of the Capital Securities, after withholding for any taxes imposed by tax authorities in the Netherlands upon payments of interest made by or on behalf of the Issuer in respect of the Capital Securities, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as more particularly set out in Condition 10.
Listing and Admission to Trading	Application has been made to the Irish Stock Exchange for the Capital Securities to be admitted to the Official List and trading on the Global Exchange Market of the Irish Stock Exchange.. It is expected that admission to listing will become effective and dealings are expected to commence on 26 April 2016.

Irish Listing Agent	Arthur Cox Listing Services Limited.
Governing Law	The Capital Securities, the Coupons, the Talons and the Agency Agreement and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, the laws of the Netherlands.
Form	Bearer. The Capital Securities will initially be represented by a Temporary Global Capital Security, without interest coupons, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The Temporary Global Capital Security will be exchangeable for interests in a global capital security, without interest coupons, on or after 6 June 2016, upon certification as to non-US beneficial ownership.
Denomination	EUR 200,000
Clearing and Settlement	The Capital Securities have been accepted for clearance through the facilities of each of Euroclear and Clearstream, Luxembourg.
Rating	The Capital Securities are expected to be assigned on issue a rating of 'Baa3' by Moody's and 'BBB-' by Fitch. 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: XS1400626690 Common Code: 140062669
Selling Restrictions	The United States of America, United Kingdom (including, but not limited to the PI Rules), Canada, Japan, Singapore, Hong Kong, the Republic of China, Brazil, Switzerland, France and the Republic of Italy. The Capital Securities 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 Capital Securities 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 Capital Securities and distribution of this Offering Circular, see '*Subscription and Sale*'.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following (save for paragraphs in italics, which do not form part of the conditions of issue) are the conditions of issue of the Capital Securities as they apply to holders of the Capital Securities and are in the form in which they will appear on the reverse of each Certificate.

The issue of the €1,250,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities (the "**Capital Securities**") was approved by the Issuer on 18 April 2016 which approval is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 10 November 2015 and a resolution of the Supervisory Board passed on 30 November 2015, as confirmed by a Secretary's Certificate dated 21 April 2016. The Agency Agreement has been entered into in respect of the Capital Securities and is 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 Capital Securities, the Coupons and the Talons. The Holders and the Couponholders (whether or not the Coupons held are attached to the relevant Capital Securities) are deemed to have notice of, and are bound by, all the provisions of the Agency Agreement applicable to them.

1 Definitions

In these Conditions:

"**Additional Amounts**" has the meaning ascribed thereto in Condition 10;

"**Additional Tier 1 Capital**", at any time, has the meaning ascribed thereto (or to any equivalent term) in the Capital Regulations at such time;

"**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) affecting taxation;

"**Agency Agreement**" means the fiscal agency agreement dated 26 April 2016 entered into between the Issuer, the Fiscal Agent and the Paying Agents in relation to the Capital Securities;

"**Authorised Denominations**" has the meaning ascribed thereto in Condition 2*(a)*;

"**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 banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and, if on that day a payment is to be made, a day which is a TARGET Business Day also;

"**Calculation Amount**" means, initially, €1,000 in principal amount, provided that if the Prevailing Principal Amount of each Capital Security is amended (either by Write Down or Write Up in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer), the Calculation Amount shall mean the amount determined by the Fiscal Agent in accordance with Condition 6 on a pro rata basis to account for such Write Down, Write Up and/or other such amendment otherwise required, as the case may be, and which is notified to Holders in accordance with Condition 14 with the details of such adjustment;

A "**Capital Event**" is deemed to have occurred if the Issuer demonstrates to the satisfaction of the Competent Authority that as a result of a change on or after the Issue Date in the regulatory classification of the Capital Securities under the Capital Regulations (other than by reason of such a change in the regulatory assessment of the tax effects of a Write Down), the Capital Securities have been or will be excluded from own funds or

reclassified as a lower quality form of own funds (that is, no longer Additional Tier 1 Capital), in each case whether in whole or in part. For the avoidance of doubt, a Capital Event shall not be deemed to have occurred in the case of a partial exclusion of the Capital Securities as a result of a Write Down;

"**Capital Regulations**" means any requirements of Dutch law or contained in the regulations, requirements, guidelines and policies of the Competent Authority, or of the European Parliament and the European Council, then in effect in The Netherlands relating to capital adequacy and applicable to the Issuer and the Rabobank Group, including but not limited to the CRD IV Directive and the CRD IV Regulation;

"**Capital Securities**" means the €1,250,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 15 and forming a single series with the Capital Securities;

"**CET1 Ratio**" means, as applicable, either:

(d) the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Rabobank Group to the Risk Weighted Assets of the Rabobank Group, in each case calculated on a consolidated basis and expressed as a percentage (the "**CET1 Ratio of the Rabobank Group**"); or

(e) the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Issuer to the Risk Weighted Assets of the Issuer, in each case calculated on a solo or non-consolidated basis and expressed as a percentage (the "**CET1 Ratio of the Issuer**");

"**Common Equity Tier 1 Capital**", at any time, means the common equity tier 1 capital (or an equivalent or successor term) at such time of the Rabobank Group, on a consolidated basis or, as the context requires, the common equity tier 1 capital (or an equivalent or successor term) at such time of the Issuer, on a solo or non-consolidated basis, in each case in accordance with the Capital Regulations and taking into account any transitional arrangements under the Capital Regulations which are applicable at such time;

"**Competent Authority**" means the European Central Bank (in its capacity under the Single Supervisory Mechanism or SSM), the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other body or authority having primary supervisory authority with respect to the Rabobank Group;

"**Compliant Securities**" means securities issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to a Holder than the terms of the Capital Securities (as reasonably determined by the Issuer, and provided that a certification to such effect of the Authorised Signatories shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities), and, subject thereto, (1) contain terms such that they comply with the then current requirements of the Capital Regulations in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or both of the redemption events set out in Condition 7*(d)* or 7*(e)*) and provide at least the same amount of regulatory capital recognition as the Capital Securities prior to the relevant substitution or variation and have the same Initial Principal Amounts and Prevailing Principal Amounts as the Capital Securities prior to the relevant substitution or variation; (2) include terms which provide for the same Interest Rate from time to time applying to the Capital Securities; (3) rank pari passu with the Capital Securities; and (4) preserve any existing rights under these Conditions to any interest which has not been either cancelled or satisfied; and

(b) where the Capital Securities which have been substituted or varied were listed immediately prior to their substitution or variation, the relevant securities are listed on (i) the Irish Stock Exchange or (ii) such other internationally recognised stock exchange as selected by the Issuer; and

(c) where the Capital Securities which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Compliant Securities;

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

"**Coupon**" means an interest coupon in respect of a Capital Security (which expression includes, where the context so permits, Talons);

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

"**CRD IV Directive**" means the Directive (2013/36/EU) 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 dated 26 June 2013, as amended or replaced from time to time and, as the context permits, any provision of Dutch law, including the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) transposing or implementing such Directive;

"**CRD IV Regulation**" means the Regulation (EU No. 575/2013) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time;

"**Day-count Fraction**" means (i) in respect of an Interest Amount payable on a scheduled Interest Payment Date (other than the first Interest Payment Date), one-half, (ii) in respect of an Interest Amount payable (A) on the first Interest Payment Date or (B) 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 two times the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last);

"**Determination Agent**" means an independent investment bank or financial institution selected by the Issuer for the purposes of performing the functions required to be performed by it under these Conditions;

"**Distributable Items**" means the amount of the profits at the end of the last Financial Year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (which, for the avoidance doubt, excludes any such distributions paid or made on Tier 2 Capital instruments or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items) less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer's bye-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the Issuer, those losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the consolidated accounts;

"**Euro**" **or** "**€**" means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities as amended;

"**Executive Board**" means the executive board (raad van bestuur) of the Issuer;

"**Existing Capital Securities**" means the NZ$ Perpetual Non-Cumulative Capital Securities issued on 8 October 2007, the £ Perpetual Non-Cumulative Capital Securities issued on 10 June 2008, the CHF Perpetual Non-Cumulative Capital Securities issued on 27 June 2008, the ILS Perpetual Non-Cumulative Capital Securities issued on 14 July 2008, the EUR Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 27 February 2009, the NZD Floating Rate Non-cumulative Non-voting Perpetual Preference Shares issued on 27 May 2009, the U.S.$ Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 4 June 2009, the U.S.$ Fixed to Floating Rate Perpetual Non-Cumulative Capital

Securities issued on 18 June 2009, the CHF Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 12 August 2009, the U.S.$ Fixed Rate Perpetual Non-Cumulative Capital Securities issued on 26 January 2011, the U.S.$ Non-Cumulative Capital Securities issued on 9 November 2011 and the €1,500,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities issued on 22 January 2015;

"**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;

"**Financial Year**" means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year;

"**First Call Date**" means 29 June 2021;

"**First Fixed Period**" has the meaning ascribed to it in Condition 4*(b)*;

"**First Reset Date**" means 29 June 2021;

"**Fiscal Agent**" means Deutsche Bank AG, London Branch in its capacity as fiscal agent, which expression shall include any successor thereto;

"**Full Loss Absorbing Instruments**" has the meaning ascribed to it in Condition 6*(a)*;

"**Holder**" means the holder of a Capital Security, from time to time;

"**Initial Interest Rate**" means 6.625 per cent. per annum;

"**Initial Principal Amount**" means, in relation to each Capital Security, the Authorised Denomination of that Capital Security on the Issue Date;

"**Interest**" means interest in respect of the Capital Securities including, as the case may be, any applicable Additional Amounts thereon;

"**Interest Amount**" means, subject to Conditions 6 and 8, the amount of Interest payable per Calculation Amount in respect of the relevant Interest Period or Interest Periods, as calculated by the Determination Agent;

"**Interest Determination Date**" means, in respect of a Reset Period, the second TARGET Business Day prior to the Reset Date in respect of such Reset Period;

"**Interest Payment Date**" means 29 June and 29 December of each year commencing 29 June 2016;

"**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, in respect of the First Fixed Period, the Initial Interest Rate, and, in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 4*(b)*;

"**Irish Stock Exchange**" means the Irish Stock Exchange plc;

"**Issue Date**" means 26 April 2016, being the date of the initial issue of the Capital Securities;

"**Issuer**" means Coöperatieve Rabobank U.A. (Rabobank);

"**Loss Absorbing Instrument**" means capital instruments or other obligations of the Issuer (other than the Capital Securities) which constitute Additional Tier 1 Capital and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital and that is activated by a trigger event set by reference to the CET1 Ratio of the Rabobank Group and/or the CET1 Ratio of the Issuer;

"**Margin**" means 6.697 per cent.;

"**Maximum Distributable Amount**" means any applicable maximum distributable amount required to be calculated in accordance with Article 141 of the CRD IV Directive (or any provision of applicable law, including the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), transposing or implementing Article 141 of the CRD IV Directive, as amended or replaced);

"**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;

"**Outstanding Payments**" means, in relation to any amounts payable on redemption or repayment of the Capital Securities, an amount representing any unpaid Interest which is due and has not been cancelled for the Interest Period during which redemption or repayment occurs to the date of redemption or repayment plus Additional Amounts thereon, if any;

"**Participations**" means the outstanding Rabobank certificates representing participations issued by the Issuer and acquired by Stichting AK Rabobank Certificaten on 24 January 2014 (and any other similar Rabobank certificates representing participations issued thereafter by the Issuer);

"**Paying Agents**" means Deutsche Bank AG, London Branch and Coöperatieve Rabobank U.A. (Rabobank) in their capacity as paying agents, which expression includes any successor and additional paying agents appointed from time to time in connection with the Capital Securities;

"**Prevailing Principal Amount**" means, in relation to each Capital Security at any time, the principal amount of such Capital Security at that time, being its Initial Principal Amount, as adjusted from time to time for any Write Down and/or Write Up, in accordance with Condition 6 and/or as otherwise required by then current legislation and/or regulations applicable to the Issuer;

"**Proceedings**" means legal action or proceedings arising out of or in connection with any Capital Securities;

"**Rabobank Group**" means the Issuer together with its consolidated subsidiaries;

"**Rating Agency**" means Moody's Investors Service Ltd or Fitch Ratings Ltd, or their respective successors;

"**Redemption Price**" means, in respect of each Capital Security at any time, the then Prevailing Principal Amount thereof together with any Outstanding Payments;

"**Reference Date**" has the meaning ascribed to it in Condition 6*(d)*;

"**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;

"**Reset Date**" has the meaning ascribed to it in Condition 4*(b)*;

"**Reset Period**" means the period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

"**Reset Reference Banks**" means four major banks in the interbank market in the euro-zone as selected by the Determination Agent, after consultation with the Issuer;

"**Reset Reference Rate**" means in respect of the Reset Period, (i) the applicable annual mid-swap rate for swap transactions in Euro (with a maturity equal to 5 years) as displayed on the Screen Page at 11.00 a.m. (Central European time) on the relevant Interest Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates shall be adjusted by, and in the manner determined by, the Determination Agent) or (ii) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate;

where:

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in Euro which (a) has a term commencing on the Reset Date which is equal to 5 years; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the six-month EURIBOR rate (calculated on an Actual/360 day count basis);

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Determination Agent at or around 11:00 a.m. (Central European time) on the relevant Interest Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be determined by the Determination Agent in its sole discretion following consultation with the Issuer;

"**Reset Reference Banks**" means five leading swap dealers in the principal interbank market relating to Euro selected by the Determination Agent in its discretion after consultation with the Issuer; and

"**Screen Page**" means Reuters screen page "ISDAFIX2", or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

"**Risk Weighted Assets**" means, at any time, the aggregate Total Risk Exposure Amount of the Rabobank Group, or as the case may be, the Issuer, at such time;

"**Talon**" means a talon for further Coupons;

"**TARGET**" means the Trans European Real-Time Gross Settlement Express Transfer (known as TARGET 2) System, which was launched on 19 November 2007, or any successor thereto;

"**TARGET Business Day**" means a day on which TARGET is operating;

"**Tax Law Change**" means (i) any amendment to, or clarification of, or 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 of such Administrative Action or any 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 provided that, for the avoidance of doubt, should the interest on the Capital Securities no longer be deductible for Dutch corporate income tax purposes as a result of article 29a Dutch corporate income tax act 1969 *(artikel 29a Wet op de vennootschapsbelasting 1969*) being considered state aid as referred to in article 107 of the Treaty on the functioning of the European Union, this shall not constitute a Tax Law Change;

"**Tier 1 Capital**" has the meaning ascribed thereto (or to any equivalent terms) in the Capital Regulations from time to time;

"**Tier 2 Capital**" has the meaning ascribed thereto (or to any equivalent terms) in the Capital Regulations from time to time;

"**Total Risk Exposure Amount**" means, at any time, the total risk exposure amount of the Rabobank Group at such time, calculated on a consolidated basis or, as the context requires, the total risk exposure amount of the Issuer, calculated on a solo or non-consolidated basis, in each case in accordance with the Capital Regulations and taking into account any transitional arrangements under the Capital Regulations which are applicable at such time;

"**Trigger Event**" means a determination by the Issuer in accordance with the requirements set out in Article 54 of the CRD IV Regulation, that either (a) the CET1 Ratio of the Rabobank Group has fallen below 7 per cent. and/or (b) (for so long as required under applicable Capital Regulations) the CET1 Ratio of the Issuer has fallen below 5.125 per cent.;

"**Trigger Event Notice**" means the notice referred to as such in Condition 6 which shall be given by the Issuer to the Holders, the Fiscal Agent, the Paying Agents and the Competent Authority, in accordance with Condition 6 and Condition 14 and which shall state with reasonable detail the nature of the relevant Trigger Event, the relevant Write Down being implemented, any Write Down Amount (if then known) and the basis of its calculation and the relevant Write Down Date;

"**Write Down**" and "**Written Down**" shall be construed as provided in Condition 6*(a)*;

"**Write Down Amount**" has the meaning ascribed to it in Condition 6*(a)*;

"**Write Down Date**" has the meaning ascribed to it in Condition 6*(a)*;

"**Write Up**" and "**Written Up**" shall be construed as provided in Condition 6*(d)*;

"**Write Up Amount**" has the meaning ascribed to it in Condition 6*(d)*;

"**Write Up Notice**" has the meaning ascribed to it in Condition 6*(d)*; and

"**Written Down Additional Tier 1 Instrument**" means an instrument (other than the Capital Securities) issued directly or indirectly by the Issuer and qualifying as Additional Tier 1 Capital of the Issuer or the Rabobank Group (as the case may be) that, immediately prior to any Write Up of the Capital Securities, has a prevailing principal amount which is less than its initial principal amount due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Condition 6*(d)* in the circumstances existing on the relevant Write Up Date.

2 Form, Denomination and Title

(a) Form and Denomination

The Capital Securities are serially numbered and in bearer form in initial principal amounts of €200,000 (each "**Authorised Denominations**"), each with Coupons and one Talon attached on issue.

(b) Title

Title to the Capital Securities, the Coupons and the Talons passes by delivery. The holder of any Capital Security, Coupon or Talon 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 Capital Securities 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 Capital Securities and Coupons constitute unsecured obligations of the Issuer and Holders shall, in the case of (a) the bankruptcy of the Issuer, (b) a Moratorium or (c) dissolution (*ontbinding*), have a claim for an amount equal to the then Prevailing Principal Amount of the Capital Securities, together with any Outstanding Payments, which shall rank:

(i) subordinated and junior to present or future indebtedness of the Issuer, including but not limited to Tier 2 Capital of the Issuer (other than the Issuer's present or future obligations under any guarantee or contractual right that effectively ranks pari passu with, or junior to, the Issuer's present or future obligations under the Capital Securities or the Coupons (including, without limitation, the Existing Capital Securities));

(ii) pari passu (a) with the Issuer's present or future obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts III and IV and the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs III and IV, (b) with the Issuer's present or future obligations under the Existing Capital Securities, and (c) effectively, with the most senior ranking preferred equity securities or preferred or preference shares (if any) of the Issuer and at least pari passu with the Issuer's most senior Tier 1 Capital; and

(iii) senior only to the Issuer's present or future obligations under the Participations and any other instruments ranking pari passu with the Participations (in accordance with, and by virtue of the subordination provisions of, the Participations) and any other present or future instruments ranking pari passu therewith.

