

Offering Circular dated 10 July 2020



**Rabobank**

**Coöperatieve Rabobank U.A.**

## **EUR 1,000,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities**

---

Issue Price of the Capital Securities: 100 per cent.

---

The EUR 1,000,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities (the “**Capital Securities**”) will be issued by Coöperatieve Rabobank U.A. (“**Rabobank**”, the “**Issuer**” or the “**Bank**”). The Capital Securities will constitute direct, unsecured, unguaranteed 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) 14 July 2020 (the “**Issue Date**”) to (but excluding) 29 December 2027 (the “**First Reset Date**”) at an initial rate of 4.375 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 beginning on (and including) the Issue Date and ending on (but excluding) 29 December 2020. 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 4.679 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 any day falling in the period commencing on (and including) 29 June 2027 and ending on (and including) the First Reset 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 6.3 of Regulation (EU) 2017/1219. Application has been made to the Euronext Dublin for the Capital Securities to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin. This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin. 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 depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, SA (“**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 24 August 2020, 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 or in the United Kingdom 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 have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. State securities laws and, unless so registered, 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, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.**

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

### **Joint Lead Managers**

**BofA Securities  
Goldman Sachs International  
Rabobank**

**Credit Suisse  
HSBC  
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 Credit Suisse (Securities) Europe Limited, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International and UBS AG London Branch have separately verified the information contained in this Offering Circular. Credit Suisse (Securities) Europe Limited, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International and UBS AG London Branch 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”).

In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (as amended or superseded, “PRIIPs”) became directly applicable in all EEA member states including the United Kingdom and (ii) the Markets in Financial Instruments Directive 2014/65/EU (as amended, “MiFID II”) was required to be implemented in EEA member states including the United Kingdom by 3 January 2018. Together the PI Instrument, PRIIPs and MiFID II are referred to as the “Regulations”.

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities such as the Capital Securities.

Potential investors in the Capital Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Capital Securities (or any beneficial interests therein), including the Regulations.

The Issuer and the Joint Lead Managers are required to comply with the Regulations. 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 (as defined in MiFID II);
2. whether or not it is subject to the Regulations, it will not
  - (a) sell or offer the Capital Securities (or any beneficial interest therein) to retail clients (as defined in MiFID II); 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 each case as defined in MiFID II);

and in selling or offering the Securities or making or approving communications relating to the Securities, it may not rely on the limited exemptions set out in the PI Instrument; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the United Kingdom) 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.

**Benchmarks Regulation** - Amounts payable under the Capital Securities in respect of the Reset Period are calculated by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this Offering Circular, the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “**Benchmarks Regulation**”).

**Prohibition of Sales To EEA or UK Retail Investors** - The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II). Consequently, no key information document required by PRIIPs for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under PRIIPs.

**Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a “**distributor**”) should take into consideration the manufacturers’ target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Unless the context otherwise requires, references in this Offering Circular to “**Rabobank**” are to Coöperatieve Rabobank U.A. and references to the “**Rabobank Group**” or the “**Group**” are to Rabobank and its group companies (within the meaning of Section 2:24b of the Dutch Civil Code (the “**DCC**”), which shall in any event include its subsidiaries).

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Capital Securities are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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, UBS AG London Branch (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.

## TABLE OF CONTENTS

	<b>Page</b>
RISK FACTORS .....	7
IMPORTANT INFORMATION.....	38
FORWARD-LOOKING STATEMENTS .....	39
OVERVIEW .....	40
TERMS AND CONDITIONS OF THE CAPITAL SECURITIES.....	46
SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES WHILE IN GLOBAL FORM .....	74
DESCRIPTION OF BUSINESS OF RABOBANK GROUP .....	76
STRUCTURE AND GOVERNANCE OF RABOBANK GROUP .....	86
SELECTED FINANCIAL INFORMATION .....	90
RISK MANAGEMENT .....	94
GOVERNANCE OF RABOBANK GROUP .....	102
REGULATION OF RABOBANK GROUP .....	110
USE OF PROCEEDS.....	123
TAXATION .....	124
SUBSCRIPTION AND SALE.....	127
GENERAL INFORMATION.....	133

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. Most 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.*

*In addition, factors which are 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 Issuer may be unable to pay interest, principal or other amounts on or in connection with any Capital Securities for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Capital Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Unless defined herein, words and expressions defined in “Terms and Conditions of the Capital Securities” shall have the same meanings in these risk factors.*

### 1. Risks Related to the Issuer

#### **Section A: Risks related to the Issuer's financial position**

##### ***Rabobank faces substantial funding and liquidity risk***

Rabobank's primary source of funding is customer deposits (2019: €342.5 billion) followed by wholesale funding (2019: €151.7 billion). Customer deposits are, generally speaking, volatile in nature and therefore no clear predictions can be made as to their amounts. Given that Rabobank's funding requirements are greater than the amount of customer deposits, Rabobank is also reliant on wholesale funding to fund its balance sheet, which requires access to capital and money markets. Access to wholesale funding may be negatively affected by concerns about Rabobank's credit strength or a downgrade of any of its credit ratings. Access can also be influenced by concerns about the market segments in which Rabobank is active or by a general market disruption. For example, the current coronavirus (or Covid-19) and measures taken to contain its spread have resulted in significant market disruptions.