By virtue of such subordination, payments to the Holders and Couponholders will, in the case of the bankruptcy or dissolution of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Capital Securities and Coupons have been satisfied.

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 Capital Security or Coupon shall be excluded.

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

4 Interest

(a) General

Subject to Conditions 5 and 6, the Capital Securities bear Interest on their Prevailing Principal Amount from (and including) the Issue Date in accordance with the provisions of this Condition 4. Subject to Condition 5, Interest shall be payable on the Capital Securities semi-annually in arrear in equal instalments on each Interest Payment Date (as provided in this Condition 4), commencing with the Interest Payment Date falling on 29 June 2016. Each semi-annual instalment of interest during the First Fixed Period will amount to €33.125 per Calculation Amount, except that the first payment of interest will be made on 29 June 2016 in respect of the period from (and including) the Issue Date to (but excluding) 29 June 2016, and will amount to €11.5847 per Calculation Amount.

Interest will not be cumulative and Interest which is not paid will not accumulate or compound and Holders of the Capital Securities will have no right to receive such Interest at any time, even if Interest is paid in the future.

(b) Interest Rate

From (and including) the Issue Date to (but excluding) the First Reset Date (the "**First Fixed Period**"), the Capital Securities bear interest on their Prevailing Principal Amount at the Initial Interest Rate. The Interest Rate will be reset on the First Reset Date and every fifth anniversary thereafter (each a "**Reset Date**") on the basis of the aggregate of the Margin and the Reset Reference Rate on the relevant Interest Determination Date, as determined by the Determination Agent. The Determination Agent will, as soon as practicable upon determination of the Interest Rate which shall apply to the Reset Period commencing on the relevant Reset Date, cause the applicable Interest Rate and the corresponding Interest Amount to be notified to the Fiscal Agent, each of the Paying Agents and the Irish Stock Exchange or any other stock exchange on which the Capital Securities are for the time being listed and to be notified to Holders as soon as possible after their determination but in no event later than the second Business Day thereafter.

The determination of the applicable Interest Rate by the Determination Agent shall (in the absence of manifest error) be final and binding upon all parties.

(c) Interest Accrual, Calculation and Rounding

Subject to Conditions 5 and 6, the Capital Securities will cease to bear Interest from (and including) the date of redemption thereof pursuant to Condition 7 unless payment of all amounts due in respect of the Capital Securities 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 Capital Security shall be calculated per Calculation Amount and shall be equal to the product of the Calculation Amount, the Interest Rate and the relevant Day-count Fraction for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

If pursuant to Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Prevailing Principal Amount of the Capital Securities is Written Down or Written Up or so adjusted as otherwise required during an Interest Period, the Calculation Amount will be adjusted by the Fiscal Agent to reflect such Prevailing Principal Amount from time to time so that the relevant amount of Interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Fiscal Agent. The Issuer shall promptly following such change give notice of any change to the Calculation Amount to Holders in accordance with Condition 14.

(d) Determination Agent

The Issuer will procure that, so long as any Capital Security is outstanding, there shall at all times be a Determination Agent when one is required for the purposes of these Conditions. If the Determination Agent fails duly to establish the Interest Rate or to calculate the corresponding Interest Amount, the Issuer shall appoint another Determination Agent to act as such in its place. The Determination Agent may not resign its duties without a successor having been so appointed.

5 Cancellation of Interest

(a) Optional cancellation of Interest

The Issuer may, at its discretion but subject at all times to the requirements for mandatory cancellation of Interest payments in Conditions 5*(b)* and 6*(a)*, at any time elect to cancel any Interest payment, in whole or in part, which is scheduled to be paid on an Interest Payment Date. Upon the Issuer electing to cancel (in whole or in part) any Interest payment under this Condition 5*(a)*, the Issuer shall give notice of such election to the Holders in accordance with Condition 14 as soon as reasonably practicable on or prior to the relevant Interest Payment Date (provided that any failure to give such notice shall not affect the validity of the cancellation of any Interest payment in whole or in part by the Issuer and shall not constitute a default under the Capital Securities for any purpose). Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant Interest payment that will be paid on the relevant Interest Payment Date.

(b) Mandatory cancellation of Interest

Interest otherwise due on an Interest Payment Date will not be due (in whole or, as the case may be, in part), and the relevant payment will not be made, if and to the extent that the amount of such Interest payment otherwise due, together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year on other own funds items (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate exceed the amount of Distributable Items of the Issuer as at such Interest Payment Date.

In addition, the Issuer shall not, to the extent required by Capital Regulations, pay any Interest otherwise due on an Interest Payment Date if and to the extent that the payment of such Interest would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law, including the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), transposing or implementing Article 141(2) of the CRD IV Directive, as amended or replaced), the Maximum Distributable Amount (if any) then applicable to be exceeded.

Upon the Issuer being prohibited from making any Interest payment under this Condition 5*(b)*, the Issuer shall as soon as reasonably practicable on or prior to the relevant Interest Payment Date give notice of such non-payment and the reason therefor to the Holders in accordance with Condition 14 (provided that any failure to give such notice shall not affect the cancellation of any Interest payment in whole or in part by the Issuer and shall not constitute a default under the Capital Securities for any purpose). Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant Interest payment that will be paid on the relevant Interest Payment Date.

(c) Interest non-cumulative; no default

Any Interest payment (or part thereof) not paid on any relevant Interest Payment Date by reason of Condition 5*(a)*, 5*(b)* or 6, shall be cancelled and shall not accumulate or be payable at any time thereafter. Non-payment of any Interest (or part thereof) in accordance with any of Condition 5*(a)*, 5*(b)* or 6, will not constitute a default by the Issuer for any purpose, and the Holders shall have no right thereto whether in a bankruptcy, Moratorium or dissolution (*ontbinding*) of the Issuer or otherwise.

In the absence of any notice of cancellation referred to above being given, the fact of non-payment (in whole or in part) of the relevant Interest Payment on the relevant Interest Payment Date shall be evidence of the Issuer having elected or being required to cancel such Interest Payment in whole or in part, as applicable.

6 Write Down and Write Up

(a) Write Down

If a Trigger Event has occurred, the Issuer shall, after first giving a Trigger Event Notice, subject as provided below:

(x) (without the need for the consent of the Holders) reduce the then Prevailing Principal Amount of each Capital Security by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**", shall be construed accordingly) as provided below; and

(y) cancel any Interest which is accrued to the relevant Write Down Date and unpaid.

Such cancellation and reduction shall take place without delay on such date as is selected by the Issuer (the "**Write Down Date**") but which shall be no later than one month following the occurrence of the relevant Trigger Event and in accordance with the requirements set out in Article 54 of the CRD IV Regulation as at the Issue Date. The Competent Authority may require that the period of one month referred to above is reduced in cases where the Competent Authority assesses that sufficient certainty on the required Write Down Amount is established or in cases where it assesses that an immediate Write Down is needed.

The aggregate reduction of the Prevailing Principal Amounts of the Capital Securities outstanding on the Write Down Date will be equal to the lower of:

(i) the amount that would restore the CET1 Ratio of the Rabobank Group to at least 7 per cent. and (where applicable in the circumstances described in the definition of Trigger Event) the CET1 Ratio of the Issuer to at least 5.125 per cent. at the point of such reduction, taking into account (subject as provided in Condition 6*(c)*), the pro rata write down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Capital Securities,

provided that, with respect to each Loss Absorbing Instrument (if any), such pro rata write down and/or conversion shall only be taken into account to the extent required to restore the CET1 Ratios contemplated above to the lower of (a) such Loss Absorbing Instrument's trigger level and (b) the trigger level in respect of which the relevant Trigger Event under the Capital Securities has occurred, in each case, in accordance with the terms of the relevant instruments and the Capital Regulations; and

(ii) the amount that would result in the Prevailing Principal Amount of a Capital Security being reduced to one cent.

The aggregate reduction determined in accordance with the immediately preceding paragraph shall be applied to all of the Capital Securities pro rata on the basis of their Prevailing Principal Amount immediately prior to the Write Down and references herein to "**Write Down Amount**" shall mean, in respect of each Capital Security, the amount by which the principal amount of such Capital Security is to be Written Down accordingly.

If, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only ("**Full Loss Absorbing Instruments**") then:

(i) the provision that a Write Down of the Capital Securities should be effected *pro rata* with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Capital Securities to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and

(ii) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal and/or conversion, as the case may be, among the Capital Securities and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write down and/or conversion, such that the write down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Capital Securities and all other Loss Absorbing Instruments to the extent necessary to restore the CET1 Ratios referred to in Condition 6*(a)(i)*; and (y) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the CET1 Ratio above the minimum required under Condition 6(*a)(i)*.

Following a reduction of the Prevailing Principal Amount of the Capital Securities as described above, Interest will continue to accrue on the Prevailing Principal Amount of each Capital Security following such reduction, and will be subject to Conditions 5 and 6*(d)* as described herein.

(b) Notice of a Write Down

Following a Trigger Event, the Issuer shall:

(i) immediately inform the Competent Authority of the relevant Trigger Event;

(ii) give the relevant Trigger Event Notice which notice shall be irrevocable; and

(iii) prior to the giving of the Trigger Event Notice, deliver to the Fiscal Agent a certificate signed by the Authorised Signatories stating that, and in reasonable detail how, the relevant

requirement or circumstance giving rise to the right to effect the relevant Write Down is satisfied.

Any failure by the Issuer to give any such notice will not in any way impact on the effectiveness of, or otherwise invalidate, any Write Down, or give Holders any rights as a result of such failure.

(c) Consequences of a Write Down

A Trigger Event may occur on more than one occasion (and each Capital Security may be Written Down on more than one occasion).

Following any Write Down of the Capital Security, references herein to "**Prevailing Principal Amount**" shall be construed accordingly. Once the Prevailing Principal Amount of a Capital Security has been Written Down, the relevant Write Down Amount(s) may only be restored, at the discretion of the Issuer, in accordance with Condition 6*(d)* and provided that the relevant Trigger Event(s) cease(s) to continue.

Following the giving of a Trigger Event Notice which specifies a Write Down of the Capital Securities, the Issuer shall procure that (i) a similar notice is given in respect of other Loss Absorbing Instruments in accordance with their terms and (ii) the then prevailing principal amount of each series of Loss Absorbing Instruments outstanding (if any) is written down or converted in accordance with their terms following the giving of such Trigger Event Notice provided, however, any failure by the Issuer either to give such a notice or to procure such a write down and/or conversion will not affect the effectiveness of, or otherwise invalidate, any Write Down of the Capital Securities pursuant to Condition 6*(a)* or give Holders any rights as a result of either such failure (and, for the avoidance of doubt, the Write Down Amount may increase as a result thereof).

To the extent the prior write down or conversion of any Loss Absorbing Instruments for the purposes of Condition 6*(a)(i)* above is not possible for any reason, this shall not in any way impact on any Write Down of the Capital Securities. However in such circumstances, the Capital Securities will be Written Down and the Write Down Amount determined as provided in Condition 6*(a)* above without including for the purposes of Conditions 6*(a)(i)* any Common Equity Tier 1 Capital in respect of such Loss Absorbing Instruments, as the case may be, to the extent they are not written down or converted.

The Issuer shall determine the relevant Write Down Amount in the manner set out in Condition 6*(a)* and shall set out its determination thereof in the relevant Trigger Event Notice together with the then Prevailing Principal Amount of each Capital Security following the relevant Write Down. However, if the Write Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonable practicable following such determination, notify Holders of the Write Down Amount in accordance with Condition 14 and the Fiscal Agent. The Issuer's determination of the relevant Write Down Amount shall be irrevocable and be binding on all parties. In addition, prior to the giving of the Trigger Event Notice, the Issuer shall deliver a certificate to the Fiscal Agent signed by the Authorised Signatories setting out in reasonable detail its calculation of the relevant Write Down Amount.

Any reduction of the Prevailing Principal Amount of a Capital Security pursuant to Condition 6*(a)* shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written Down whether in a bankruptcy, Moratorium or dissolution (*ontbinding*) or otherwise, save to the extent (if any) such amounts are Written Up in accordance with Condition 6*(d)*.

(d) Write Up

The Issuer shall have full discretion to reinstate, to the extent permitted in compliance with the Capital Regulations, any portion of the relevant Write Down Amount (the "**Write Up Amount**"). The reinstatement of the Prevailing Principal Amount (such reinstatement being referred to herein as a "**Write Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Capital Security may be Written Up on more than one occasion), provided that the principal amount of each Capital Security shall never be Written Up to an amount greater than its Initial Principal Amount.

Any such Write Up of the Capital Securities shall be made on a *pro rata* basis and without any preference among themselves and on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any). Any failure by the Issuer to Write Up the Capital Securities on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any) however will not affect the effectiveness, or otherwise invalidate, any Write Up of the Capital Securities and/or write up of the Written Down Additional Tier 1 Instruments or give Holders any rights as a result of such failure.

To the extent that the Prevailing Principal Amount of the Capital Securities has been Written Up as described above, Interest shall begin to accrue from the date of the relevant Write Up on the increased Prevailing Principal Amount of the Capital Securities.

Any Write Up of the Prevailing Principal Amount of the Capital Securities may not exceed the Maximum Distributable Amount (after taking account of any other relevant distributions of the kind referred to in Article 141(2) of the CRD IV Directive).

Further, any Write Up of the Prevailing Principal Amount of the Capital Securities may not be made to the extent that the sum of:

(i) the aggregate amount of the relevant Write Up and any other Write Up on the Capital Securities since the Reference Date;

(ii) the aggregate amount of any interest payments paid on the Capital Securities and on any Written Down Additional Tier 1 Instruments, in each case since the Reference Date and which, in each case, accrued on the basis of a prevailing principal amount which is less than its initial principal amount; and

(iii) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument since the Reference Date up to the time of the relevant Write Up,

would exceed the lower of:

(i) the amount equal to the profits of the Issuer available for such purpose in accordance with the Capital Regulations (on a solo or non-consolidated basis) after the Issuer has taken a formal decision confirming the relevant final net profits less relevant coupons paid on all Written Down Additional Tier 1 Instruments of the Issuer and on the Capital Securities multiplied by the ratio of the original principal amount of all outstanding Written Down Additional Tier 1 Instruments of the Issuer and of the Capital Securities, divided by the total Tier 1 Capital of the Issuer (both as calculated on a solo or non-consolidated basis) at the date of the relevant Write Up; and

(ii) the amount equal to the profits of the Rabobank Group available for such purpose in accordance with the Capital Regulations (on a consolidated basis) after the Rabobank Group has taken a formal decision confirming the relevant final net profits multiplied by the ratio of the original

principal amount of all outstanding Written Down Additional Tier 1 instruments of the Rabobank Group and of the Capital Securities, divided by the total Tier 1 Capital of the Rabobank Group (both as calculated on a consolidated basis) at the date of the relevant Write Up.

As used above, "**Reference Date**" means, in respect of a Write Up, the date falling at the end of the financial year immediately preceding the relevant Write Up.

Any Write Up will be subject to (a) it not causing a Trigger Event and (b) the Issuer obtaining the prior written permission of the Competent Authority therefor (provided at the relevant time such permission is required to be given).

As at the Issue Date, Capital Regulations do not require that the prior written permission of the Competent Authority is obtained in order for the Issuer to give effect to any Write Up.

A Write Up may be made on more than one occasion in accordance with this Condition 6*(d)* until the Prevailing Principal Amount of the Capital Securities has been reinstated to the Initial Principal Amount.

Any Write Up will be subject to the same terms and conditions as set out in these Conditions.

Any decision by the Issuer to effect or not to effect any Write Up pursuant to this Condition 6*(d)* on any occasion shall not preclude it from effecting or not effecting any Write Up on any other occasion pursuant to this Condition 6*(d)*.

If the Issuer elects to Write Up the Capital Securities pursuant to this Condition 6*(d)*, notice (a "**Write Up Notice**") of such Write Up shall be given to Holders in accordance with Condition 14 specifying the amount of any Write Up and the date on which such Write Up shall take effect and to the Fiscal Agent. Such Write Up shall be given at least ten Business Days prior to the date on which the relevant Write Up is to become effective.

7 Redemption, Substitution, Variation and Purchase

(a) Perpetual Capital Securities

The Capital Securities are perpetual securities and the Issuer shall, without prejudice to its ability to effect a Write Down in accordance with Condition 6*(a)*, only have the right to redeem them or purchase them in accordance with the following provisions of this Condition 7.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Capital Securities in accordance with Condition 7*(c)*, *(d)*, *(e)*, *(f)* or *(g)* is subject to:

(i) the Issuer obtaining the prior written permission of the Competent Authority therefor, provided that at the relevant time such permission is required to be given;

(ii) both at the time of, and immediately following, the redemption or purchase, the Issuer being in compliance with its capital requirements as provided in the Capital Regulations (and a certificate from the Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance);

(iii) except in the case of any purchase of the Capital Securities in accordance with Condition 7*(g)*, the Issuer giving not less than 30 nor more than 60 calendar days' notice to the Holders, the

Fiscal Agent and the Paying Agents in accordance with Condition 14, which notice shall, save as provided below, be irrevocable;

(iv) if and to the extent then required under prevailing Capital Regulations, either: (A) the Issuer having replaced the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Rabobank Group; or (B) the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such redemption or purchase, exceed its minimum capital requirements (including any capital buffer requirements) by a margin (calculated, as at the Issue Date, in accordance with Article 104(3) of the CRD IV Directive) that the Competent Authority considers necessary at such time; and

(v) in respect of a redemption prior to the fifth anniversary of the Issue Date, if and to the extent then required under prevailing Capital Regulations (A) in the case of redemption upon the occurrence of a Tax Law Change, the Issuer has demonstrated to the satisfaction of the Competent Authority that the change in applicable tax treatment of the Capital Securities is material and was not reasonably foreseeable at the Issue Date, or (B) in the case of redemption upon the occurrence of a Capital Event, (x) the Competent Authority considers that the change in the regulatory classification of the Capital Securities is sufficiently certain and (y) the Issuer has demonstrated to the satisfaction of the Competent Authority that the change in the regulatory classification of the Capital Securities was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of such redemption, substitution, variation or purchase, the prevailing Capital Regulations permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in this Condition 7*(b)*, the Issuer having complied with such other and/or (as appropriate) additional pre-condition(s).