Rabobank expects its 2020 net profit and income to be significantly impacted by the Covid-19 outbreak, mainly as a result of materially increased impairment charges on financial assets in Domestic Retail Banking ("DRB"), Wholesale & Rural and DLL International B.V. ("DLL"), the impact of the continued low interest rate environment and a decrease in new business volume and economic activity generally, which could have a material adverse impact on Rabobank's financial position. See also the section “*Description of Business of Rabobank Group – Recent Developments – Potential Impact of Covid-19*” for further information in respect of the impact of the coronavirus outbreak. Any such factors as described above may result in higher funding and refinancing costs in the capital and money markets, which may also affect or effectively limit access to these markets. Although, in addition to the aforementioned funding sources, Rabobank may have access to the European Central Bank (the "ECB") facilities, the sensitivity of Rabobank to a liquidity risk is substantial.

Funding risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial position of Rabobank. Liquidity risk is the risk that the bank will not be able to meet all of its payment obligations on time, as well as the risk that the bank will not be able to fund increases in assets at a reasonable price. Important factors in preventing this are maintaining an adequate liquidity position and retaining the confidence of institutional market participants and retail customers to maintain the deposit base and access to public money and the capital

markets for the Group. However, if these are seriously threatened, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***Rabobank is subject to significant exposure to systemic risk***

The Group could be negatively affected by the weakness 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. This risk is sometimes referred to as 'systemic risk' and may adversely affect financial institutions as well as financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Group interacts on a daily basis. Concerns about, or a default by, a financial institution could lead to significant liquidity problems and losses or defaults by other financial institutions, since the commercial and financial soundness of many financial institutions is closely related and inter-dependent as a result of credit, trading, clearing and other relationships. Any perceived lack of creditworthiness of a counterparty may lead to market-wide liquidity problems and losses for the Group. Concerns about the creditworthiness of sovereigns and financial institutions in Europe and the United States remain. The large sovereign debts or fiscal deficits of a number of European countries and the United States go hand in hand with concerns regarding the financial condition of financial institutions. Banks typically hold large amounts of (national) sovereign debt instruments for liquidity, securities' finance and collateral management purposes. As a result, changes affecting the value of these debt instruments affect financial institutions directly. Increased debt financing by sovereigns ultimately would lead to higher debt financing, rating adjustments and will likely have a negative impact on banks. The Group is exposed to the financial institutions industry, including sovereign debt securities, banks, financial intermediation providers and securitised products. Due to the Group's exposure to the financial industry, it also has exposure to shadow banking entities (ie, entities which carry out banking activities outside a regulated framework, such as payment platforms and crowdfunding platforms). Recently, there has been increasing regulatory focus on shadow banking. In particular, the European Banking Authority Guidelines (EBA/GL/2015/20) require the Group to identify and monitor its exposure to shadow banking entities, implement and maintain an internal framework for the identification, management, control and mitigation of the risks associated with exposure to shadow banking entities, and ensure effective reporting and governance in respect such exposure. If the Group is unable to properly identify and monitor its shadow banking exposure, maintain an adequate framework, or ensure effective reporting and governance, any of the above-mentioned consequences of systemic risk could have an adverse effect on the Group's ability to raise new funding, its business, financial condition and results of operations.

***Rabobank is exposed to the risk of a credit rating downgrade of any of its credit ratings***

Rabobank's access to capital and money markets is dependent on its credit ratings. The Group's credit ratings could be negatively affected by a number of factors that can change over time, including a credit rating agency's assessment of the Group's strategy and management's capability; its financial condition including in respect of profitability, asset quality, capital, funding and liquidity; the legal and regulatory frameworks applicable to the Group's legal structure and business activities; changes in rating methodologies; the competitive environment, political and economic conditions in the Group's key markets. A downgrading, an announcement of a potential downgrade in its credit ratings or a withdrawal of its credit rating, or a deterioration in the market's perception of the Group's financial position could significantly affect the Group's access to money markets, reduce the size of its deposit base and trigger additional collateral or other requirements in derivatives contracts and other secured funding arrangements or the need to amend such arrangements, which could adversely affect the Group's cost of funding, its access to capital markets and lead to higher refinancing costs and could limit the range of counterparties willing to enter into transactions with the Group. In addition, it might even limit access to these respective markets, and adversely affect Rabobank's competitive position. This could have a material adverse effect on Rabobank's prospects, business, financial condition and results of operations.



***Rabobank is exposed to credit risks, which could result in economic losses***

Rabobank is exposed to credit risk arising from third parties that owe money, securities or other assets. These parties include customers, issuers whose securities are being held by an entity within Rabobank, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. The credit quality of the Group's borrowers and other counterparties is impacted by prevailing economic and market conditions and by the legal and regulatory landscape in the relevant market and any deterioration in such conditions or changes to legal or regulatory landscapes could worsen borrower and counterparty credit quality and consequently impact the Group's ability to enforce contractual security rights. These parties may default on their obligations to Rabobank due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons and could have an adverse effect on Rabobank's business, financial position and results of operations. Any such defaults will reflect the adequacy of Rabobank's credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations which arise from lending or other financial transactions. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Group to determine its credit provisions, these provisions could be inadequate. Inadequate provisions and economic losses in general have a material adverse effect on Rabobank's business, financial condition and results of operations.

See also the risk factor "*The outbreak of communicable diseases around the world may materially and adversely affect Rabobank's business, financial condition and results of operations*" on how Covid-19 may contribute to increasing credit risk for the Group.

***Rabobank's business is primarily concentrated in the Netherlands***

Rabobank generates most of its income in the Netherlands (in 2019, 59 per cent. of its operating profit before tax was derived from its operations in the Netherlands) and therefore is particularly exposed to the economic, political and social conditions in the Netherlands. Economic conditions in the Netherlands may be negatively influenced by conditions in the global financial markets and economy. Partly due to the economic crisis and Covid-19, growth of the Dutch gross domestic product ("**GDP**") has been subdued. Following the growth of 2.0 per cent. in 2015, GDP grew by 2.20 per cent. in 2016 followed by a growth of 2.90 per cent. in 2017, 2.60 per cent. in 2018 and 1.70 per cent. in 2019. Any further deterioration or merely a long-term persistence of a difficult economic environment in the Netherlands could negatively affect the demand for products and services of Rabobank, as well as the credit risk of its borrowers. Also, Rabobank expects its 2020 net profit to be significantly impacted by the Covid-19 outbreak, mainly as a result of materially increased impairment charges on financial assets in DRB, Wholesale & Rural and DLL and lower income, which could have a material adverse impact on Rabobank's financial position. See also the section "*Description of Business of Rabobank Group – Recent Developments – Potential Impact of Covid-19*" for further information in respect of the impact of the coronavirus outbreak. In addition to the Netherlands, Rabobank is active in 39 countries, including, amongst others, Australia, New Zealand, North America and Latin America. In addition, Rabobank is generally exposed to transfer and/or collective debtor risk outside of the Netherlands. 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's business, financial condition and results of operations.

***Conditions in the global financial markets and economy could have a material adverse effect on the Group's business, financial condition and results of operations***

The profitability of the Group could be adversely affected by a downturn in general economic conditions in the Netherlands or globally. Financial markets are volatile. 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 the Group. In addition, developments like Brexit (as defined below) could adversely affect the general economic conditions and thereby the profitability of the Group. Interest rates remained low in 2019. Persistent low interest rates have negatively affected and continue to negatively affect the net interest income of the Group. An economic downturn, or significantly higher interest rates for customers, could adversely affect the credit quality of the 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 in the Dutch or global economy could reduce the value of the Group's assets and could cause the Group to incur marked-to-market losses in its trading portfolios or could reduce the fees the 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 the 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 Group's major markets or the Group's inability to accurately predict or respond to such developments could have a material adverse effect on the Group's business, financial condition and results of operations.

Rabobank performs a number of operations in the United Kingdom for its customers, including products and services for international clients in the field of corporate banking, commercial financing and operations relating to global financial markets. In 2019, Rabobank's revenue in relation to the aforementioned operations in the United Kingdom was €753 million. On 31 January 2020, the United Kingdom left the European Union (the "**Brexit**"). The consequences of the Brexit are uncertain. Depending on the timing and outcome of negotiations about, amongst other things, the future relationship between the United Kingdom and the European Union, there may be volatility in financial markets, liquidity disruptions and market dislocations. The Group could be adversely impacted by related market developments such as increased exchange rate movements of the pound sterling versus the euro and higher financial market volatility in general due to increased uncertainty, any of which could affect the results of the Group's operations in the European Union or the United Kingdom. The United Kingdom moving away from agreed and implemented EU legislation as a result of Brexit could lead to increased regulatory uncertainty and might adversely impact the Group.

See also the risk factor "*The outbreak of communicable diseases around the world may materially and adversely affect Rabobank's business, financial condition and results of operations*" on how Covid-19 has affected, and may continue to affect, conditions in the global financial markets and economy.

Any of these factors could have a material adverse effect on the Group's results of operations and the value of the Capital Securities.

***The outbreak of communicable diseases around the world may materially and adversely affect Rabobank's business, financial condition and results of operations***

The outbreak of communicable diseases, pandemics and epidemics or health emergencies all impact the business and economic environment in which Rabobank operates. Certain of these risks are often experienced globally as well as in specific geographic regions where Rabobank does business. The coronavirus (or Covid-19) outbreak, which has spread globally in recent months, has disrupted various markets and resulted in uncertainty about the development of the economies affected by the outbreak. Rabobank has been, and could be further, affected by the Covid-19 outbreak through its direct and indirect impact on, among others, the customers or other counterparties of Rabobank, both in the Netherlands and elsewhere. Rabobank expects its

2020 net profit to be significantly impacted by the Covid-19 outbreak, mainly as a result of materially increased impairment charges on financial assets in DRB, Wholesale & Rural and DLL and lower income, which could have a material adverse impact on Rabobank's financial position. More specifically, the impact is expected on instruments measured at fair value and on expected credit losses. Given the uncertainties and ongoing developments, the exact ramifications of the Covid-19 outbreak are highly uncertain and it is difficult to predict the spread or duration of the outbreak. See also the section “*Description of Business of Rabobank Group – Recent Developments – Potential Impact of Covid-19*” for further information in respect of the impact of the coronavirus outbreak. There can also be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening credit spreads. Any of the foregoing factors could have a material adverse effect on Rabobank's business, financial condition and results of operations.