If the Issuer has given notice to redeem the Capital Securities pursuant to Condition 7*(b)(iii)*, and prior to the relevant redemption date a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Holders in accordance with Condition 14 and the Fiscal Agent and Paying Agents, as soon as practicable. Further, no notice of redemption shall be given in the period following the giving of a Trigger Event Notice and prior to the relevant Write Down Date.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 7 (other than redemption pursuant to Condition 7*(c)*), 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, substitute or, as appropriate, vary is satisfied.

(c) Issuer's Call Option

Subject to Condition 7*(b)*, the Issuer may elect, in its sole discretion, to redeem all, but not some only, of the Capital Securities on the First Call Date or on each Interest Payment Date thereafter at their Redemption Price.

(d) Redemption Due to Taxation

If, as a result of a Tax Law Change that causes a change in the applicable tax treatment of the Capital Securities:

(i) there is more than an insubstantial risk that the Issuer will be required to pay Additional Amounts with respect to payments on the Capital Securities; or

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

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

(e) Redemption for Regulatory Purposes

If a Capital Event has occurred and is continuing, then the Issuer may, at its option, subject to Condition 7*(b)* and having given the notice required by Condition 7*(b)* specifying the date fixed for redemption, at any time redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

(f) Substitution or Variation for a Capital Event

If a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 7*(b)* (without any requirement for the consent or approval of the Holders) either substitute all (but not some only) of the Capital Securities for, or vary the terms of the Capital Securities so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by Condition 7*(b)*, the Issuer shall either vary the terms of, or substitute, the Capital Securities in accordance with this Condition 7*(f)*, as the case may be. In connection with any substitution or variation in accordance with this Condition 7*(f)*, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading. For the avoidance of doubt, the Competent Authority has discretion as to whether or not it will approve any such substitution or variation of the Capital Securities.

(g) Purchases

The Issuer or any other member of the Rabobank Group may, subject to Condition 7*(b)* and to applicable law and regulation, at any time purchase Capital Securities in any manner and at any price (provided that, if they should be cancelled under Condition 7*(h)* below, they are purchased together with all unmatured Coupons relating to them).

(h) Cancellation

All Capital Securities redeemed by the Issuer pursuant to this Condition 7, and any unmatured Coupons or Talons attached to or surrendered with them, will forthwith be cancelled. All Capital Securities 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. Capital Securities, Coupons and Talons so surrendered shall be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities, Coupons or Talons shall be discharged.

8 Payments

(a) Method of Payment

Payments of principal and Interest shall be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the Capital Securities or the appropriate Coupons (as the case may

be) at the specified office of any Paying Agent (subject to Condition 8*(a)(ii)*) by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in a city in which banks have access to TARGET. Payments of Interest due in respect of any Capital Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Security.

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 10, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment or other laws to which the Issuer or its Agents agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulating directives or agreement. 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 Capital Security, any unexchanged Talon relating to such Capital Security (whether or not attached) shall become void and no Coupons shall be delivered in respect of such Talon and unmatured Coupons relating to such Capital Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Capital Security is presented for redemption without all unmatured Coupons and any unexchanged Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) Talons

On or after the Interest Payment Date for the final Coupon forming part of the Coupon sheet issued in respect of any Capital Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (but excluding any Coupons that may have become void pursuant to Condition 11).

(e) Payments on business days

A Capital Security 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 Euro account, a day which is a TARGET Business Day). If the day on which the relevant Capital Security or Coupon may be presented for payment falls on a non-business day, the Holder or Couponholder shall not be entitled to payment until the next following business day, and shall not be entitled to any interest or other sum in respect of such postponed payment. In this Condition 8*(e)*, "**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.

9 Limited Remedies in case of Non-Payment

In the case of (a) the bankruptcy of the Issuer, (b) a Moratorium or (c) dissolution (*ontbinding*), Holders shall have a claim as provided in Condition 3*(b)*. However, Holders may not themselves petition for the bankruptcy of the Issuer or for its Moratorium or dissolution.

Under the Dutch Bankruptcy Code, creditors may not apply for the bankruptcy of a bank. Only De Nederlandsche Bank N.V. (or, in limited circumstances, an administrator if emergency measures have been applied to the bank) can request the relevant Dutch court to declare a bank bankrupt in the circumstances where De Nederlandsche Bank N.V. considers there are "signs of a dangerous development with regard to

own funds, solvency or liquidity" of the relevant bank. If the relevant Dutch court has already applied emergency measures to the bank, it can at the request of the administrators (either on the proposal of the supervising judge or at its own initiative), declare a bank bankrupt if it has negative equity.

Subject to Condition 3*(b)*, in which case holders shall have a claim as set out therein, the sole remedy available to Holders to enforce any term or condition binding on the Issuer under the Capital Securities or the Coupons shall be to institute proceedings against the Issuer to demand specific performance (*nakoming eisen*) of any such obligation of the Issuer under or arising from the Capital Securities or the Coupons, including, without limitation, payment of any principal or premium or satisfaction of any Interest payments in respect of the Capital Securities or the Coupons, in each case when not satisfied for a period of 14 or more days after the date on which such payment is due, but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

No remedy against the Issuer, other than as referred to in Condition 3 and this Condition 9, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or the Coupons or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or the Coupons.

The right of Holders to institute proceedings to enforce any payment obligations under or arising from the Capital Securities or the Coupons is limited to circumstances where payment has become due and has not been made for 14 days or more as set out above. For these purposes, any payments of Interest which are cancelled pursuant to Condition 5 or Condition 6(a) or principal which is Written Down in accordance with Condition 6 and not Written Up again in accordance with Condition 6(d) or principal which is not paid by reason of Condition 7(b) shall not be due. The Capital Securities are perpetual securities and the Issuer may only redeem them, and make Interest payments in respect of them, if certain conditions are met. Even if such conditions are met, the Issuer is under no obligation to make any payment, whether of principal or Interest, on the Capital Securities or the Coupons. The Issuer is under no obligation to redeem the Capital Securities. In the case of any Interest payment, even if not required to cancel such payment, the Issuer may elect to cancel that payment at its discretion. In these circumstances no payment, whether of principal or Interest, will be due. The sole remedy available to Holders will be to institute proceedings to demand specific performance (nakoming eisen) where an Interest payment has become due and has not been made for 14 days or more as set out above and Holders have no right to demand payment of Interest in any other circumstances and no right to demand payment of principal in any circumstances or pursue any other remedy.

10 Taxation

All payments made by or on behalf of the Issuer in respect of the Capital Securities 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, in respect of payments of Interest (but not principal or any other amount) the Issuer will (to the extent such payment can be made out of Distributable Items which are available *mutatis mutandis* in accordance with Condition 5*(b)*) pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders or Couponholders of such amounts as would have been received by them in respect of payments of Interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Capital Security:

(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 Capital Securities or Coupons by reason of such Holder or Couponholder having some

connection with the Netherlands other than by reason only of holding Capital Securities 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 Capital Security or Coupon to another Paying Agent in a Member State of the European Union.

Notwithstanding any other provision of these Conditions of the Capital Securities, any amounts to be paid on the Capital Securities by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

11 Prescription

Claims for principal and Interest shall become void unless the relevant Capital Security or Coupon (which for this purpose shall not include Talons) is presented for payment as required by Condition 8 within a period of five years of the appropriate due date. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 11 or Condition 8*(c)*.

12 Replacement of Capital Securities, Coupons and Talons

If any Capital Security, Coupon or Talon 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 Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

13 Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Holders holding not less than 10 per cent. in principal amount of the Capital Securities 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 Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons holding or representing whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration or proposals, inter alia, (i) to modify the provisions for redemption of the Capital Securities or the dates on which Interest is payable in respect of the Capital Securities, (ii) to reduce or cancel the principal amount of, or amounts payable on redemption of, the Capital Securities (in each case other than as a result of the operation of Condition 6), (iii) to reduce the rate of Interest in respect of the Capital Securities or to vary the method of calculating the rate of Interest, or method of calculating the Interest Amount, on the Capital Securities, (iv) to change the currency of payment of the Capital Securities or the Coupons, (v) to modify the provisions concerning the quorum required at any meeting of Holders, (vi) to modify the provisions regarding the status or recapitalisation features of the Capital Securities referred to in Condition 3*(a)* or Condition 6 or (vii) to modify the provisions regarding the cancellation of Interest referred to in Condition 5 or 6*(a)* 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 Capital Securities 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 Capital Securities 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 and the Conditions 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. The Conditions may also be amended as provided herein without the agreement or approval of the Holders or Couponholders in the case of any Write Down of the principal amount of the Capital Securities in accordance with Condition 6*(a)* or in the circumstances described in Condition 7*(f)* in connection with the variation of the terms of the Capital Securities so that they become or remain alternative Compliant Securities.

Any amendment to these Conditions is subject to the Issuer obtaining the prior written permission of the Competent Authority therefor (provided at the relevant time such permission is required to be given).

14 Notices

Notices to Holders will be deemed to be validly given if published in a leading English language daily newspaper having general circulation in Europe or, if the Capital Securities are listed on the official list of the Irish Stock Exchange and admitted to trading on the Global Exchange Market of the Irish Stock Exchange (and so long as the rules of the Irish Stock Exchange so permit), if published on the website of the Irish Stock Exchange (*www.ise.ie*). 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 Capital Securities are for the time being listed or on which they have been admitted to trading. 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.

15 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 Capital Securities.

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

17 Governing Law

The Capital Securities, the Coupons, the Talons and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of the Netherlands.

18 Jurisdiction

The competent courts of Amsterdam, the Netherlands are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Capital Securities, the Coupons or the Talons 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 CAPITAL SECURITIES WHILE IN GLOBAL FORM

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

1. Form of Capital Securities

The Capital Securities will initially be represented by a Temporary Global Capital Security 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 Capital Security will be exchangeable in whole or in part for interests in the Global Capital Security on or after a date which is expected to be 6 June 2016, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Capital Security.

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

(i) if such Capital Securities 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) any of the circumstances described in Condition 9; or

(iii) with the consent of the Issuer.

3. Payments

Payments of principal and interest in respect of Capital Securities represented by the Global Capital Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Capital Securities, surrender of the Global Capital Security 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 Capital Securities represented by the Global Capital Security will be endorsed in the appropriate schedule to such Global Capital Security, which endorsement will be prima facie evidence that such payment has been made in respect of such Capital Securities. Conditions 10*(iv)* and 16*(iv)* will apply to the Definitive Capital Securities 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 Capital Security represented by the Global Capital Security 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 Capital Security, and in relation to all other rights arising under the Global Capital Security, 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 Capital Securities for so long as the Capital Securities are represented by such Global Capital Security and such obligations of the

Issuer will be discharged by payment to the holder of the Global Capital Security, as the case may be, in respect of each amount so paid.

5. Default

If principal or Interest in respect of any Capital Security is not paid for a period of 14 or more days after the date on which such payment became due and payable, the holder of the Global Capital Security may from time to time elect that direct enforcement rights under the provisions of the Global Capital Security 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 Capital Securities represented by the Global Capital Security. Such election shall be made by notice to the Fiscal Agent and presentation of the Global Capital Security to or to the order of the Fiscal Agent for reduction of the principal amount of Capital Securities represented by the Global Capital Security to EUR 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 Capital Securities 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 Capital Securities are represented by the Global Capital Security and the Global Capital Security 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 Capital Securities, provided that, so long as the Capital Securities are listed on the Irish Stock Exchange, the requirements of the Irish Stock Exchange have been complied with.

7. Prescription

Claims against the Issuer in respect of principal and interest on redemption while the Capital Securities are represented by the Global Capital Security will become void unless the Global Capital Security 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 Capital Security 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 EUR 0.01 principal amount of Capital Securities for which the Global Capital Security may be exchanged.

9. Purchase, Cancellation and Write Down

Cancellation of any Capital Security required by the Conditions to be cancelled, and the Write Down of the Prevailing Principal Amount of any Capital Security to EUR 0.01 in accordance with the Conditions, will be effected by reduction in the Prevailing Principal Amount of the Global Capital Security. Write Up of any Capital Security will be effected by way of reinstatement of the relevant Write Up Amount. For so long as the Capital Securities are represented by the Global Capital Security, any such Write Down or Write Up (if any) shall be reflected in the records of Euroclear and Clearstream, Luxembourg by the application of a pool factor.

DESCRIPTION OF BUSINESS OF RABOBANK GROUP

General

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. Rabobank Group is comprised of the Issuer and its subsidiaries. Rabobank Group operates in 40 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, leasing and real estate. It serves approximately 8.8 million clients around the world. In the Netherlands, its focus is on maintaining Rabobank Group's position in the Dutch market and, internationally, on food and agri. Rabobank Group entities have strong inter-relationships due to Rabobank's cooperative structure.

Rabobank Group's cooperative core business comprises the local Rabobanks. Clients can become members of Coöperatieve Rabobank U.A. (Rabobank). With 520 branches and 2,236 cash-dispensing machines at 30 June 2015, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.6 million retail customers, and approximately 800,000 corporate clients, offering a comprehensive package of financial services.

Coöperatieve Rabobank U.A. (Rabobank) is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International, now known as Rabobank and internally referred to as "Wholesale, Rural & Retail"**,** 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. The Group provides an integrated range of financial services comprising primarily domestic retail banking, wholesale banking and international retail banking, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers.

At 30 June 2015, Rabobank Group had total assets of €674.8 billion, a private sector loan portfolio of €434.4 billion, amounts due to customers of €328.2 billion (of which savings deposits total €143.6 billion) and equity of €41.4 billion. Of the private sector loan portfolio, €210.7 billion, virtually all of which were mortgages, consisted of loans to private individuals, €126.9 billion of loans to the trade, industry and services sector and €96.8 billion of loans to the food and agri sector. At 30 June 2015, its common equity Tier 1 ratio, which is the ratio between common equity Tier 1 capital and total risk-weighted assets, was 13.2 per cent. and its Capital ratio (BIS ratio), which is the ratio between qualifying capital and total risk-weighted assets, was 21.5 per cent.. The CET1 Ratio of the Rabobank Group as at 31 December 2015 was 13.5 per cent. (the fully loaded CET1 Ratio of the Rabobank Group as at 31 December 2015 was 12.0 per cent.). For the six month period ended 30 June 2015, Rabobank Group's efficiency ratio, which is the ratio between total operating expenses and total income, was 60.6 per cent., and the return on Tier 1 capital, or annualised net profit related to the Tier 1 capital as at 31 December of the previous financial year, was 9.0 per cent. For the six month period ended 30 June 2015, Rabobank Group realised a net profit of €1,522 million and a risk-adjusted return on capital ("**RAROC**"), which is the ratio between annualised net profit and average economic capital, of 11.4 per cent. after tax. At 30 June 2015, Rabobank Group had 46,728 full-time employees.

Rabobank Group

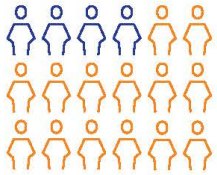
Rabobank Group Organisation chart

Situation on 30 June 2015

8.8 million customers

of which 7.4 million are customers in the Netherlands

Members
Two million of the total of 7.2 million customers of the local Rabobanks in the Netherlands are actively involved with Rabobank and members of Rabobank.



Mission
Rabobank is dedicated to being a leading customer-centric cooperative bank in the Netherlands and a leading food and agri bank in the world.

108 local Rabobanks

with 520 branch offices

Density of network
per region

- **North Netherlands**
  27 local Rabobanks
- **Central Netherlands**
  30 local Rabobanks
- **South Netherlands**
  25 local Rabobanks
- **West Netherlands**
  26 local Rabobanks

Rabobank

Markets

Mortgages | Savings | Trade, industry and services (TIS) | Food and agri*

Subsidiaries and associates

Payment transactions
- MyOrder (80%)

Mortgages
- Obvion

Insurance
- Achmea (29%)

Asset management
- Robeco (11%)

Partner banks
- Banco Terra (45%)
- Banco Regional (39%)
- BPR (38%)
- NMB (35%)
- Zanaco (46%)
- URCB (9%)
- Banco Sicredi (20%)
- DFCU (28%)
- Finterra (20%)
- LAAD (8%)

Wholesale
- Rembrandt (51%)

Leasing
- DLL (Athlon, Freo)

Real estate
- BPD Europe B.V.
- Bouwfonds IM
- FGH Bank

International retail
- ACC Loan Management
- BGZ BNP Paribas (7%)

* market share as at 31 December 2014.

Business activities of Rabobank Group

Through the local Rabobanks which form part of Rabobank as of 1 January 2016 and its subsidiaries, Rabobank Group provides services in the following core business areas: domestic retail banking, wholesale banking and international retail banking, leasing and real estate.

Domestic retail banking

The domestic retail banking business comprises the local Rabobanks, Obvion N.V. ("**Obvion**"), Friesland Zekerheden Maatschappij N.V. ("**Friesland Bank**"), Roparco 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 enterprises sector in the Netherlands. Obvion focuses exclusively on collaboration with independent brokers.

At 30 June 2015, Rabobank Group's domestic retail banking operations had total assets of €354.6 billion, a private sector loan portfolio of €287.0 billion, amounts due to customers of €212.4 billion (of which savings deposits total €120.0 billion). For the six month period ended 30 June 2015, Rabobank Group's domestic retail banking operations accounted for 58 per cent., or €3,649 million, of Rabobank Group's total income and 70 per cent., or €1,073 million, of Rabobank Group's net profit. At 30 June 2015, Rabobank Group's domestic retail banking operations employed approximately 23,000 full-time employees.

Local Rabobanks

With 520 branches and 2,236 cash-dispensing machines at 30 June 2015, the local Rabobanks form a dense banking network in the Netherlands. 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 6.6 million retail customers and approximately 800,000 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 2014 (*AM Jaarboek 2014*)).

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.

Rabohypotheekbank

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the local Rabobanks and was owned 100 per cent. by Rabobank as at 30 June 2015.

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 and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At 31 December 2014, Rabohypotheekbank had assets of €6.6 billion.

Wholesale banking and international retail banking

Wholesale banking and international retail banking focuses its activities on the food and agri sector. Wholesale, Rural & Retail has a presence in 26 countries. Its activities are subdivided into the following regions: the Netherlands, Europe outside the Netherlands, North and South America, Australia, New Zealand and Asia. Across these regions, Wholesale, Rural & Retail has created a number of units with global operations: Global Financial Markets, Global Client Solutions, Acquisition Finance, Project 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 Project Finance department operates in the sustainable sectors 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 Australia, Belgium, Germany, Ireland and New Zealand.

In addition, Wholesale, Rural & Retail has interests in private equity. Rabo Private Equity is the investment arm of Rabobank that acquires equity interests in businesses via specialised labels on the basis of specialist sector knowledge. Rabo Private Equity is active in the Dutch market with its units Rabo Participaties and Phoenix Recovery Capital. Rabo Private Equity also invests in various private equity funds, both in the Netherlands and in food and agri funds outside the Netherlands.

Rabobank's retail activities are performed under the Rabobank label, with the exception of an Irish bank, ACC Loan Management, which is a wholly owned subsidiary. ACC Loan Management is being phased down in order to focus exclusively on the management of the existing loan portfolio. The number of offices in Ireland has been reduced further, the number of employees has been sharply reduced and commercial activities (payment services and savings accounts) have also mostly been terminated. In line with this focus and reorganisation, the retail banking licence has been returned, and the name has been changed from ACC Bank plc to ACC Loan Management Limited.

In December 2013, Rabobank reached an agreement on the sale of its 98.5 per cent. equity interest in Bank Gospodarki Zywnosciowej SA to the BNP Paribas Group for an amount of 4.2 billion Polish Zloty (approximately €1 billion). The sale includes the activities of the internet savings bank BGZ Optima. The sale was completed on 23 September 2014.

At 30 June 2015, Rabobank Group's wholesale banking and international retail banking operations had total assets of €491.8 billion and a private sector loan portfolio of €101.3 billion. For the six month period ended 30 June 2015, Rabobank Group's wholesale banking and international retail banking operations accounted for 21 per cent., or €1,299 million, of Rabobank Group's total income and (19) per cent., or €(290) million, of Rabobank Group's net profit. At 30 June 2015, Rabobank Group's wholesale banking and international retail banking operations had approximately 9,000 full-time employees.

Leasing

DLL International B.V.

DLL International B.V. ("**DLL**") 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, DLL 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

international car lease company Athlon Car Lease, DLL operates in ten countries in Europe. In the Netherlands, DLL strengthens Rabobank Group's position in the Dutch consumer credit market, in part through the Freo online brand.

Rabobank owned a 100 per cent. equity interest in DLL at 31 December 2014. DLL has its statutory seat in Eindhoven, the Netherlands. Its issued share capital amounts to €98,470,307 all of which is owned by Rabobank. At 31 December 2014, Rabobank liabilities to DLL amounted to €2,171 million. At 31 December 2014, Rabobank claims on DLL amounted to €28,241 million (loans, current accounts, financial assets and derivatives). All liabilities of DLL are guaranteed (through the cross guarantee system) by Rabobank and the other participants of this system.

At 30 June 2015, DLL had a lease portfolio of €34.9 billion. For the six month period ended 30 June 2015, DLL accounted for 13 per cent., or €842 million, of Rabobank Group's total income and 16 per cent., or €247 million, of Rabobank Group's net profit. At 30 June 2015, Rabobank Group's leasing operations employed approximately 5,400 full-time employees.

Real estate

Rabo Vastgoedgroep Holding 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 B.V. ("**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 N.V. ("**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. Rabo Real Estate Group operates mainly in the Netherlands, France and Germany.

In early 2015 it was announced that FGH Bank would be integrated into Rabobank as the expertise centre for the funding of commercial real estate. Rabobank continues to be an important player in the field of commercial real estate.

For the six month period ended 30 June 2015, the Rabo Real Estate Group sold 3,147 houses. At 30 June 2015, Rabo Real Estate Group managed €6.2 billion of real estate assets and its loan portfolio amounted to €16.3 billion. For the six month period ended 30 June 2015, the real estate operations accounted for 5 per cent., or €338 million, of Rabobank Group's total income and 6 per cent., or €98 million, of Rabobank Group's net profit. At 30 June 2015, Rabobank Group's real estate operations had approximately 1,350 full-time employees.

Participations

Achmea B.V.

At 30 June 2015, Rabobank had a 29 per cent. interest in Achmea B.V. ("**Achmea**"). 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 2014, Achmea had a workforce of approximately 16,600 full-time equivalents. Achmea is a major insurance company in the Netherlands, 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 six other European countries and Australia. Rabobank and Achmea work closely together in the area of insurance. Achmea operates in the Dutch

domestic market with brands including Centraal Beheer Achmea, FBTO, InShared, Interpolis, Avéro Achmea, Zilveren Kruis Achmea, OZF Achmea, Pro Life Zorgverzekeringen, Staalbankiers, Syntrus Achmea and Woonfonds Hypotheken. 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.

Recent developments

Changes to the Executive Board

On 10 February 2016, Rabobank announced that Mrs. Petra van Hoeken was nominated as Chief Risk Officer and member of the Executive Board of Rabobank. Petra van Hoeken's nomination received regulatory approval on 4 April 2016.

Ratings

The credit ratings assigned to the Capital Securities are a reflection of Rabobank's credit status and in no way are a reflection of the potential impact of other factors discussed in this Offering Circular, or any other factors, on the market value of the Capital Securities. A rating reflects only the views of the relevant rating agency and is not a recommendation to buy, sell or hold the Capital Securities. Accordingly, prospective investors should consult their own financial and legal advisers as to the risks entailed by an investment in such Capital Securities and the suitability of such Capital Securities in light of their particular circumstances.

On 28 July 2015, Moody's confirmed Rabobank's long term debt and deposit ratings at "Aa2" with a "stable" outlook.

On 24 November 2015, DBRS confirmed its long-term deposits and senior debt rating of Rabobank at "AA" with a "stable" trend.

On 3 December 2015, Standard & Poor's Credit Market Services Limited confirmed its long-term counterparty credit rating of Rabobank at "A+", revising the outlook to "stable".

On 27 January 2016, Fitch confirmed Rabobank Group's long-term issuer default rating at "AA-" with a "stable" outlook.

A rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. Thus, a negative outlook indicates that Rabobank's credit rating may be downgraded in the medium term. Actual or anticipated declines in Rabobank's credit ratings may affect the market value of the Capital Securities. There is no assurance that a rating will remain unchanged during the term of the Capital Securities.

The ratings represent the relevant rating agency's assessment of Rabobank's financial condition and ability to pay its obligations, and do not reflect the potential impact of all risks relating to the Capital Securities. Any rating assigned to the long-term unsecured debt of Rabobank does not affect or address the likely performance of the Capital Securities other than Rabobank's ability to meet its obligations.

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

A downgrading or announcement of a potential downgrade in its credit ratings, as a result of a change in the agency's view of Rabobank, its industry outlook, sovereign rating, 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.

Strategy of Rabobank Group

Strategic Framework 2013-2016: cooperative, solid and sustainable

Rabobank aims for maximum customer focus and seeks to be a meaningful and reliable cooperative bank. Rabobank's ambition in the Netherlands is to provide its customers with suitable products from a position of strength and to be a leading and customer-centric cooperative bank. Outside the Netherlands, Rabobank aims to strengthen its position as a leading food and agri bank.

Through its cooperative structure, Rabobank wants to strengthen its customers' position and their living and working environment. This basic principle has been transposed into five customer promises: reliability, growing stronger together, personal service, active participation and a focus on today and tomorrow. Becoming the bank that Rabobank wants to be for its customers and society calls for a new way of working with each other. Rabobank gives priority to attracting and developing talent. The ambition is to be the bank that customers as well as employees can rely on.

We seek to maintain solid capital and liquidity buffers. To safeguard strong buffers in the future, reserves will have to continue to grow, and amounts due to customers need to grow faster than Rabobank's lending.

The ambitions for the local Rabobanks and Rabobank are detailed in the Vision 2016 Programme. This programme focuses on providing improved customer service at lower cost. The cooperative model is and remains the foundation of the Rabobank organisation. A review of the governance of Rabobank was launched in 2014 resulting in a renewal of the governance model with effect from 1 January 2016. In 2015, Rabobank also updated its Strategic Framework.

Customer focus

Owing to its origins, Rabobank feels it shares some responsibility for the socio-economic development of its customers' environment and networks. That is Rabobank's mission. Rabobank is committed to strengthening its customers' position and their living and working environment through cooperation. We refer to this mission as being 'invested in each other'.

The customer is the basis for the existence of the cooperative Rabobank. Further intensifying the customer focus in each of Rabobank's employees the aim of at putting the interests of its customers at the heart of everything Rabobank says and does. In doing so, Rabobank is aiming to achieve concrete results and demonstrable benefits for its customers.

Vision 2016

Rabobank is faced with far-reaching changes in its environment. Customers want straightforward, transparent and readily available financial services. At the same time, limited economic growth in the Netherlands means that earnings are stagnating and loan impairment charges remain high. Responding to these developments, Rabobank established the Vision 2016 Programme in 2013. Rabobank is committed to five changes that will help it achieve its goals:

1. Rabobank strengthens its cooperative identity in its day-to-day conduct.
2. Rabobank focuses on providing advice to existing customers and specific target groups.
3. Rabobank increases its impact in society.
4. Rabobank virtualises its services.
5. Rabobank reduces its costs and hold each other accountable for this.

Empowering employees

Rabobank aims to have an appealing corporate culture in which it can take pride and that manifests itself in its day-to-day conduct. Rabobank launched a group-wide culture programme in 2013. This programme is aimed at the attitude and behaviour of employees in their daily conduct. Rabobank firmly believes that the values of respect, integrity, sustainability and professionalism must be endorsed by and embedded in all employees.

Strong leadership and motivated employees are necessary to support and shape the changes within the bank. It is above all its employees who make Rabobank what it is and can make an exceptionally important contribution towards this.

Rock-solid bank

Ample capital and liquidity buffers determine financial solidity. These buffers are necessary conditions and essential for retaining a high rating and good access to professional funding. As a result of the introduction of the CRD IV, capital and liquidity buffers are subject to more stringent requirements. In the past 25 years, lending growth outpaced that of amounts due to customers and reserves. Rabobank consequently relied in part on capital market funding. In the future, the growth of amounts due to customers and the annual addition from net profit to reserves will determine the scope for growth. Rabobank want to target its lending at the food and agri sector throughout the world and at a broader customer group in the Netherlands.

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

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

- return on Tier 1 capital of 8%;
- common equity Tier 1 ratio of 14% and capital ratio (BIS ratio) of around 25%;
- loan-to-deposit ratio of 1.30.

Meaningful cooperative

Rabobank Group's cooperative core business comprises the local Rabobanks. Clients can become members of Coöperatieve Rabobank U.A. (Rabobank). 'Cooperative banking' is based on four focus areas that are connected with the financial products and services of Rabobank: long-term relationship, commitment to a better world, participation and solidity.

Rabobank puts the customer's interests at the heart of its service provision, with a focus on the long-term. On the basis of its cooperative principles, Rabobank always strives to help its customers in a responsible way, especially in times of economic difficulty. The cooperative identity needs to be strengthened in order to maintain Rabobank's distinctive profile. Rabobank is thus developing initiatives designed to increase the influence and involvement of its members. Rabobank wants to link its cooperative mission more explicitly

with banking services. This starts with the financial services provided to customers on a daily basis, but also encompasses stepping up participation in local and virtual networks.

Food and agri

Rabobank is the leading bank in agriculture and food production internationally (measured by Rabobank's own surveys), with financing of €92.3 billion of loans to the food and agri sector as at 31 December 2014, in the entire chain and in the principal agribusiness countries. As a global food and agri bank, Rabobank published the Banking for Food programme which outlines its vision on food security in the long-term, and its role in it, in 2014. Rabobank supports its food and agri customers by providing access to financing, knowledge and networks.

Banking for Food

In its Banking for Food vision, Rabobank emphasises that Rabobank has a role in addressing the global food issue, i.e. sustainably feeding more than 9 billion people in 2050. Rabobank has an excellent starting position owing to its presence in the key food-producing and food-consuming countries and in the food chain. In Banking for Food, Rabobank defines specific targets and priorities for a joint and integrated approach and maps out the road by which they can be reached.

Renewing the governance structure and updating the Strategic Framework

At 9 December 2015, Rabobank announced its new strategic direction. As a customer-focused cooperative bank, Rabobank aims to be close to its customers, members and society. Through its cooperative mission, Rabobank aims to make a substantial contribution to welfare and prosperity in the Netherlands and as a Food & Agri bank to feeding the world sustainably. In anticipation of higher capital requirements (Basel III, TLAC and MREL), Rabobank envisages a potential balance sheet reduction of EUR 150 billion by 2020. Rabobank is aiming to achieve a CET1 ratio of between 14 per cent. and 17 per cent. and a total capital ratio of between 25 per cent. and 30 per cent. in each case by 2020. An improvement programme aims to achieve a gross result improvement of EUR 2.1 billion by 2020, to be achieved partly by cost savings and partly by increasing income. As a result, it is the aim to improve Rabobank's cost/income ratio towards the 50 per cent. level by 2020. To achieve this performance improvement, all business units will need to improve efficiency. In addition, during the period 2016-2018, Rabobank will reduce its workforce by 9,000 employees.

Also at 9 December 2015, the General Meeting voted in support of the changes to the governance of Rabobank. From 1 January 2016 Rabobank operates as one cooperative, with one banking licence and one set of financial statements. The member councils of all 106 local Rabobanks approved this new structure on 2 December 2015.

The combination of changed governance and the new strategic direction are preparing Rabobank to act on three key priorities in the coming years: excellent customer service, a flexible and stronger balance sheet and an improvement in its financial results.

Strategy for domestic retail banking

Rabobank's core mission is to be a lifelong, personal financial partner. Rabobank strives to win customer loyalty and thus create ambassadors for its services. Rabobank builds long-lasting customer relationships. It is Rabobank's ambition to be the bank of choice in the Netherlands for all the common financial products and services. This is shown by market leadership.

Rabobank is one of the largest savings institutions in the Netherlands, as well as one of the largest institutions in the markets for the funding of small and medium enterprises and food and agri. The bank intends to maintain these leading positions and seeks to strengthen its position selectively in areas where its ambitions have not yet been realised. With a market share of 22.3 per cent on 30 June 2015, with the local Rabobanks and Obvion, Rabobank has a strong position in the mortgage market.

The future local Rabobank is based on three pillars: participation, advice and virtualisation. The local Rabobanks participate in initiatives that contribute to local social and economic development. Many of the employees at the local Rabobanks work as advisors and maintain regular contact with customers through physical and virtual networks.

Customer needs have changed in recent years; they arrange most of their banking business through online and mobile channels. Rabobank is thus fully committed to the further virtualisation of its services. This allows Rabobank to serve its customers better, faster and at a lower cost at a time of their choosing. If a customer needs an advisor, one is always nearby. In addition, Rabobank strives to keep its costs in line with the market. Rabobank puts its customers first and wants to offer its services at fair rates, both today and in future. This change process at the local Rabobanks and Rabobank was put in motion in 2013, under the name of Vision 2016.

Strategy for wholesale banking and international retail banking

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

Rural & Retail banking also focuses mainly on food and agri. The aim of the rural banks is to have a portfolio consisting of at least 95 per cent. food and agri. In the case of the retail banks, this target is set at 40-50 per cent. for Rabobank, N.A., while a strategic reorientation has been introduced at Rabobank Indonesia whereby the food and agri focus will be increased to 80 per cent. of the portfolio over time.

Strategy for leasing

DLL is a globally operating financial services provider. With its operations in the Netherlands, DLL supports the Group strategy of wide-ranging financial services provision. It is a major company in the leasing market in the Netherlands. Its support for Rabobank's global food and agri strategy is reflected in the large proportion of food and agri in DLL's lease portfolio. On 30 June 2015, food and agri accounted for 32 per cent of the total lease portfolio. DLL intends to further increase this proportion. Apart from food and agri, DLL specialises in the following industries: healthcare, clean technology, mobility, transportation, construction, industrial equipment and office technology.

The financial solutions provided by DLL can be divided into vendor finance, commercial finance, (car) leasing, factoring and consumer finance. DLL wants to offer the right financial solutions to its customers in these industries so that they can attain their goals.

Long-term relationships and anticipating customer needs are central features of DLL's strategy. This is expressed in the cooperation with customers and the dialogue initiated with customers on how DLL can most effectively add value. DLL is continually searching for ways in which new business models, technologies and digital opportunities can be of assistance to its customers.

DLL facilitates its partners in embracing the circular economy with its Life Cycle Asset Management programme. This programme firstly achieves the transition from ownership to payment for service, and secondly from new to used operating assets. Manufacturers can thus increase the life of their products through intake, remanufacturing, re-use and recycling at the end of their useful lives.

Strategy for real estate

FGH Bank will be integrated into Rabobank. Clear decisions will be made with regard to the strategic reorientation of Bouwfonds Investment Management in 2015. Fondsenbeheer Nederland was split off from

Rabo Vastgoedgroep in the first half of 2015. Bouwfonds Property Development (operating under the name BPD since 1 January 2015) continues to be an important activity for Rabo Real Estate Group and Rabobank. Rabo Real Estate Group will continue to adapt to developments in the coming period, within the context of Rabobank as a shareholder.

Competition

Rabobank Group competes in the Netherlands with several other large commercial banks such as ABN AMRO, ING Group and SNS Reaal, with insurance companies and pension funds and also with smaller financial institutions in specific markets. Rabobank expects competition in the Dutch savings market to continue in 2016.

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 30 June 2015, the local Rabobanks and Obvion have a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 77 per cent. (year-end 2014: 78 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

The Group offers a comprehensive package of financial products and services. 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 2015, Rabobank Group had a market share of 22.3 per cent. of the total amount of new home mortgages in the Dutch mortgage market by value (16.6 per cent. by local Rabobanks and 5.7 per cent. by Obvion; 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 2015, Rabobank Group had a market share of 35.0 per cent. of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Rabobank Group is one of the largest savings institution in the Netherlands measured as a percentage of the amount of saving deposits (source: Statistics Netherlands). Of the total saving deposits in the Netherlands, 34.2 per cent. are held by the local Rabobanks and 0.8 per cent. are held by Robeco Direct's savings bank Roparco.