***Rabobank is exposed to changes in the interest rate environment as well as other market risks***

Rabobank's results could potentially be adversely impacted by the level of and changes in interest rates, exchange rates, commodity prices, equity prices and credit spreads. Persistent low interest rates have in particular negatively affected and continue to negatively affect the net interest income of Rabobank (2019: €8,483 billion; 2018: €8,559 billion). This is mainly from mismatches between lending and borrowing costs given the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for Rabobank's liabilities, such as savings, may need to be adjusted immediately. At the same time, the rates on the majority of the Group's assets, such as mortgages, which have longer interest rate fixation periods, will not change before the end of the fixed rate period. As a result, rising interest rates may have an adverse impact on Rabobank's earnings. In addition, there is no certainty with regards to the successfulness of Rabobank's interest rate risk management or the potential negative impact of risks associated with sustained low, flat or even negative interest rates.

**Section B: Risks related to the Issuer's business activities and industry**

***Rabobank's results are to a large extent related to its domestic residential mortgage portfolio***

Rabobank's residential mortgage portfolio constitutes €187.7 billion (32 per cent. of the balance sheet total as at December 2019). As a result, any material changes affecting this portfolio could have a material impact on Rabobank. An economic downturn, stagnation or drop in property values, changes in or abolition of the tax deductibility of interest payments on residential mortgage loans in the Netherlands, increased and/or decreased interest rates, the financial standing of borrowers or a combination thereof, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans. A decrease in the level of interest rates on residential mortgage loans could affect Rabobank through, among other things, (i) increased prepayments on the loan and mortgage portfolio, for instance when as a result of low interest rates on saving accounts prepayments on mortgage loans are considered more beneficial to customers than savings, (ii) interest rate averaging, (iii) low margins for mortgage loans, in particular long term mortgages loans and (iv) other measures enabling customers to benefit from the low interest rate environment.

Any of the above factors, events and developments may have a negative impact on Rabobank's interest margins on new and existing residential mortgage loans and may result in a decrease of its existing portfolio and/or in the production of new mortgage loans. The higher the loan-to-income ratio, the larger the proportion of the earnings of a borrower that will be needed to pay interest and principal under mortgage loans, especially when confronted with unexpected costs or expenses, or, in respect of an interest-only mortgage loan, the repayment of principal. This loan-to-income ratio and factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by borrowers and could

ultimately have an adverse impact on the ability of borrowers to repay their mortgage loans and lead to losses for Rabobank.

The tax rate against which the mortgage interest payments may be deducted (the “**deductibility maximum**”) by Dutch homeowners has been gradually reduced since 1 January 2014 by 0.5 percentage points per year. For taxpayers previously deducting mortgage interest at the 52 per cent. rate (highest income tax rate), the deductibility maximum is set at 49 per cent. in 2019. With effect from 1 January 2020, the deductibility maximum will be reduced by 3 percentage points per year to 37.05 per cent. in 2023. This acceleration could ultimately have an adverse impact on the ability of borrowers to pay interest and principal on their mortgage loans and may lead to different prepayment behaviour by borrowers on their mortgage loans, and may thus result in higher or lower prepayment rates of such loans. Any such increase in prepayment rates, could have a material adverse effect on Rabobank's financial condition and results of operations.

Changes in governmental policy or regulation with respect to the Dutch housing market could have a material adverse effect on the Group's business, financial condition and results of operations.

***Rabobank faces substantial competitive pressure both domestically as well as internationally, which could adversely affect its results***

Rabobank's business environment in the Netherlands as well as internationally is highly competitive. Not only does Rabobank face competition from traditional banking parties, but also from non-banking parties, such as pension funds, insurance companies, technology giants, fintech companies, payment specialists, retailers, telecommunication companies and crowd-funding initiatives, all of which are offering some form of traditional banking services. Some of these parties have for example started to provide more segmented offers in the field of residential mortgages. In the Netherlands specifically, competition is reflected by an increased level of consolidation. This could result in increased pressure with regards to pricing particularly as competitors seek to win market share and may harm Rabobank's ability to maintain or increase its market share and profitability. Rabobank'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 to maintain its competitive position could have a material adverse effect on Rabobank's prospects, business, financial condition and results of operations.

***Rabobank's financial condition is to a large extent dependent on its ability to accurately price its services and products***

Rabobank's financial condition is to a large extent dependent on the ability to set accurately its prices and rates. Accuracy on both is necessary to generate sufficient profits to cover costs and sustain losses. However, the ability to do so is subject to a range of uncertainties. For example, the interest rates or pricing of products and or services provided by Rabobank (such as loans and derivatives) may be based on references to various benchmarks (such as the Euro Interbank Offered Rate ("**EURIBOR**") and the London Inter-Bank Offered Rate ("**LIBOR**")), most of which are subject to recent national and international regulatory guidance and proposals for reform (including the Benchmark Regulation which entered into force on 1 January 2018). Reforms such as the discontinuation of LIBOR (or any other reference rate or index), may cause benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be fully anticipated. This may result in rates and prices of products and services being determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. If Rabobank fails to establish adequate rates and prices for its products and services, its revenues derived from such products could decline while its expenses increase resulting in proportionately greater financial losses. The replacement benchmarks, and the timing of and mechanisms for implementation have not yet been confirmed by benchmark administrators and central banks. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect Rabobank.