Lending to small and medium-sized enterprises: At 30 June 2015, Rabobank Group had a market share of 41 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 2014, Rabobank Group had a market share of 85 per cent. of loans and advances made by banks to the Dutch primary agricultural sector (measured by Rabobank's own surveys).

Properties

Rabobank typically owns 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 and arbitration proceedings

Rabobank Group is involved in legal and arbitration proceedings in the Netherlands and other countries, including the US, with respect to claims made by and against Rabobank Group that arise from its business operations. While it is not possible to predict or determine the ultimate outcomes of current or pending proceedings and processes, Rabobank Group is of the opinion that the ultimate outcomes of the various legal proceedings already pending and/or any future legal proceedings will not have any material adverse effect on the financial position or profitability of Rabobank Group, given its size, strong balance sheet, stable income flow and policy with respect to allowances.

See the Rabobank Group notes to the annual report 2015, under "Legal and arbitration proceedings" for further information on legal and arbitration proceedings Rabobank Group is involved in.

Interest rate derivatives in the SME-segment – Approximately 8,000 of Rabobank's 800,000 business customers have an interest rate derivative. During 2014 and 2015, these interest rate derivatives have been subject to a reassessment process. In 2014, Rabobank tightened the quality requirements of the reassessment of interest rate derivatives, partly at the insistence of the Netherlands Authority for the Financial Markets ("**AFM**"). The reassessment on a case by case basis was close to being finalised in December 2015, in accordance with the agreement with the AFM. Rabobank sent letters on the reassessment results to inform over 90 per cent. of its customers involved by the end of 2015, with the remainder following in January 2016. In December 2015, Rabobank took notice of the AFM's opinion that the interest rate derivatives reassessment by the banks had been insufficient and that the AFM had identified flaws in its own scrutiny of reassessments. In the first two months of 2016 Rabobank was in discussion with the AFM in order to achieve a suitable solution to this situation. In March of this year the Minister of Finance appointed an independent committee to establish a redress. It is expected that the reassessment will last until mid 2017. Rabobank is involved in civil lawsuits regarding interest rate derivatives brought before Dutch courts, most of which are individual cases. Furthermore, a class action has been engaged against Rabobank, with claims regarding interest rate derivatives, among which Euribor related claims. Rabobank is defending itself against all these claims. Further, complaint procedures regarding interest rate derivatives have been engaged against Rabobank before Kifid (the Netherlands Financial Services Complaints Tribunal), which opened a desk for SMEs with interest rate derivatives in January 2015.

RABOBANK GROUP STRUCTURE

The Rabobank Group is comprised of Coöperatieve Rabobank U.A. (Rabobank) and its consolidated subsidiaries in the Netherlands and abroad. The Issuer uses the trade names Rabobank Nederland and Rabobank.

The central institution of Rabobank Group is Rabobank, with its executive office located at Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is: +31 (0)30 2160000. The statutory seat of Rabobank is Amsterdam, the Netherlands.

Rabobank is a licensed bank, in the legal form of a cooperative pursuant to the Dutch Civil Code. The objective of a cooperative is to provide for certain material needs of its members by whom it is effectively owned and controlled.

Rabobank was formed as a result of the merger of the Coöperatieve Centrale Raiffeisenbank and the Coöperatieve Centrale Boerenleenbank, the two largest banking cooperative entities in the Netherlands. It was incorporated with unlimited duration on 22 December 1970 and registered with the Trade Register of the Chamber of Commerce, under number 30046259. On 1 January 2016, a legal merger took place between Rabobank and all 106 local Rabobanks in the Netherlands, which were the members of Rabobank. Rabobank is the surviving entity.

The object of Rabobank, as stated in article 3 of its articles of association, is to promote the interests of its members, and to do so by:

(a) conducting a banking business, providing other financial services, and, in that context, concluding agreements with its members;

(b) participating in, otherwise assuming an interest in, and managing other enterprises of any nature whatsoever, and financing third parties, providing security in any way whatsoever or guaranteeing the obligations of third parties;

(c) contributing to society, including promoting economic and social initiatives and developments; and

(d) performing any activities which are incidental to or may be conducive to this object.

Rabobank is furthermore authorised by its articles of association to extend its activities to parties other than its members.

The Executive Board is responsible for the management of Rabobank and of Rabobank Group as a whole. Executive Board members are appointed by the Supervisory Board. The Supervisory Board is responsible for the supervision of the management by the Executive Board. Supervisory Board members are appointed by the General Members' Council of Rabobank. Further information regarding the governance of Rabobank Group is set out below under "Governance of Rabobank Group".

Rabobank operates not only from the Netherlands, but also from branches and representative offices all over the world. These branches and offices all form part of the legal entity Rabobank and focus on wholesale banking.

Rabobank branches are located in Sydney, Antwerp, Toronto, Grand Cayman, Beijing, Shanghai, Dublin, Frankfurt, Madrid, Paris, Mumbai, Milan, Labuan, Wellington, New York, Singapore, Hong Kong and London.

Rabobank representative offices are located in Mexico City, Buenos Aires, Moscow, Istanbul, Kuala Lumpur, Tokyo, Atlanta, Chicago, Dallas, San Francisco, Nairobi and St. Louis.

Through their mutual financial association, various legal entities within Rabobank Group, including Rabobank, make up a single organisation. This relationship is formalised in an internal cross-guarantee system. This cross-guarantee system stipulates that, if a qualifying institution should have a shortage of funds to meet its obligations towards creditors, the other qualifying institutions are required to supplement that institution's funds in order to allow it to fulfil these obligations.

The members of Rabobank, who are customers of Rabobank, are organised based on, among other things, geographical criteria into about 100 Departments (*Afdelingen*). The members of Rabobank are represented in the General Members' Council (*Algemene Ledenraad*) by one representative per Department. This General Member's Council has specific powers regarding material decisions of the executive board (*inter alia* legal merger and legal demerger, amendment of the articles of association, material investments and divestments, Rabobanks' strategic framework and main points of the budget). Each member of the General Member's Council has a number of votes according to an apportionment formula, which reflects the percentage relationship between the local Rabobanks as determined according to the articles of association of Rabobank on the basis of balance sheet totals, equity capital and commercial results of a local Rabobank.

At 30 June 2015, there were approximately 2.0 million members. The members of Rabobank are its customers but they do not make capital contributions to Rabobank and they are not entitled to the equity of Rabobank. Such members are not liable for any obligations of Rabobank.

Subsidiaries

Rabobank also conducts business through separate legal entities, not only in the Netherlands but also worldwide. Rabobank is the (ultimate) shareholder of about 1,000 subsidiaries and participations.

Rabobank Group companies focus on retail banking (Rabobank Australia, Rabobank, N.A., vendor leasing (DLL) and real estate services (Rabo Vastgoedgroep and FGH Bank).

Rabobank has assumed liability for debts arising from legal transactions for 27 of its Dutch subsidiaries under article 2:403 of the Dutch Civil Code.

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of Rabobank Group for the year ended December 31, 2015, which have been audited by Ernst & Young Accountants LLP, the independent auditor in the Netherlands, with the exception of the ratio loan impairment charges (in basis points of average lending), the latter being derived from the annual report of Rabobank Group. The data should be read in conjunction with the consolidated financial statements (and related notes), incorporated by reference herein. The Rabobank Group audited consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with IFRS as adopted by the European Union and comply with Part 9 of Book 2 of the Dutch Civil Code.

Consolidated statement of financial position

	At 31 December	
	2015	**2014 (restated)**
	(in millions of euros)	
Assets		
Cash and balances at central banks	64,943	43,409
Loans and advances to banks	31,210	45,962
Trading financial assets	3,472	4,279
Financial assets designated at fair value	2,196	4,325
Derivatives	48,113	56,489
Loans and advances to customers	458,618	461,787
Available-for-sale financial assets	37,773	39,770
Investments in associates and joint ventures	3,672	3,807
Goodwill and other intangible assets	1,493	2,059
Property and equipment	7,765	7,148
Investment properties	381	452
Current tax assets	193	211
Deferred tax assets	2,390	2,501
Other assets	7,999	8,560
Non-current assets held for sale	155	327
Total assets	**670,373**	**681,086**

	At 31 December	
	2015	**2014 (restated)**
	(in millions of euros)	
Liabilities		
Due to banks	19,038	18,066
Due to customers	337,593	326,288
Debt securities in issue	174,991	189,060
Derivatives and other trade liabilities	55,129	67,560
Other liabilities	8,050	8,047
Financial liabilities designated at fair value	16,991	19,744
Provisions	993	794
Current tax liabilities	230	255
Deferred tax liabilities	575	473
Subordinated liabilities	15,503	11,928
Total liabilities	**629,093**	**642,215**
Equity		
Equity of Rabobank Nederland and local Rabobanks	25,706	24,894
Equity instruments issued directly		
Rabobank Certificates	5,949	5,931
Capital Securities	7,826	6,349
	13,775	**12,280**
Equity instruments issued by subsidiaries		
Capital Securities	176	181
Trust Preferred Securities III to VI	1,131	1,043
	1,307	1,224
Other non-controlling interests	492	473
Total equity	**41,280**	**38,871**
Total equity and liabilities	**670,373**	**681,086**

Consolidated statement of income

	Year ended 31 December	
	2015	**2014 (restated)**
	(in millions of euros)	
Interest income	17,593	18,638
Interest expense	8,454	9,520
Net interest income	**9,139**	**9,118**
Fee and commission income	2,077	2,075
Fee and commission expense	185	196
Net fee and commission income	**1,892**	**1,879**
Income from associates	366	145
Net income from financial assets and liabilities at fair value through profit or loss	603	219
Gains/(losses) on available-for-sale financial assets	148	418
Other results	866	1,110
Income	**13,014**	**12,889**
Staff costs	4,786	5,086
Other administrative expenses	2,916	2,532
Depreciation	443	437
Operating expenses	**8,145**	**8,055**
Impairment losses on goodwill	623	32
Loan impairment charges	1,033	2,633
Regulatory levies……	344	488
Operating profit before taxation	**2,869**	**1,681**
Taxation	655	(161)
Net profit	**2,214**	**1,842**
Of which attributed to Rabobank and local Rabobanks	880	620
Of which attributed to holders of Rabobank Certificates	387	385
Of which attributed to Capital Securities	809	705
Of which attributed to Trust Preferred Securities III to VI	63	74
Of which attributed to other non-controlling interests	75	58
Net profit for the year	**2,214**	**1,842**

Financial ratios:

	2015	2014
Total capital ratio	23.2%	21.3%
Tier 1 ratio	16.4%	16.0%
Common equity tier 1 ratio	13.5%	13.6%
Equity capital ratio[(1)]	14.7%	14.4%
Loan impairment charges (in basis points of average lending)	24	60

Note:

(1) The equity capital ratio is calculated by dividing retained earnings and Rabobank 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 Risk Management Committee Rabobank Group ("**RMC**") in cooperation with the Risk Management department. The RMC is responsible for financial and non-financial risk 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 principal risks faced by Rabobank Group are credit risk, country risk, interest rate risk, liquidity risk, market risk, operational risk, legal risk and currency 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 the section entitled "*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 month period ended 30 June 2015, Rabobank realised a RAROC, which is the ratio between net profit and average economic capital, after tax of 11.4 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 2015, 49 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 51 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 and the Wholesale, Rural & Retail 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 Wholesale, Rural & Retail 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 Wholesale, Rural & Retail 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'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 Exposure At Default ("**EAD**"), Probability of Default ("**PD**") and Loss Given Default ("**LGD**"). It is partly on the basis of these parameters that Rabobank Group determines the economic capital and the 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. 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 2015, the EAD of the total Advanced IRB loan portfolio was €564 billion (year-end 2014: €560 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 90 days to bankruptcy. The weighted average PD of the total Advanced IRB loan portfolio is 1.02 per cent. on 30 June 2015 (year-end 2014: 1.08 per cent.). This slight improvement in PD was caused by a change in the PD of existing debtors as well as by changes in the composition of the portfolio (inflow and outflow of clients), the implementation of new models and policy changes.

The following table shows the non-performing loans of 30 June 2015 and 31 December 2014 per business unit as a percentage of private sector loans:

Non-performing loans/private sector lending per business unit

	At 30 June	At 31 December
	2015	**2014**
	(%)	
Domestic retail banking	3.4	3.6
Wholesale banking and international retail banking	6.6	6.9
Leasing	2.3	2.1
Real Estate	23.9	22.4
Rabobank Group	4.8	4.9

Loan impairment charges

Once a loan has been granted, ongoing credit management takes place as part of which new information, both financial and non-financial, is assessed. Rabobank 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 likely 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 following table sets forth Rabobank Group's loan impairment charges for the three years ended 31 December 2014, 2013 and 2012 per business unit as a percentage of private sector lending:

Loan impairment charges/average private sector lending per business unit

	At 30 June	At 31 December		
	2015	**2014**	**2013**	**2012**
		(%)		
Domestic retail banking	0.00	0.48	0.45	0.44
Wholesale banking and international retail banking	0.54	0.44	0.57	0.59
Leasing	0.28	0.43	0.59	0.53
Real estate	0.57	3.64	2.78	1.24
Rabobank Group	0.16	0.60	0.59	0.52

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. Special Basel II parameters, specifically EATE (Exposure at Transfer Event), PTE (Probability of Transfer Event) and LGTE (Loss Given Transfer Event), are used to calculate the additional capital requirement for transfer risk. These calculations are made in accordance with internal guidelines and cover all countries where risk is relevant.

At 31 December 2014, the ultimate collective debtor risk for non-OECD countries was €26.9 billion and the net ultimate transfer risk before provisions for non-OECD countries was €18.2 billion, which corresponds to 2.7 per cent. of total assets (2013: 2.1 per cent.). It should be noted that reduced weighting of specific products is not included in this transfer risk figure.

Risk in non-OECD countries

					31 December 2014	
Regions	**Europe**	**Africa**	**Latin America**	**Asia/ Pacific**	**Total**	**In % of total assets**
			(€m)			
Ultimate country risk (excluding derivatives)	430	493	10,187	15,749	26,860	3.9%
- of which in local currency exposure	157	195	4,554	3,768	8,675	
Net ultimate country risk before allowance	273	298	5,633	11,981	18,185	2.7%
						In % of total allowance
Total allowance for ultimate country risk	3	—	146	84	233	2.5%

Since concerns about the euro increased, the outstanding country risk, including the sovereign risk for relevant countries, has been reported on a monthly basis. Compared to exposures to Dutch, German and French government bonds, exposures to government bonds issued by other European countries are relatively low. Rabobank Group's total exposure to government bonds issued by Ireland, Italy and Portugal further decreased compared to year-end 2013. Rabobank Group does not hold any government bonds issued by Greece or Spain.

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 uses three indicators for managing, controlling and limiting short- and long-term interest rate risk: Basis Point Value, Income at Risk and Equity at Risk. Based on the Basis Point Value, 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 12 months, due to parallel increases/decreases in interest rates, assuming no management intervention. 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. In the past, the applied interest rate scenarios were 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. Given the low interest rate environment and the assumption that interest rates cannot become negative, the methodology which assumed a 200 basis point decline has been replaced by an alternative methodology that assumes an interest rate decline by 10 basis points in 2013 and 2 basis points in 2014 and in the first half of 2015. The simulation of the possible net 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 by 100 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 2013, 31 December 2014 and 30 June 2015 the Income at Risk ("**IatR**") and Equity at Risk ("**EatR**") for Rabobank Group were as follows:

	2015	**2014**	**2013**
		(€m, except %)	
.....	2 bp decline	2 bp decline	10 bp decline
Income at Risk	(17)	(15)	(50)
Equity at Risk.....	1.8%	0.4%	2.3%

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 a bank will not be able to fulfil all its payment and repayment obligations on time, as well as the risk that it will at some time be unable to fund increases in assets at a reasonable price, if at all.

Responsibility for the day-to-day management of liquidity exposures, the raising of professional funding on the money market and the capital market, and the management of the structural position lies with Rabobank Group's Treasury department. In keeping with the Basel principles, the policy is aimed at financing long-term loans by means of stable funding, specifically amounts due to customers and long-term funding from the professional markets. Rabobank Group's funding and liquidity risk policy also entails strictly limiting outgoing cash flows at the wholesale banking business, maintaining a large liquidity buffer and raising sufficient long-term funding in the international capital market. The retail banking division is assumed to be largely self-funding thanks to money raised from customers. The division raised more than enough money to fund operations in 2014 given low lending demand. Retail savings declined due to prepayments on mortgages.

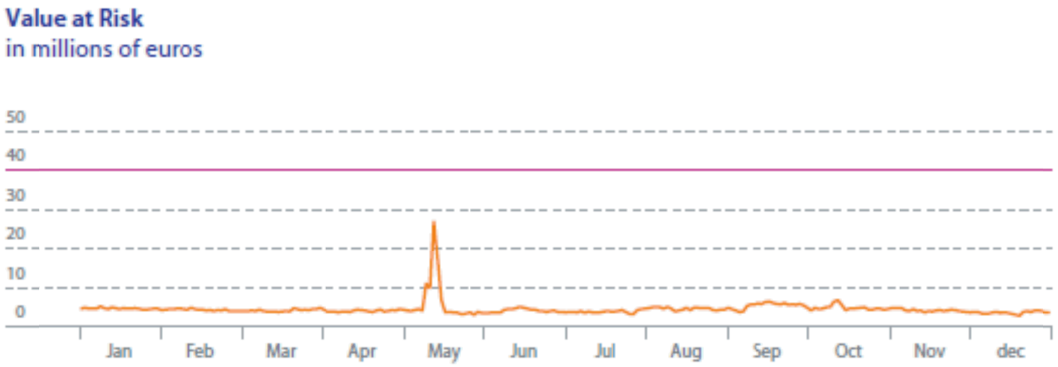
Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group. Rabobank has developed several methods to measure and manage liquidity risk, including a method for calculating the survival period, i.e. the period that the liquidity buffer will hold up under severe market-specific or idiosyncratic stress. In the most severe stress scenario, it is assumed that Rabobank no longer has access to the capital markets, i.e. no long- or short-term debt can be issued or refinanced. During 2014, Rabobank more than satisfies the minimum survival period of three months in all the internally used scenarios.

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 RMC-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 2014, the Value at Risk, based on a one-day holding period and 97.5 per cent. confidence level, fluctuated between €2.4 million (2013: €3.5 million) and €22.5 million (2013: €8.9 million), with an average of €3.8 million (2013: €6.4 million). The decrease of the average Value at Risk compared to 2013 follows from changes in positions and activities. The Value at Risk of €22.5 million was caused by a number of larger benchmark transactions and the issuance of tier 2 bonds in a short period of low liquidity and adverse market circumstances. The subsequent market position was brought to normal levels within days.

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, other risk indicators are also 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 RMC-RG, in evaluating Rabobank Group's market positions.



Source: Rabobank Group Annual Report 2014

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 Rabobank Group entities and should be part and parcel of the strategic and day-to-day decision-making process. The objective of operational risk management is to identify, measure, mitigate and monitor operational risk. The management of each Rabobank Group entity is responsible for developing policies and procedures to manage their specific operational risks in line with the Rabobank Group Operational Risk Management policy. Group Risk Management – Operational Risk Management ("**RM-ORM**") offers overview, support tools, expertise and challenge to the group entities and provides transparency in 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.

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 and arbitration proceedings, whether private litigation or regulatory enforcement actions are brought against it. The outcome of such proceedings is inherently uncertain and could result in financial loss. Defending or responding to such 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.

Currency risk

Currency risk is the risk of changes in income or equity as a result of currency exchange movements. In currency risk management, a distinction is made between positions in trading books and positions in banking books. In the trading books, currency risk is part of market risk and is controlled using Value at Risk and other limits, as are other market risks. This risk is monitored on a daily basis. The policy aims to prevent open positions whenever possible. The value at risk from currency risk exposure in the trading books stood at

€0.1 million at 31 December 2014 (2013: €0.6 million). The non-trading books are only exposed to the translation risk on capital invested in foreign activities and on issues of hybrid equity instruments not denominated in euros. For the monitoring and management of translation risk, Rabobank uses a policy designed to protect the CET1 ratio against the effects of exchange rate movements. Unhedged translation risks are measured using the Value at Risk method. Translation risks are measured using a confidence interval of 99.99 per cent. and an assumed horizon of one year. The Value at Risk for translation risk amounted to €471 million as at 31 December 2014.

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.

Although the Dutch Corporate Governance Code does not apply to the cooperative as a legal form of enterprise, Rabobank'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 and was amended in 2014.

Executive Board

The Executive Board (*raad van bestuur*) of Rabobank is responsible for the management of Rabobank and, indirectly, its affiliated entities. This includes responsibility for defining and achieving the targets of Rabobank, for determining its strategic policy and associated risk profile, for its financial results, and for the corporate social responsibility aspects that are relevant to the business. In addition, the Executive Board is in charge of Rabobank Group's compliance with all relevant laws and regulations, the management of business risks and the financing of Rabobank Group. In performing its duties, the Executive Board acts in accordance with the interests of Rabobank and its affiliated entities, also taking into account the interests of relevant groups of stakeholders. The Executive Board is accountable for all these aspects to the Supervisory Board (*raad van commissarissen*) of Rabobank and the General Members' Council of Rabobank. 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 principles of the remuneration policy for the Executive Board, as recommended by the Supervisory Board, are adopted by the General Members' Council. The Supervisory Board then determines the remuneration of the members of the Executive Board and is accountable for decisions in this regard to the Committee on Confidential Matters of the General Members' Council. Finally, the Supervisory Board periodically assesses and follows up on the Executive Board's performance.

Supervisory Board

The Supervisory Board performs the supervisory role within Rabobank. This means that the Supervisory Board supervises the policy pursued by the Executive Board and the general conduct of affairs of Rabobank 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 six committees: the Audit Committee, the Risk 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.

The Supervisory Board evaluates whether enough consideration is given to the interests of all stakeholders of Rabobank 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 Member's Council of Rabobank on the recommendation of the Supervisory Board. However, the Executive Board, Rabobank's Works Council and the General Members' Council of Rabobank are each entitled to nominate individuals for consideration by the Supervisory Board. Two thirds of the number of members of the Supervisory Board must be members of Rabobank. The independence and the expertise of the individual members, among other factors, are important considerations for nomination and appointments of Supervisory Board members. Any semblance of a conflict of interests must be avoided. The profile for the members of the Supervisory Board sets standards for its size and composition, taking into account the nature of the enterprises carried on by Rabobank and its activities, and for the expertise, backgrounds and diversity of the Supervisory Board members. The Supervisory Board determines the profile of the Supervisory Board, to be approved by the General Members' Council. 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.

Having obtained the advice of the Committee on Confidential Matters of the General Members' Council, the General Members' Council sets the remuneration 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 other types of companies do. The members of Rabobank, who are customers of Rabobank, are organised based on, among other things, geographical criteria into about 100 Departments (*Afdelingen*). The members of Rabobank have an important role in the working of Rabobank's governance. The influence and say of the members of Rabobank are manifested through their representation in the General Members' Council of Rabobank. At local level members have influence through a local members' council and supervisory body at the level of each Department.

General Members' Council

The members of Rabobank are represented in the General Members' Council (*Algemene Ledenraad*) by one representative per Department, being the chairman of the supervisory body of each Department. The General Members' Council meets at least twice a year.

The General Members' Council of Rabobank 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, legal merger/demerger, material investments/divestments and acquisitions/disposals and the appointment of members of the Supervisory Board. The General Members' Council also is, for instance, authorised to determine the Rabobank's strategic frameworks, through which it determines the Group's strategic direction the main points of Rabobank's annual plan and budget.

The Urgency Affairs Committee may exercise all powers and responsibilities held by the General Members' Council in urgent, price-sensitive or confidential matters.

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 are handled by Rabobank's Works Council. Subsidiaries such as DLL, 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.

The change of legal structure on 1 January 2016 does not cause an immediate change the Works Council structure. For the time being, the current structure will remain in place. It is Rabobank's intention to have a new Works Council structure in place during the course of 2016.

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 regularly holds discussions with the Executive Board about developments within Rabobank Group. This does not affect the role of the national employee representative bodies.

Members of Supervisory Board and Executive Board

Supervisory Board of Rabobank

The following persons, all of whom are resident in the Netherlands, are appointed as members of the Supervisory Board:

Name	Born	Year Appointed	Term Expires	Nationality
Wout (W.) Dekker, Chairman	1956	2010	2016	Dutch
Irene (I.P.) Asscher-Vonk	1944	2009	2017	Dutch
Leo (L.N.) Degle	1948	2012	2016	German
Arian (A.A.J.M.) Kamp	1963	2014	2018	Dutch
Leo (S.L.J.) Graafsma	1949	2010	2018	Dutch
Erik (E.A.J.) van de Merwe	1950	2010	2016	Dutch
Ron. (R.) Teerlink	1961	2013	2017	Dutch
Marjan (M.) Trompetter	1963	2015	2019	Dutch

Mr. W. Dekker (Wout)

Date of birth	10 November 1956
Former profession	Professional supervisory director
Main position	Chairman of the Supervisory Board of Rabobank

Nationality	Dutch
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Macintosh Retail Group N.V. – Member of the Supervisory Board of Randstad N.V. – Chairman of the Supervisory Board of Prinses Máxima Centrum
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the Supervisory Board	June 2012 - June 2016

Mrs. I.P. Asscher-Vonk (Irene)

Date of birth	5 September 1944
Profession	Professional supervisory director
Main position	None
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Rabobank – Member of the Supervisory Board of KLM – Member of the Supervisory Board of Arriva Nederland – Member of the Supervisory Board of Philip Morris Holland Other auxiliary positions: – Chair of the National Arbitration Board for Schools (*Landelijke Geschillencommissie Scholen*) – Chair of The Dutch Museum Association (*Museumvereniging*)
Date of first appointment to the Supervisory Board	June 2009
Current term of appointment to the Supervisory Board	June 2013 - June 2017

Mr. L.N. Degle (Leo)

Date of birth	15 August 1948
Profession	Professional director/supervisory director
Main position	None
Nationality	German
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Rabobank

	– Member of the Supervisory Board of Berlage B.V. – Member of the Supervisory Board of Ten Kate B.V.
Date of first appointment to the Supervisory Board	June 2012
Current term of appointment to the Supervisory Board	June 2012 - June 2016

Mr. A. Kamp (Arian)

Date of birth	12 June 1963
Profession	Entrepreneur, owner of a cattle farm
Main position	Cattle farmer and professional supervisory director
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: • Member of the Supervisory Board of Rabobank • Vice-chairman Supervisory Board Koninklijke Coöperatie Agrifirm UA
Date of first appointment to the Supervisory Board	December 2014
Current term of appointment to the Supervisory Board	December 2014 – December 2018

Mr. S.L.J. Graafsma RA (Leo)

Date of birth	29 March 1949
Former profession	Public accountant/partner of audit, tax and advisory firm KPMG
Main position	None
Nationality	Dutch
Auxiliary positions	– Member of the Supervisory Board of Rabobank – Deputy member of the "Accountantskamer" (disciplinary court for 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	– Advisor – Professional director/supervisory director
Main position	None
Nationality	Dutch

Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Rabobank – Member of the Supervisory Board (and member of the audit committee) of Achmea B.V. – Chairman of the Supervisory Board (and member of the audit committee) of Staalbankiers N.V. Other auxiliary positions: – Member of the Board of Governors of the postgraduate study 'Corporate Compliance and Integrity', VU University Amsterdam – Chairman of the Board of Supervision and Chairman of the audit committee of the Dutch Burns Foundation (*Nederlandse Brandwonden Stichting*) – Chairman of the Supervisory Council Euro Tissue Bank – Member of the Advisory Council of the Dutch Institute of Internal Auditors (IIA) – Member of the Arbitration committee of the Dutch Securities Institute (DSI) – Jury member for the Henri Sijthoff Award
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the Supervisory Board	June 2012 -June 2016

Mr. R. Teerlink (Ron)

Date of birth	28 January 1961
Profession	Management Consultant
Main position	Independent Management Consultant
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Rabobank
Date of first appointment to the Supervisory Board	September 2013
Current term of appointment to the Supervisory Board	September 2013 – June 2017
Date of birth	1 November 1963
Profession	- Supervisory Director

	- Self-employed Management Consultant - Assistant Professor of Organisational Science, VU University Amsterdam
Main position	Supervisory Director
Nationality	Dutch
Auxiliary positions	Supervisory directorships: - Member supervisory Board Rabobank - Member of Supervisory Board of Friesland Mental Health Care Association - Member of Supervisory Board of Rijnstate Hospital, Arnhem - Member of Supervisory Board of Salvation Army Foundation for Welfare and Health Care Services Other auxiliary position: - Chairman of the Board of the Dutch Cancer Society, Elburg Division
Date of first appointment to the Supervisory Board	September 2015
Current term of appointment to the Supervisory Board	September 2019

Mrs. M. Trompetter (Marjan)

Date of birth	1 November 1963
Profession	- Supervisory Director - Self-employed Management Consultant - Assistant Professor of Organisational Science, VU University Amsterdam
Main position	Supervisory Director
Nationality	Dutch
Auxiliary positions	Supervisory directorships: - Member supervisory Board Rabobank - Member of Supervisory Board of Friesland Mental Health Care Association - Member of Supervisory Board of Rijnstate Hospital, Arnhem - Member of Supervisory Board of Salvation Army Foundation for Welfare and Health Care Services Other auxiliary position: - Chairman of the Board of the Dutch Cancer Society, Elburg Division
Date of first appointment to the Supervisory Board	September 2015
Current term of appointment to the	September 2019

Supervisory Board

Executive Board of Rabobank

The following persons, all of whom are resident in the Netherlands, are appointed as members of the Executive Board of Rabobank:

Name	Born	Year Appointed	Nationality
Wiebe (W.) Draijer, Chairman and CRO ad interim	1965	2014	Dutch
Bas (B.C.) Brouwers, CFO	1972	2016	Dutch
Berry (B.J.) Marttin	1965	2009	Dutch and Brazilian
Ralf (R.J.) Dekker	1957	2013	Dutch
Rien (H.) Nagel	1963	2013	Dutch
Jan (J.L.) van Nieuwenhuizen	1961	2014	Dutch
Petra (P.) van Hoeken	1961	2016	Dutch

Wiebe (W.) Draijer

Mr. Draijer was appointed as chairman of the Executive Board of Rabobank as of 1 October 2014. As of 1 January 2016, Mr. Draijer performs the role of CRO ad interim. Mr. Draijer served as President of the Social and Economic Council of the Netherlands from 2012 to 2014. Prior to that, he held several positions within management-consulting firm McKinsey & Company and worked as a journalist.

Auxiliary positions

- Board member of the Dutch Banking Association (*Nederlandse Vereniging van Banken)*
- Board member of Unico Banking Group
- Chairman of the supervisory board of Museum Nemo / National Centre for Science and Technology
- Member of the supervisory board of the Kröller-Müller Museum
- Member of the supervisory board of Staatsbosbeheer (national nature conservation)

Bas (B.C.) Brouwers

Mr. Brouwers (1972) was appointed as Chief Financial Officer (CFO) to the Executive Board of Rabobank as of 1 January 2016. Mr. Brouwers started his career in 1995 with KPMG International. From 1998, Mr. Brouwers worked at ING Group, where he held various positions in the field of finance and control. From 2007 to 2013 he worked for ING in Germany, at ING DiBa. Mr. Brouwers was CFO and director of ING DiBa from 2008 to 2013. From 2013, he was CFO of ING Nederland.

Ralf (R.J.) Dekker

Mr. Dekker was appointed to the Executive Board of Rabobank as of 1 November 2013. As COO Mr. Dekker is responsible for Operations, Group ICT and IT Operations Rabobank International. He joined Rabofacet in 1993, where he (a.o.) acted as Director IT (1996-1998) and general manager (1998-2000). From 2000 until 1 November 2013 he acted as a member of the managing board of Rabobank International, Chief Operating

Officer of Rabobank International and as a member of the Wholesale and Rural & Retail management teams of Rabobank International. Mr. Dekker currently acts as chairman of the board of commissioners of PT Bank Rabobank International Indonesia.

Auxiliary position
- Member of the supervisory board of Rabohypotheekbank

Berry (B.J.) Marttin

Mr. Marttin was appointed to Rabobank'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. From 1990 until 2004 he fulfilled a number of international positions within Rabobank. After several positions in Brazil and Curacao he served as Head of International Corporates in Hong Kong, Head of Risk Management in Indonesia and as General Deputy Manager for Rabobank Australia and New Zealand. Prior to his appointment to Rabobank's Executive Board, he was Chairman of the board of directors of Rabobank Amsterdam.

Auxiliary positions
- Member of the supervisory board of DLL
- Member of the supervisory board of Rabohypotheekbank
- Member of the board of directors of Rabobank International Holding B.V.
- Member of the board of directors of RI Investments Holding B.V.
- Chairman of the supervisory board of Obvion N.V.
- Board member of Rabobank Australia Ltd
- Board member of Rabo NZ Holdings
- Board member of the Rabobank Foundation
- Chairman of the Rabo Development shareholder council
- Member of the supervisory board of Stichting Nieuwe Fondsen
- Board member of Unico Banking Group
- Vice chairman of the board of directors of the American Chambers of Commerce in the Netherlands
- Member of the supervisory board of Wageningen University
- Chairman of the Advisory board of Amsterdam University College
- Member of the Dutch Trade Board
- Member of the advisory board of JINC
- Member of the supervisory board of the Dutch Sustainable Trade Initiative

Rien (H.) Nagel

Mr. Nagel was appointed to Rabobank's Executive Board as of 1 November 2013, where he is responsible for the domain Retail Markets Netherlands. Since 1987, Mr. Nagel held several managing positions in local Rabobanks before becoming director Retail Banking of Rabobank in 2013.

Auxiliary positions
- Member of the supervisory board of DLL
- Member of the supervisory board of FGH Bank
- Board member of the Dutch Banking Association (*Nederlandse Vereniging van Banken)*
- Member of the general and the daily Board of VNO-NCW
- Member of the Nationale Coöperatieve Raad voor land- en tuinbouw (NCR)
- Member of the board of directors of Utrecht Development

- Member of the supervisory board of *Het Utrechts Landschap* (Utrecht landscape)
- Member of the advisory board of the University Centre for Sports Medicine

Jan (J.L.) van Nieuwenhuizen

Mr. Van Nieuwenhuizen was appointed to Rabobank's Executive Board as of 24 March 2014. In the Executive Board Mr. Van Nieuwenhuizen is responsible for the domain Markets Wholesale Netherlands and International including Wholesale Clients Netherlands, Wholesale Clients International, Global Financial Markets and Professional Products. From 1986 until 2002, Mr. Van Nieuwenhuizen fulfilled several international positions at Morgan Stanley, JP Morgan and NIBC. From 2009, Mr. Van Nieuwenhuizen was a member of the Management Team of Rabobank International Wholesale, responsible for Trade and Commodity Finance, Corporate Finance and Private Equity until his appointment to the Executive Board.

Auxiliary positions
- Chairman of the supervisory board of FGH Bank
- Member of the supervisory board of Rabo Vastgoedgroep
- Member of the board of directors of Rabobank International Holding B.V.
- Member of the board of directors of RI Investments Holding B.V.

Ms. P. van Hoeken (Petra)

Ms. van Hoeken was appointed to Rabobank's Executive Board as of 4 April 2016 as Chief Risk Officer. From 2008 Ms Van Hoeken was Chief Risk Officer for Europe, the Middle East and Africa at RBS, covering credit, market and operational risk and regulatory risk and compliance. She has also held various international roles at ABN Amro, both in commercial and in risk management positions, and joined the Executive Board of NIBC as Chief Risk Officer at the end of 2011.

Auxiliary positions
- Member of the supervisory board and Audit & Risk Committee of the Nederlandse Waterschapsbank (NWB)

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" and "Executive Board of Rabobank".

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 is a bank organised under the laws of the Netherlands. The principal Dutch law on supervision applicable to Rabobank is the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), which entered into force on 1 January 2007 and under which Rabobank is supervised by the AFM and the Dutch Central Bank (*De Nederlandsche Bank N.V.*). Further, as of 4 November 2014, the ECB assumed certain supervisory tasks from the Dutch Central Bank (*De Nederlandsche Bank N.V.use o*) and is now the competent authority responsible for supervising Rabobank Group's compliance with prudential requirements. Rabobank 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 to the regulation and supervision of local supervisory authorities of the various countries in which Rabobank Group does business.