***Rabobank is exposed to operational risks, including cybercrime risk***

Operational risks faced by Rabobank are risk of losses resulting from inadequate or failed internal processes, people or systems or by external events (this includes, amongst others, financial reporting risk, cyber risk, model risk, compliance risk, legal risk, BCM/IT risk and fraud risk) and can have a material adverse effect (financial loss, reputational and/or regulatory impact). This includes all non-financial risk types and can have a material adverse effect on Rabobank's reputation or have a material adverse effect on its business, financial condition and results of operations. It arises from day-to-day operations and is relevant to every aspect of the business. Events 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, errors in transaction processing, system failures, as well as the inability to retain and attract key personnel. Although Rabobank seeks to adhere to a robust Risk and Control Framework, Rabobank cannot ensure that interruptions, failures or breaches of its communication and information systems as a result of fraud or human error will not occur. In addition, if such events do occur, Rabobank cannot ensure that they will be adequately addressed in a timely manner.

Finally, cybercrime risk is also a relevant and ongoing threat that may lead to an interruption of services to customers, loss of confidential information or erosion of trust and reputation. The above may also apply for third parties on which the Group depends. The global environment Rabobank is operating in requires constant adjustment to changing circumstances. Projects relating to cybercrime (including projects intended to ensure compliance with regulatory requirements) continue to take place within the bank which may result in an increased risk profile and could have a material adverse effect on Rabobank's business, reputation, financial condition and results of operations. Any failure in the Group's cybersecurity policies, procedures or controls, may result in significant financial losses, major business disruption, inability to deliver customer services, or loss of data or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these factors could increase costs, result in regulatory investigations or sanctions being imposed or may affect the Group's ability to retain and attract customers. Regulators in Europe, the US, UK and Asia continue to recognise cybersecurity as an increasing systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience to cyberattacks, and to provide timely notification of them, as appropriate.

**Section C: Legal and regulatory risk*****The Group faces risk where legal and arbitration proceedings are brought against it. The outcome of such proceedings is inherently uncertain and could adversely affect its financial and business operations***

Rabobank is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, Rabobank is exposed to many forms of legal risk, which may arise in a number of ways. Failure to manage and or a negative outcome of potentially significant claims (including proceedings, collective-actions and settlements and including the developments described above), 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 Rabobank's reputation or impose additional operational costs, and could have a material adverse effect on Rabobank's prospects, business, financial condition and results of operations. An example of this is the (re-)assessment of the interest rate derivatives of Rabobank's Dutch small and medium-sized enterprises ("SME") customers and the advance payments made.

In March 2016 the Dutch Minister of Finance appointed an independent committee which on 5 July 2016 published a recovery framework (the "**Recovery Framework**") on the reassessment of Dutch SME interest rate derivatives. Rabobank announced its decision to take part in the Recovery Framework on 7 July 2016. The final version of the Recovery Framework was published by the independent committee on 19 December 2016.

Rabobank is involved in civil proceedings in the Netherlands relating to interest rate derivatives entered into with Dutch business customers. The majority of these concern individual cases. In addition, there is a collective action regarding interest rate derivatives pending before the Court of Appeal (for which a standstill was agreed to, due to the Recovery Framework, and the few remaining out-of-scope customers will be assessed on an individual basis). These actions concern allegations of misinforming clients with respect to interest rate derivatives. Some of these actions also concern allegations in connection with Rabobank's EURIBOR submissions. Rabobank will defend itself against all these claims. Furthermore, there are pending complaints and proceedings against Rabobank regarding interest rate derivatives brought before "Kifid" (Dutch Financial Services Complaints Authority, *Klachteninstituut Financiële Dienstverlening*), which in January 2015 opened a conflict resolution procedure for SME businesses with interest rate derivatives. With respect to the (re-)assessment of the interest rate derivatives of its Dutch SME business customers and the advance payments made, Rabobank recognised at 31 December 2019 a provision of €107 million (2018: €316 million). At year-end 2019, Rabobank's payments to clients under the Recovery Framework amounted to €249 million. By 31 December 2019, all Dutch SME business customers eligible under the Recovery Framework have received clarity on the remuneration of the reassessment of their interest rate derivatives. When customers agree to the remuneration amount, Rabobank will draw up a closing letter and an independent reviewer will review the reassessment. All reassessments and reviews are expected to be finished in 2020.

A negative outcome of potentially significant claims (including proceedings, collective-actions and settlements and including the developments described above), 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 Group's reputation or impose additional operational costs, and could have a material adverse effect on the Group's prospects, business, financial condition and results of operations. For an overview of the legal and arbitration proceedings of the Group, see "*Description of Business of Rabobank Group — Legal and arbitration proceedings*" on pages 90 to 91 of this Offering Circular. For relevant specific proceedings, reference is made to pages 152 to 153 of the Group's audited consolidated financial statements, including the notes thereto, for year ended 31 December 2019, incorporated by reference into this Offering Circular.