Basel standards

Introduction

The Basel Committee develops international capital adequacy guidelines based on the relationship between a bank's capital and its risks (*inter alia* credit, market, operational, liquidity and counterparty risks).

In this context, on 15 July 1988, the Basel Committee adopted risk-based capital guidelines ("**Basel I**"). A revision of Basel I was published in June 2004 ("**Basel II**"). Basel II provides a range of options for determining the capital requirements for credit risk, market risk and also operational risk. In comparison to Basel I, Pillar 1 of Basel II 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.

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.

Credit Risk

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 standardised risk weights set out in Basel II and 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". The Group has chosen the most sophisticated approach, the Advanced Internal Ratings Based Approach.

In December 2014, the Basel Committee issued two consultation papers entitled "Revisions to the Standardised Approach for credit risk" and "Capital floors: the design of a framework based on standardised approaches". The consultation papers set out the Basel Committee's proposals to reduce reliance on external credit ratings and internal models and aims to enhance the comparability of risk weighted assets and capital ratios. The biggest potential impact of the Basel Committee's proposals for the Rabobank Group is the proposal to integrate 'capital floors' into capital calculations. While most (large) banks currently calculate

capital with advanced risk sensitive models, the Basel Committee proposes to use 'capital floors' as part of the 'standardised method'. The proposals are in the consultation and impact study phase. The Basel Committee intends to publish its final guidance, including its calibration and implementation arrangements, towards the end of 2015. The date for implementation is not yet known.

On 9 November 2015, the FSB published its final principles regarding the loss-absorbing capacity of G-SIBs in resolution. The FSB principles seek to ensure that G-SIBs will have sufficient TLAC available in a resolution of such an entity, in order to minimize any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. On 3 July 2015, the EBA published a paper setting out the final draft RTS on the criteria for determining the MREL requirement under the BRRD. In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or if earlier, the date of national implementation of Article 45 of the BRRD). The draft RTS provide for resolution authorities to allow institutions a transitional period of up to four years to reach the applicable MREL requirements.

The EBA's proposal is in draft form, and may therefore be subject to change. If such proposals are implemented in their current form however, it is possible that Rabobank may have to issue a significant amount of additional TLAC and MREL eligible liabilities (including potentially further Tier 2 Capital) in order to meet the new requirements within the required timeframes. See also the risk factors entitled "*FSB Proposals for Total Loss-Absorbing Capacity*", "*EBA proposals on the minimum requirement for own funds and eligible liabilities under BRRD*" and "*Risks relating to the FSB principles regarding TLAC and EBA proposals regarding MREL*".

Market Risk

For market risk, banks can choose between a "Standardised approach" or an alternative methodology based on own internal risk management models. Rabobank has permission from its supervisor to calculate the general and specific exposures using its internal Value-at-Risk (VaR) models.

Operational Risk

For operational risk, banks can also choose between three approaches with different levels of sophistication, the most refined one being the "Advanced Measurement Approach". The Group has chosen the Advanced Measurement Approach.

Basel III Reforms

Under Basel III, capital and liquidity requirements have been increased. 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 though it has subsequently introduced several amendments and refinements to Basel III, particularly in respect of its liquidity requirements, capital requirements for exposures to central counterparties, and other areas. The Basel Committee has indicated that it continues to consider potential revisions to the Basel III regime.

The Basel III framework, which is implemented in the EU by means of the CRD IV Directive and CRR (see "*European Union legislation – The CRD IV Directive and CRR*" below) 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 III Reforms include 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, under CRD IV, are gradually phased in from 1 January 2014 until 1 January 2018)). The total tier 1 capital requirement has increased from 4 per cent. to 6 per cent. under CRD IV. 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.

Capital requirements have been further supplemented by the introduction of a non-risk leverage ratio of 3 per cent. in order to limit an excessive build-up of leverage on a bank's balance sheet. During the period from 1 January 2013 to 1 January 2017, the Basel Committee monitors banks' leverage data on a semi-annual basis in order to assess whether the proposed design and calibration of a minimum leverage ratio of 3 per cent. is appropriate over a full credit cycle and for different types of business models. This assessment will include consideration of whether a wider definition of exposures and an off-setting adjustment in the calibration would better achieve the objectives of the leverage ratio. The Basel Committee will also closely monitor accounting standards and practices to address any differences in national accounting frameworks that are material to the definition and calculation of the leverage ratio.

In addition, the Basel III Reforms have introduced two international minimum standards intended to promote resilience to potential liquidity disruptions over a 30 day horizon and limit over-reliance on short-term wholesale funding during times of buoyant market liquidity. The first one is referred to as the liquidity coverage ratio (the "**LCR**") which is being gradually phased in from 1 January 2015. The LCR is a 'test' to promote the 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 referred to as a net stable funding ratio (the "**NSFR**") which will be introduced on 1 January 2018. The NSFR is a 'test' to promote resilience over a longer period by requiring banks to hold a minimum amount of stable sources of funding relative to the liquidity profiles of the assets and the potential contingent liquidity needs arising from off-balance sheet commitments.

There can be no assurance that the Basel Committee will not further amend the package of reforms described above. Further, the European Commission, the ECB and the Dutch Central Bank or the Dutch legislator 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.

The Basel III Reforms package is implemented in the EEA through the CRD IV Directive and the CRR (for further detail, see the risk factor entitled "*Minimum regulatory capital and liquidity requirements*" and the section entitled "*European Union legislation - The CRD IV Directive and CRR*" below).

European Union legislation

The CRD IV Directive and CRR

As of 1 January 2014, the EC Directive 2006/48 and EC Directive 2006/49 was repealed by the CRD IV Directive. The CRD IV Directive, together with the CRR, implements the Basel III Reforms in the EEA. Both texts were published in the Official Journal of the European Union on 27 June 2013 and became effective on 1 January 2014 (except for capital buffer provisions which applied 1 January 2016). The CRD IV Directive was implemented into Dutch law by amendments to the Dutch Financial Supervision Act (*Wet op*

het financieel toezicht) pursuant to an amendment act (the "**CRD IV/CRR Implementation Act**") which entered into force on 1 August 2014. The liquidity requirements for investment firms became applicable as of 1 January 2015.

The CRR has established a single set of harmonised prudential rules which apply directly to all banks in the EEA as of 1 January 2014, but with particular requirements being phased in over a period of time, to be fully applicable by various dates up to 2021. The harmonised prudential rules include own funds requirements, an obligation to maintain a liquidity coverage buffer (similar to the LCR, although the CRR obligation does not yet include a requirement to meet a ratio), a requirement to ensure that long-term obligations are adequately met under both normal and stressed conditions and the requirement to report on these obligations. The competent supervisory authorities will evaluate whether capital instruments meet the criteria set out in the CRR. The CRR also includes the obligation to report on a bank's leverage ratio (this requirement is similar to the leverage ratio requirement set out in Basel III, however, the CRR does not yet include a requirement to meet a minimum ratio).

On 17 January 2014, the regulation on specific provisions set out in the CRD IV Directive and the CRR (*Regeling specifieke bepalingen CRD IV en CRR*) ("**Dutch CRD IV and CRR Regulation**") as published by the Dutch Central Bank entered into force. The Dutch CRD IV and CRR Regulation contains specific provisions relating to the CRD IV Directive and the CRR, such as the required CET1 ratio of 4.5 per cent. and tier 1 ratio of 6 per cent. and the capital conservation measures set out in CRD IV (restriction on distributions if a bank does not meet the combined buffer requirement). On 29 April 2014, the Dutch Central Bank announced that, pursuant to the CRD IV/CRR Implementation Act, it intends to impose an additional capital buffer requirement for Rabobank. This systematic risk buffer will be 3 per cent. of risk-weighted assets and will be phased in between 2016 and 2019. The Dutch Central Bank has the power to impose this buffer pursuant to the implementation of CRR/CRD IV by the CRR/CRD IV Implementation Act. The Dutch CRD IV and CRR Regulation will likely also be amended to this effect.

Bank Recovery and Resolution Directive

The BRRD entered into force in July 2014. The bail-in tool with respect to eligible liabilities and the other measures set out in the BRRD (outlined below) have been implemented into Dutch law on 26 November 2015. The stated aim of the BRRD is to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers provided to resolution authorities in the BRRD include write down and conversion powers to ensure relevant capital instruments (not including senior debt instruments) fully absorb losses at the point of non-viability of the issuing institution, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors (including holders of senior debt instruments and holders of the Capital Securities) of a failing institution and/or to convert unsecured debt claims to equity.

In addition, the BRRD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks which satisfy the conditions for resolution, which may include (without limitation) the sale of the bank's business, the separation of assets, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

See further the risk factor entitled "*Statutory loss absorption*".

Supervision

On 16 December 2002, the 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 and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council was adopted. 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 this 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 through the Dutch Financial Supervision Act. The directive was amended by Directive 2011/89/EU as regards the supplementary supervision of financial entities in a financial conglomerate. The bill implementing Directive 2011/89/EU through amendments to the Dutch Financial Supervision Act was published in the Dutch Bulletin of Acts and Decrees.

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.

However, as part of the European Banking Union two regulations have been enacted, (i) a regulation for the creation of a single supervisory mechanism ("**SSM**") on the basis of which specific tasks relating to the prudential supervision of the most significant banks in the Euro area are conferred to the ECB; and (ii) the amendment of the regulation setting up the EBA. Regulation 1024/2013 for the setting up of the SSM was published in the Official Journal of the European Union on 29 October 2013 and entered into force on 4 November 2013. On 4 November 2014, the ECB began its tasks relating to the prudential supervision of the most significant banks and most significant banking groups within the Euro area. Rabobank Group qualifies as a significant group under the SSM and SSM Framework regulation, and as such the ECB is now the competent authority responsible for supervising the Rabobank Group.

The SSM provides that the ECB carries out its tasks within a single supervisory mechanism comprised of the ECB and national competent authorities. The ECB and relevant competent authorities have formed Joint Supervisory Teams ("**JST**") for the supervision of each significant bank or significant banking group within the Euro area. From 4 November 2014, the day-to-day supervision of the Rabobank Group is now carried out by a JST. The ECB and national competent authorities are subject to a duty of cooperation in good faith, and an obligation to exchange information. Where appropriate, and without prejudice to the responsibility and accountability of the ECB for the tasks conferred on it by the SSM, national competent authorities shall be responsible for assisting the ECB. In view of the assumption of these supervisory tasks, the ECB together with the national competent authorities carried out a comprehensive assessment, including a balance sheet assessment, as well as a related AQR and stress tests, of the banks in respect of which it took on

responsibility for formal supervision. The ECB is now the competent authority responsible for supervising Rabobank Group's compliance with prudential requirements, including (i) the own funds requirements, LCR, NSFR, the leverage ratio and the reporting and public disclosure of information on these matters, as set out in the CRR and (ii) the requirement to have in place robust governance arrangements, including fit and proper requirements for the persons responsible for the management of a bank, remuneration policies and practices and effective internal capital adequacy assessment processes, as set out in the Dutch Financial Supervision Act. The ECB is also the competent authority to assess notifications of the acquisition of qualifying holdings in banks and to grant a declaration of no objection for such holdings.

To complement the European Banking Union and the SSM, on 10 July 2013 the European Commission proposed the SRM Regulation to establish the SRM (each as defined in the risk factor entitled "*Bank recovery and resolution regimes*"). The SRM Regulation came into force on 19 August 2014. The SRM establishes the Single Resolution Board (consisting of representatives from the ECB, the European Commission and the relevant national authorities) that will manage the failing of any bank in the Euro area and in other EU member states participating in the European Banking Union. On the basis of the SRM, the Single Resolution Board is granted the same resolution tools as those set out in the Bank Recovery and Resolution Directive, including a bail-in tool. The SRM will apply directly to banks covered by the SSM. Most parts of the SRM became applicable as of 1 January 2016. However, some parts applied as of 1 January 2015. See further the risk factor entitled "*Bank recovery and resolution regimes*".

Dutch regulation

Scope of the Dutch Financial Supervision Act

A bank is any enterprise whose business it is to take deposits or other repayable funds from the public, and to grant credits for its own account. Rabobank and various Group entities are banks and, because they are engaged in the securities business as well as the commercial banking business, each is considered a 'universal bank'. The ECB is formally the competent authority that supervises the majority of the Group's activities. The day-to-day supervision of the Rabobank Group is carried out by the JST for Rabobank Group. The AFM supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the Dutch Financial Supervision Act.

Licensing

Under the Dutch Financial Supervision Act, a bank established in the Netherlands is required to obtain a licence before engaging in any banking activities. Now that the ECB has assumed its supervisory tasks under the SSM, the ECB is the formal supervisory authority to grant and revoke a banking licence for banks in the Euro area including The Netherlands. The Dutch Central Bank shall prepare a draft decision if in its view a licence should be granted and the ECB will take the formal decision. 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 supervisory board; and (iii) the bank must have a minimum level of own funds (*eigen vermogen*) of €5,000,000. In addition, the Dutch Central Bank shall pursuant to the Dutch Financial Supervision Act 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 (fit and proper requirement), (ii) the policy of the bank is not (co-)determined by persons whose integrity is 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*). The Dutch Central Bank is still competent to make the decision to refuse to grant a licence on its own. In addition to certain other grounds, the licence may be revoked if a bank fails to comply with the requirements for maintaining its licence.

Reporting and investigation

A significant bank or significant banking group is required to file its annual financial statements with the ECB in a form approved by the ECB, 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 ECB. The ECB has the option to demand additional reports.

Rabobank must file consolidated quarterly (and some monthly) reports as well as annual reports that provide a true and fair view of its financial position and results with the ECB. Rabobank's independent auditor audits these reports annually.

Under the Dutch Financial Supervision Act, Rabobank 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.

Solvency

The CRR regulations on solvency supervision entail - in broad terms minimum standards on bank capital adequacy and capital buffers. 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. Over time, the regulations have become more sophisticated, being derived from the new capital measurement guidelines of Basel II and Basel III as described under "Basel standards" above and as laid down in EU directives described above under "European Union legislation". The regulations of the Dutch Central Bank on solvency supervision have been repealed by the Dutch CRD IV and CRR Regulation.

Liquidity

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

The Dutch Financial Supervision Act provides that a bank must obtain a declaration of no-objection before, among other things, (i) 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 EEA, 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, (ii) 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 EEA or in a state which is not part of the EEA, 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, (iii) 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, (iv) 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 (v) proceeding with a financial or corporate reorganisation. Under the SSM, the ECB is the supervisor formally taking the decision to grant a declaration of no-objection concerning a qualified holding. The request for a declaration of no-objection should be sent to the Dutch Central Bank. The Dutch Central Bank makes a draft decision and the ECB takes the formal

decision. As of 1 January 2014, the definition of "qualified holding" as set out in the CRR applies. "Qualified holding" in the CRR is defined to mean a direct or indirect holding in an undertaking which represents 10 per cent. or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

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 ECB.

Governance and administrative organisation

The ECB supervises the governance of significant banks and significant banking groups within the Netherlands. This includes the administrative organisation of 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.

Intervention

On 13 June 2012, the Intervention Act entered into force and amended the Dutch Financial Supervision Act and the Dutch Bankruptcy Act (*Faillissementswet*). Pursuant to the Intervention Act, the Dutch Central Bank has the power to take various measures in respect of banks and insurance companies if it perceives a dangerous development regarding the entity's own funds, solvency, liquidity or technical provisions and there is a reasonable probability that this development cannot be sufficiently or promptly reversed. The possible measures available to the Dutch Central Bank under the Intervention Act include filing a request for a bank or insurance company to be declared bankrupt, or preparing and effecting the transfer of deposits, other assets and liabilities and/or shares 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 various information and access to the Dutch Central Bank, 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.

In addition, under the Intervention Act the Dutch Minister of Finance may, with immediate effect, take measures or expropriate assets or securities issued by or with the consent 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 of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the entity finds itself. In taking these measures, provisions in relevant Dutch legislation and the entity'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 such measures are utilised appropriately the Minister of Finance must consult with the Dutch Central Bank in advance 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 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 any damage that directly and necessarily results 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, cannot be exercised without the prior approval of the Dutch Central Bank. Exceptions are made in respect of rights resulting from the final 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.

Under the SRM, the Single Resolution Board will have additional intervention powers including the power to operate the bail-in tool as set out in the SRM and the Bank Recovery and Resolution Directive (see "*Bank Recovery and Resolution Directive*" above and the risk factor entitled "*Bank recovery and resolution regimes*"). A legislative proposal for the implementation of the SRM/BRRD in The Netherlands was made public in November 2014 for consultation and was implemented into Dutch legislation on 26 November 2015.

Emergencies

The Dutch 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 if it finds *prima facie* evidence of a dangerous development regarding the bank's own funds, solvency or liquidity and there is a reasonable probability that this development cannot be sufficiently or promptly reversed. 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. Together with the request to declare the "emergency regulation", the Dutch Central Bank can request the Dutch court to approve a "transfer plan" for a bank. This plan may include the transfer of deposits, assets/liabilities or shares of the bank.

U.S. regulation

Regulation and Supervision in the U.S.

The Group's operations are subject to federal and state banking and securities regulation and supervision in the U.S. The Group engages in U.S. banking activities through Rabobank, New York Branch (the "**New York Branch**"). It controls a U.S. banking subsidiary, Rabobank, N.A., and a U.S. broker-dealer, Rabo Securities USA, Inc., as well as other U.S. non-bank subsidiaries.

Utrecht-America Holdings, Inc. holds Rabobank, N.A. and many of the Group's U.S. non-bank subsidiaries. Utrecht-America Holdings, Inc. is a bank holding company that is a financial holding company within the meaning of the U.S. Bank Holding Company Act of 1956. As such, it is subject to the regulation and supervision of the Federal Reserve. The New York Branch is licensed and supervised by the New York State Department of Financial Services, and it is also supervised by the Federal Reserve. Rabobank, N.A. is a national bank subject to regulation, supervision and examination by the OCC.