***Rabobank's financial condition is exposed to changes as a result of the Benchmark Regulation***

Regulators are driving a transition from the use of certain benchmark rates, including LIBOR, to alternative risk free rates. In the UK, the FCA has asserted that they will not compel LIBOR submissions beyond 2021, thereby jeopardising its continued availability, and have strongly urged market participants to transition to alternative rates, as has the CFTC and other regulators in the US. The Group has a significant exposure to benchmark rates, and continues to reference LIBOR in certain products, primarily its derivatives, commercial lending and legacy securities. Although the Group is actively engaged with customers and industry working groups to manage the risks relating to such exposure, and is exploring ways to utilise alternative risk free rates to the extent possible, the legal mechanisms to effect transition cannot be confirmed, and the impact cannot be determined nor any associated costs accounted for, until such time that alternative risk free rates are utilised exclusively, and there is market acceptance on the form of alternative risk free rates for different products, and certain benchmark obligations may not be able to be changed. The transition and uncertainties around the timing and manner of transition to alternative risk free rates represent a number of risks for the Group, its customers and the financial services industry more widely, including:

- legal risks arising from potential changes required to documentation for new and existing transactions, which may have a material adverse effect on the Group's business and prospects;
- financial risks arising from any changes in the valuation of financial instruments linked to benchmark rates, which may have a material adverse effect on the Group's results of operations and financial condition;

- operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes, which may have a material adverse effect on the Group's business and results of operations; and
- conduct risks arising from the potential impact of communication with customers and engagement during the transition period, which may have a material adverse effect on the Group's business and prospects.

The replacement benchmarks, and the timing of and mechanisms for implementation have not yet been confirmed by benchmark administrators and central banks. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect Rabobank. However, the implementation of alternative benchmark rates may, as a result of one or more of the risks set out in the preceding paragraph, have a material adverse effect on Rabobank's business, results of operations, financial condition and prospects.

See also the risk factor "*Rabobank's financial condition is to a large extent dependent on its ability to accurately price its services and products*" for other examples relating to benchmark reform which could have a material adverse impact on Rabobank.

***The Group's participation in the Dutch Deposit Guarantee Scheme may have a material adverse effect on its business, results of operations and financial condition***

Since 2015, the Group has been required to make yearly contributions to the resolution funds which were established to ensure the efficient application of resolution tools and the exercise of the resolution powers conferred to the SRB (as defined below) by the Regulation (EU) No 806/2014 (the "**SRM Regulation**"). In 2019, the contribution to the Dutch National Resolution Fund (the "**DNRF**") amounted to €206 million.

Furthermore, the SRM (as defined below) (see the risk factor entitled "*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*") and other new European rules on deposit guarantee schemes could have an impact on the Group in the years to come. All these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

In November 2015, 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, came into force. As of 2016, banks were required to pay a premium on a quarterly basis. The target size of the scheme is 0.8 per cent. of total guaranteed deposits of all banks in the Netherlands. In 2019, the Group's contribution to the Dutch Deposit Guarantee Scheme amounted to €137 million compared to €118 million in 2018.

There can be no assurance that additional taxes or levies will not be imposed, which could have a material adverse effect on the Group's business, financial condition and results of operations.

For further information on regulation applicable to Rabobank, please see the section entitled "*Regulation of Rabobank Group*".

***The Issuer is subject to stress tests and other regulatory enquiries, the outcome of which could materially and adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities***

The banking sector, which includes the Group, is subject to periodic stress testing and other regulatory enquiries to examine the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA or the ECB. Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or the financial services sector and lead to a loss of trust with regard to individual banks or the financial services sector as a whole. The outcome of stress tests could materially and

adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Group having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.

***Rabobank is subject to changes in financial reporting standards and or policies, which might have an adverse impact on its reported results and financial condition***

The Group's consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, which is periodically revised or expanded. Accordingly, from time to time, the Group is required to adopt new or revised accounting standards issued by recognised bodies, including the International Accounting Standards Board ("IASB"). It is possible that future accounting standards which the Group is required to adopt, could change the current accounting treatment that applies to its consolidated financial statements and that such changes could have a material adverse effect on the Group's results of operations and financial condition and may have a corresponding material adverse effect on capital ratios. An example of which is the introduction of IFRS 16 on leases on 1 January 2019. The introduction of IFRS 16 did not have an impact on equity of Rabobank but did lead to an increase of assets and liabilities as at 1 January 2019 for an amount of €554 million.

***Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding***

The Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*, the "Intervention Act"), the Directive 2014/59/EU for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms ("BRRD") and the SRM Regulation set out the intervention and resolution framework applicable to the Issuer.

*Recovery and resolution plans and powers to address impediments to resolvability*

The Group has drawn up a recovery plan. In addition, the SRB, in cooperation with DNB acting in its capacity as the national resolution authority draws up a resolution plan for the Group on a yearly basis providing for resolution actions it may take if the Group is failing or is likely to fail. In drawing up the Group's resolution plan, the SRB can identify any material impediments to its resolvability. Where necessary, the SRB may require the removal of such impediments. This may lead to mandatory restructuring of the Group, which could lead to high transaction costs, or could make the Group's business operations or its funding mix to become less optimally composed or more expensive.