Under U.S. law, the Group's activities and those of its subsidiaries in the U.S. are generally limited to the business of banking, and managing or controlling banks and certain other activities that are closely related to banking. So long as Rabobank is a financial holding company under U.S. law, it may also engage in non-banking activities in the U.S. that are financial in nature, or incidental or complementary to such financial activity, including securities, merchant banking, insurance and other financial activities, subject to certain limitations on the conduct of such activities and to prior regulatory approval in some cases. As a non-U.S. bank, Rabobank is generally authorised under U.S. law and regulations to acquire a non-U.S. company engaged in non-financial activities as long as the company's U.S. operations do not exceed certain thresholds and certain other conditions are met. Rabobank is required to obtain the prior approval of the Federal Reserve before directly or indirectly acquiring the ownership or control of more than 5 per cent. of any class of voting shares of U.S. banks, certain other depository institutions, and bank or depository institution holding companies.

State-licensed branches and agencies of non-U.S. banks (such as the New York Branch) may not, with certain exceptions that require prior regulatory approval, engage as a principal in any type of activity not permissible for their federally chartered or licensed counterparts. Likewise, the U.S. federal banking laws also subject state branches and agencies to the same single-borrower lending limits that apply to federal branches or agencies, which are substantially similar to the lending limits applicable to national banks. These single-borrower lending limits are based on the worldwide capital of the entire non-U.S. bank.

The Federal Reserve may terminate the activities of any U.S. office of a non-U.S. bank if, among other things, it determines that the non-U.S. bank is not subject to comprehensive supervision on a consolidated basis in its home country or that there is reasonable cause to believe that such non-U.S. bank or its affiliate has violated the law or engaged in an unsafe or unsound banking practice in the U.S. or, for a non-U.S. bank that presents a risk to the stability of the U.S. financial system, the home country of the non-U.S. bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk. In addition, the Superintendent of Financial Services of the State of New York (the "**Superintendent**") may revoke any licence for a branch of a non-U.S. bank issued under the New York Banking Law if, among other things, the Superintendent finds that the licensed bank has violated any provision of any law, rule or regulation of the State of New York.

A major focus of U.S. governmental policy relating to financial institutions is aimed at preventing money laundering and terrorist financing and compliance with economic sanctions in respect of designated countries or activities. Failure of an institution to have policies and procedures and controls in place to prevent, detect and report money laundering and terrorist financing could in some cases have serious legal, financial and reputational consequences for the institution.

New York Branch

The New York Branch is licensed by the Superintendent to conduct a commercial banking business. Under New York Banking Law, the New York Branch is subject to the asset pledge requirements and is required to maintain eligible high-quality assets with banks in the State of New York. The Superintendent may also establish asset maintenance requirements for branches of non-U.S. banks. Currently, no such requirement has been imposed upon the New York Branch.

The New York Banking Law authorises the Superintendent to take possession of the business and property of a New York branch of a non-U.S. bank under certain circumstances, including violations of law, conduct of business in an unsafe manner, impairment of capital, suspension of payment of obligations, or initiation of liquidation proceedings against the non-U.S. bank at its domicile or elsewhere. In liquidating or dealing with a branch's business after taking possession of a branch, only the claims of depositors and other creditors which arose out of transactions with a branch are to be accepted by the Superintendent for payment out of the business and property of the non-U.S. bank in the State of New York (which includes but is not limited to assets, or other property of the New York branch, wherever situated and any assets of the non-U.S. bank located in the State of New York, regardless of whether such assets are assets of the New York branch), without prejudice to the rights of the holders of such claims to be satisfied out of other assets of the non U.S. bank. After such claims are paid, the Superintendent will turn over the remaining assets, if any, to the non-U.S. bank or its duly appointed liquidator or receiver.

The Dodd-Frank Act

The Dodd-Frank Act provides a broad framework for significant regulatory changes that extend to almost every area of U.S. financial markets. While many of the rules implementing Dodd-Frank have been finalised or proposed significant uncertainty remains about the implementation, timing and impact of many of those rules.

Among other things, the Dodd-Frank Act requires that the lending and affiliate transaction limits applicable to Rabobank N.A. and the New York Branch take into account credit exposures arising from derivative transactions, securities borrowing and lending transactions, and repurchase and reverse repurchase agreements with counterparties.

Additionally, the Dodd-Frank Act provides U.S. regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk, which includes any non-U.S. banking organisation, such as the Rabobank Group, with a branch or agency in the U.S. or a U.S. bank subsidiary and U.S.$50 billion or more in total consolidated assets. On 18 February 2014, the Federal Reserve issued a final rule implementing these "enhanced prudential standards" with respect to FBOs such as Rabobank Group. The rule will impose, among other things, new liquidity, stress testing, risk management and reporting requirements on Rabobank Group's U.S. operations, which could result in significant costs to the Group. The final rule becomes effective with respect to Rabobank Group on 1 July 2016.

Furthermore, under the Volcker Rule, the Dodd-Frank Act limits the ability of banking entities and their affiliates to engage as principal in certain types of proprietary trading or to invest in, sponsor or engage in certain transactions with hedge funds, private equity funds or other similar private funds, subject to certain exclusions and exemptions. However, the proprietary trading activities and fund-related activities of certain non-U.S. banking organisations, such as certain non-U.S. banking entities within the Rabobank Group that are conducted solely outside of the United States are exempt from such limitations, subject to certain conditions.

On 10 December 2013, the five U.S. federal financial regulatory agencies released the final version of the regulations implementing the Volcker Rule. The regulations impose limitations and significant costs across all of Rabobank Group's subsidiaries and affiliates and their activities in scope for the Volcker Rule. While the regulations contain a number of exclusions and exemptions that permit Rabobank Group to maintain certain of its trading and fund businesses and operations, particularly those outside of the United States, aspects of those businesses have been modified to comply with the Volcker Rule. Further, Rabobank Group has devoted significant resources to develop a Volcker Rule compliance programme, as mandated by the final regulations. The conformance period for the Volcker Rule ended on 21 July 2015 for all proprietary trading activities and investments in and relationships with "covered funds" (as defined in the Volcker Rule) that were in place before 31 December 2013. For legacy covered funds and certain collateralised loan obligations, or CLOs, the Volcker Rule conformance period has been extended by the Federal Reserve to 21 July 2016, and the Federal Reserve also indicated its intention to extend the conformance period for an additional year to 21 July 2017.

Financial institutions subject to the rule, such as the Rabobank Group, are required to bring their activities and investments into compliance with the Volcker Rule and implement the required compliance program by the end of the conformance period applicable to the relevant activity or investment. Prior to the 21 July 2015 end of the conformance period, Rabobank analysed the final rule, assessed how it would affect its businesses and devoted significant resources to devise and implement an appropriate compliance strategy. Rabobank will continue to carry out such activities in advance of the end of the conformance period on (which has been extended to 21 July 2016, and the Federal Reserve indicated its intention to extend the conformance period for an additional year to 21 July 2017) for any legacy covered funds. Further implementation efforts may be necessary to establish, maintain, enforce, review, test and modify processes and compliance programmes to achieve compliance with the Volcker Rule on an on-going basis, including efforts and resources required to implement any subsequent regulatory interpretations, guidelines or examinations.

In addition, Title VII of the Dodd-Frank Act provides for an extensive framework for the regulation of derivatives, including mandatory clearing, exchange trading and transaction reporting of certain derivatives,

as well as rules regarding the registration of, and capital, margin and business conduct standards for, swap dealers and major swap participants. U.S. regulators have issued numerous regulations governing the derivatives markets as contemplated by the Dodd-Frank Act. For example, under the Dodd-Frank Act, with certain exceptions, entities that are swap dealers or major swap participants will be required to register with the CFTC, and will become subject to capital, margin, business conduct, recordkeeping and other requirements. Also, under the so-called swap "push-out" provisions of the Dodd-Frank Act, the derivatives activities of FDIC-insured banks and uninsured U.S. branches of non-U.S. banks, such as Rabobank, N.A. and the New York Branch, respectively, could be restricted if such entities are registered swap dealers, major swap participants, security-based swap dealers or major security-based swap participants.

Additionally, the Dodd-Frank Act requires systemically important non-bank financial companies and large, interconnected financial institutions, including any non-U.S. bank with U.S.$50 billion or more in total consolidated assets that has a branch or agency in the U.S. (such as the Rabobank Group) to prepare and periodically submit to the Federal Reserve, the FDIC and the FSOC a plan for such company's rapid and orderly resolution in the event of material financial distress or failure. The resolution plan requirements have been implemented through regulations issued by the Federal Reserve and the FDIC that establish rules and requirements regarding the submission and content of a resolution plan and procedures for review by the Federal Reserve and the FDIC. The Federal Reserve and the FDIC must determine that a company's resolution plan is credible and would facilitate an orderly resolution of the company. A company that fails to submit a credible resolution plan may be subject to a range of measures imposed by the Federal Reserve and the FDIC, including more stringent capital, leverage or liquidity requirements; restrictions on growth, activities or operations; and requirements to divest assets or operations, as directed by the Federal Reserve and the FDIC.

Implementation of the Dodd-Frank Act and related final regulations could result in significant costs and potential limitations on or reorganisation of the Rabobank Group's businesses and results of operations.

USE OF PROCEEDS

The net proceeds of the issue of the Capital Securities, expected to amount to approximately EUR 1,237,500,000, 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 EUR 300,000. The expenses in connection with the listing of the Capital Securities on the Irish Stock Exchange are EUR 6,500.

TAXATION

Netherlands Taxation

Introduction

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 investors. Prospective investors should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of the Capital Securities.

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 Offering Circular. 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 Capital Securities 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 Capital Securities 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:

(i) an investor who is an individual and for whom the income or capital gains derived from the Capital Securities are attributable to employment activities, the income from which is taxable in the Netherlands; and

(ii) an investor which is a corporate entity and a resident of Aruba, Curaçao or Sint-Maarten; and

(iii) an investor that owns a substantial interest (*aanmerkelijk belang*) in the Issuer.

An investor will not be subject to any Dutch Taxes on any payment made to the investor under the Capital Securities or on any capital gain made by the investor from the disposal, or deemed disposal, or redemption of, the Capital Securities, except if:

(i) the investor is, or is deemed to be, resident in the Netherlands; or

(ii) the investor 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 Capital Securities are attributable; or

(iii) the investor is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Capital Securities, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or

(iv) the investor 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 Capital Securities are attributable; or

(v) the investor is an individual and 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 Capital Securities 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 Capital Securities by way of a gift by, or on the death of, an investor, except if the investor 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 Capital Securities.

Residency

Subject to the exceptions above, an investor will not become resident, or deemed resident, in the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of Rabobank's performance under, or the investor's acquisition (by way of issue or transfer to it), holding and/or disposal of Capital Securities.

FATCA withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Capital Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Capital Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Capital Securities, no person will be required to pay Additional Amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Coöperatieve Rabobank U.A. (Rabobank), Goldman Sachs International, Morgan Stanley & Co. International plc, Nomura International plc and UBS Limited (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 22 April 2016 (the "**Subscription Agreement**") agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Capital Securities at 100 per cent. of the principal amount of the Capital Securities 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 their expenses in connection with the issue of the Capital Securities.

United States

The Capital Securities 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 Capital Securities 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 Capital Securities (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 Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities 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 Capital Securities, an offer or sale of Capital Securities 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 Capital Securities 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 Capital Securities in, from or otherwise involving the United Kingdom.

No action has been taken by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offer of the Capital Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers have undertaken that it will not, directly or indirectly,

offer or sell any Capital Securities or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Capital Securities by it will be made on the same terms.

The Capital Securities are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the PI Rules other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "Restrictions on marketing and sales to retail investors" on pages 2 to 3 of this Offering Circular for further information.

Canada

Each Joint Lead Manager has acknowledged that the Capital Securities have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. Each Joint Lead Manager has represented and agreed that it has not offered, sold, distributed, or delivered, and that it will not offer, sell, distribute, or deliver, any Capital Securities, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof, and each Joint Lead Manager has also represented and agreed that it has not and will not distribute or deliver the Offering Circular, or any other offering material relating to the Capital Securities, in Canada in contravention of the securities laws of Canada or any province or territory thereof.

Japan

The Capital Securities 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 of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Capital Securities in Japan or to, or for the benefit of, any resident of 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 reoffering or resale, 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 Offering Circular 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 Capital Securities or caused such Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Capital Securities or cause such Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Capital Securities, whether directly or indirectly, 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.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities may not be circulated or distributed, nor may the Capital Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of 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 Capital Securities 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 Capital Securities 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;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Capital Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) 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 Capital Securities, 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 Capital Securities 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.

People's Republic of China

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

Brazil

Neither the Issuer, nor the issuance and offering of the Capital Securities have been, or will be, registered with the Brazilian Securities and Exchange Commission (the "***Comissão de Valores Mobiliários***" or the "**CVM**"). Any public offering of the Capital Securities in Brazil, as defined under Brazilian laws and regulations, requires prior registration with the CVM under Law No. 6,385, dated 7 December 1976 as amended, and CVM Instruction No. 400, dated December 29, 2003, as amended. Therefore, the Capital Securities may not be issued, distributed, offered, placed or negotiated in the Brazilian capital markets, except in circumstances which do not constitute a public offering, distribution, placement or negotiation in the Brazilian capital markets, as well as any documents relating to the offering of the Capital Securities and any information contained in those documents, may not be distributed to the public in Brazil nor be used in connection with any offer for subscription or sale of the Capital Securities to the public in Brazil.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Capital Securities described herein. Each Joint Lead Manager has represented and agreed that the Capital Securities 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 Offering Circular nor any other offering or marketing material relating to the Capital Securities 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 Offering Circular nor any other offering or marketing material relating to the Capital Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Capital Securities has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Capital Securities may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Capital Securities be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Capital Securities or distribute any copy of this Offering Circular or any other document relating to the Capital Securities in Italy except:

(a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Financial Services Act**") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**Issuers Regulation**"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Capital Securities or distribution of copies of this Offering Circular or any other document relating to the Capital Securities 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 Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 16190 of 29 October 2007, all as amended from time to time;

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

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Investors should note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Capital Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Capital Securities which are initially offered and placed in Italy or abroad to professional investors only but in the following year are "systematically" distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Issuers Regulation. Failure to comply with such rules may result in the sale of such Capital Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Capital Securities who are acting outside of the course of their business or profession.

Republic of France

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Capital Securities 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 Offering Circular or any other offering material relating to the Capital Securities and such offers, sales and distributions have been and will be made in France only to (i) 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 (ii) qualified investors (*investisseurs qualifiés*) and/or (iii) a limited circle of investors (*cercle restreint*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 and D.411-4 of the French Code *monétaire et financier*.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Capital Securities, or possession or distribution of the Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each 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 Capital Securities, or has in its possession or distributes the Offering Circular or any other offering material.

GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Capital Securities to be admitted to the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market with effect from the Issue Date, subject only to the issue of the Temporary Global Capital Security.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Capital Securities. The issue of the Capital Securities was approved by the Issuer on 18 April 2016 which approval is in accordance with the funding mandate authorised by resolutions of the Executive Board passed on 10 November 2015 and a resolution of the Supervisory Board passed on 30 November 2015, as confirmed by a Secretary's Certificate dated 21 April 2016.

3. There has been no significant change in the financial or trading position of the Issuer or of Rabobank Group since 31 December 2015, and there has been no material adverse change in the financial position or prospects of the Issuer or of Rabobank Group, since 31 December 2015.

4. Neither the Issuer nor any subsidiary or affiliate of the Rabobank Group is, or has been during the 12 months preceding the date of this Offering Circular, 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. Each Capital Security and Coupon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

6. The Capital Securities 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 XS1400626690 and the Common Code is 140062669.

   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.

7. 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 Capital Securities being issued.

8. Where information in this Offering Circular (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.

9. The yield of the Capital Securities for the period from (and including) the Issue Date to (but excluding) the First Reset Date, is 6.628 per cent. on a semi-annual basis, assuming interest is paid in full on the full Initial Principal Amount. Thereafter, the yield shall be subject to the reset mechanism described in Condition 4. 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.

10. The Irish Listing Agent is Arthur Cox Listing Services Limited and the address of its registered office is Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Capital Securities and

is not itself seeking admission of the Capital Securities to listing on the Official List or to trading on the Global Exchange Market.

11. For so long as the Capital Securities are listed on the Irish Stock Exchange, copies (and English translations where the documents in question are not in English) of the following documents will be available in physical form, 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 Agency Agreement (which includes the forms of the Global Capital Security and the Definitive Capital Security);

    (b) the Articles of Association of the Issuer;

    (c) the audited unconsolidated financial statements of Rabobank for the years ended 31 December 2013, 2014 and 2015, the audited consolidated financial statements of Rabobank Group for the three years ended 31 December 2013, 2014 and 2015 and the unaudited condensed consolidated interim financial information of Rabobank Group for the six months ended 30 June 2015;

    (d) the annual report 2015 of Rabobank; and

    (e) a copy of this Offering Circular.

12. Ernst & Young Accountants LLP, of which the 'registeraccountants' are members of the NBA (*Koninklijke Nederlandse Beroepsorganisatie van Accountants* – The Royal Netherlands Institute of Chartered Accountants), has audited, and issued unqualified independent auditor's reports on, the unconsolidated financial statements of Rabobank for the years ended 31 December 2013, 2014 and 2015 and the consolidated financial statements of Rabobank Group for the years ended 31 December 2013, 2014 and 2015. Ernst & Young Accountants LLP has given its consent to the inclusion in this Offering Circular of its independent auditor's reports on these financial statements for the years ended 31 December 2013, 2014 and 2015 and its review report to the condensed consolidated interim financial information for the six-month period ended 30 June 2015 as incorporated by reference herein in the form and context in which they appear. Ernst & Young Accountants LLP has no interest in the Issuer.

13. 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 Capital Securities. Any such short positions could adversely affect future trading prices of the Capital Securities. 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.

14. The Rabobank Group believes that its working capital is sufficient for at least 12 months following the date of this Offering Circular. The Rabobank Group currently complies with the applicable own funds requirements as set out in Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit

institutions and investment firms (amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC) as implemented by the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). The Rabobank Group's current own funds are sufficient to comply with all own funds requirements applicable to it. The Rabobank Group currently complies with the applicable liquidity requirements as set out in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). The Rabobank Group's current liquidity position is sufficient to comply with all liquidity requirements applicable to it.

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