*Early intervention measures*

If the Group would infringe or, due to a rapidly deteriorating financial condition, would be likely to infringe capital or liquidity requirements in the near future, the ECB has power to impose early intervention measures on the Group. A rapidly deteriorating financial condition could, for example, occur in the case of a deterioration of the Group's liquidity position, or in the case of increasing levels of leverage, non-performing loans or concentrations of exposures. Intervention measures include the power to require changes to the legal or operational structure of the Group, or its business strategy, and the power to require the Managing Board to convene a meeting of the General Members' Council of Rabobank, failing which the ECB can directly convene such meeting, in both cases with the power of the ECB to set the agenda and require certain decisions to be considered for adoption. Furthermore, if these early intervention measures are not considered sufficient,



management may be replaced or a temporary administrator may be installed. A special manager may also be appointed who will be granted management authority over the Issuer instead of its existing executive board members, in order to implement the measures decided on by the ECB. These measures, when implemented, may lead to fewer assets of the Issuer being available to investors for recourse for their claims.

*(Pre-)Resolution measures*

If Rabobank or the Group were to reach a point of non-viability but not (yet) meet the conditions for resolution, the SRB in close cooperation with the national resolution authority can take pre-resolution measures. These measures include the power to write down capital instruments (including instruments such as the Capital Securities) or convert them into Common Equity Tier 1 Capital instruments.

If Rabobank meets the conditions for resolution, the SRB may take resolution measures. Conditions for resolution are: (i) the ECB or the SRB determines that Rabobank is failing or is likely to fail, (ii) having regard to the circumstances, there is no reasonable prospect that any alternative private sector or supervisory action would, within a reasonable timeframe, prevent the failure of Rabobank, and (iii) the resolution measure is necessary in the public interest.

Rabobank would be considered to be failing or likely to fail, *inter alia*, if it infringes capital or liquidity requirements or Rabobank's liabilities exceed its assets, or Rabobank is unable to pay its debts and liabilities as they fall due, or there are objective elements to support a determination that this will be the case in the near future.

Resolution tools of the SRB include a sale of a business or part of a business, a bridge institution tool, an asset separation tool and a bail-in tool that would enable the write-down and conversion of debt (such as the Capital Securities) into shares and other instruments of ownership to strengthen the financial condition of the failing bank and allow it to continue as a going concern subject to appropriate restructuring. The SRB also has the power to require the mandatory write-down of capital instruments (including instruments such as the Capital Securities) when a bank enters resolution. Any such mandatory write-down could lead to losses for investors.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the SRB can exercise its powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply. Any such exercise may lead to fewer assets of the Issuer being available to investors for recourse for their claims.

*Risks relating to the EU Banking Reforms*

On 23 November 2016, the European Commission announced amendments of certain provisions of, *inter alia*, CRD IV, CRR, the BRRD and the SRM Regulation which were included in the EU banking reform package adopted in April 2019 (the "**EU Banking Reforms**") and which, amongst others, intend to implement the final total loss-absorbing capacity ("**TLAC**") standard and clarify its interaction with MREL. It is not possible to give any assurances as to the ultimate scope, nature, timing and of any resulting obligations, or the impact that they will have on the Issuer once implemented, including the amount of currently outstanding instruments qualifying as MREL going forward.

The Intervention Act, BRRD, SRM and the EU Banking Reforms may lead to lower credit ratings and may increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operations. In case of a capital shortfall, the Issuer would first be required to carry out all possible capital raising measures by private means, including the conversion of junior debt into equity, before one is eligible for any kind of restructuring State aid.

In addition, potential investors should refer to the risk factors entitled "*Any difficulty in raising minimum requirement for own funds and eligible liabilities may have a material adverse effect on the Group's business,*

*financial position and results of operations*” and *“Resolution powers (including powers to write down debt)”* which set out the risks relating to the resolution framework applicable to the Group.

***Any difficulty in raising minimum requirement for own funds and eligible liabilities may have a material adverse effect on the Group’s business, financial position and results of operations***

In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD, the BRRD requires that all institutions (including Rabobank) must meet a minimum requirement for own funds and eligible liabilities (“**MREL**”), expressed as a percentage of total liabilities and own funds and set by the relevant resolution authorities.

In 2019, Rabobank received an updated binding MREL requirement of 9.64 per cent. of Total Liabilities (TLOF) which corresponds to 28.58 per cent. of the risk weighted assets (“**RWA**”) as of 2017 based on the BRRD and the 2018 SRB MREL Policy framework. On the basis of the regulatory technical standards (“**MREL RTS**”) adopted on 23 May 2016 by the European Commission on the criteria for determining the MREL, it is possible that the Group may have to issue a significant amount of additional MREL eligible liabilities in order to meet the new requirements within the required timeframes. This may result in higher capital and funding costs for the Group, and as a result adversely affect the Group's profits. Moreover, the MREL framework may be subject to substantial change over the coming years. For example, the EU Banking Reforms have recently made changes to the existing MREL framework and furthermore introduced changes to the CRD IV, CRR, BRRD and the SRM Regulation. On 20 May 2020 the SRB published its final MREL Policy under the Banking Package revised framework, MREL decisions by the SRB implementing the new MREL framework will be taken based on this policy in the 2020 resolution planning cycle, and to be communicated to banks in early 2021. These decisions will replace those issued under the previous MREL framework. Any future changes may also require the Group to raise additional regulatory capital or hold additional liquidity buffers which may adversely affect the Group's financial position and results of operation. As a result, it is not possible to give any assurances as to the ultimate scope, nature, timing, disclosure and consequences of breach of any resulting obligations, or the impact that they will have on Rabobank once implemented. If the Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Group’s business, financial position and results of operations. In addition, the above requirements and the market’s perception of the Group’s ability to satisfy them may adversely affect the market value of the Capital Securities.

***Any increase in the Group’s minimum regulatory capital and liquidity requirements may have a material adverse effect on the Group’s business, financial condition and results of operations***

Under CRD IV (as defined below), institutions (including Rabobank) are required to hold a minimum amount of regulatory capital equal to 8 per cent. of the aggregate total risk exposure amount of the Group (“**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, the CRD IV Directive 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 capital buffers: (i) the capital conservation buffer, (ii) the institution-specific countercyclical capital buffer, (iii) the global systemically important institutions buffer (the “**G-SII Buffer**”), (iv) the other systemically important institutions buffer (the “**O-SII Buffer**”) and (v) the systemic risk buffer. When an institution is subject to one of the G-SII Buffer or the O-SII Buffer as well as the 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. These buffers will become cumulative upon implementation of Directive (EU) 2019/878 (“**CRD V**”) in the Netherlands. The capital conservation buffer (2.5 per cent.), systemic risk buffer (currently set at 3.0 per cent., but lowered to 2.0 per cent. by DNB to mitigate the impact of the Covid-19 pandemic on the Dutch economy) and countercyclical capital buffer (0.06 per cent. as of 31 December 2019) all apply to the Group and some or all of the other buffers

may be applicable to the Group from time to time, as determined by the ECB, the Dutch Central Bank (“**DNB**”) or any other competent authority at such time. Any increase in the pillar 2 requirements and/or capital buffer requirements, including an increase of the systemic risk buffer by DNB, may require the Group to increase its CET1 Ratio and also its overall amount of capital and MREL which could have a material adverse effect on the Group’s business, financial position and results of operations.

In addition to the “Pillar 1” and capital buffer requirements described above, CRD IV 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.

On 15 December 2019, Rabobank published its 2020 ECB capital requirements, determined pursuant to the SREP. The ECB decision requires that Rabobank maintains a total supervisory review and evaluation process (“**SREP**”) capital requirement of 9.75 per cent. on a consolidated and unconsolidated basis. The requirement consists of an 8 per cent. minimum own funds requirement and a 1.75 per cent. Pillar 2 requirement (“**P2R**”). The total Common Equity Tier 1 Capital minimum requirement is 6.25 per cent., consisting of the minimum Pillar 1 requirement (4.5 per cent.) and the P2R (1.75 per cent.). On 8 April 2020 the ECB informed the Rabobank that the P2R is “*to be held in the form of Common Equity Tier 1 (CET1) capital, which the Original Decision imposes on the Supervised Entity and other ECB addressees, if any, shall, instead, be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum.*” This effectively lowers the total Common Equity Tier 1 Capital minimum requirement with 0.77 per cent.

In addition, Rabobank is required to comply with the combined buffer requirements consisting of a capital conservation buffer (2.5 per cent. as of 2019), a systemic risk buffer imposed by DNB of 3.0 per cent. as of 2019 (which, as at the date of this Offering Circular, has been lowered to 2.0 per cent. by DNB to mitigate the impact of the Covid-19 pandemic on the Dutch economy) and a countercyclical capital buffer (0.06 per cent. as of 31 December 2019) that needs to be applied on top of these Common Equity Tier 1 Capital requirements. When taking into account the temporarily lowered systemic risk buffer imposed by DNB and adjusted countercyclical capital buffer, this would translate into an aggregate 10.02 per cent. Common Equity Tier 1 Capital requirement for 2020. At the date of this Offering Circular, the Group complies with these requirements. In the Netherlands, the countercyclical capital buffer currently has been set at zero per cent. by DNB. However, DNB and (in respect of exposures outside the Netherlands) local regulators may set the countercyclical capital buffer at a level other than zero per cent resulting in a countercyclical capital buffer of 0.06 per cent as per 31 December 2019. Furthermore, DNB has noted that once the situation is back to normal, it will compensate the systemic buffers reduction by gradually increasing the countercyclical capital buffer to 2.0 per cent.

The ECB decision also requires that Rabobank maintains a CET1 Ratio of 8.75 per cent. on an unconsolidated basis. This 8.75 per cent. capital requirement is comprised of the minimum Pillar 1 requirement (4.5 per cent.), the P2R (1.75 per cent.) and the capital conservation buffer (2.5 per cent. as of 2019).

Rabobank currently intends to maintain an internal management buffer comprising Common Equity Tier 1 Capital over the combined buffer requirement applicable to the Group. As part of its Strategic Framework 2016-2020 and an update of the strategy, in anticipation of the expected impact of new rules on capital requirements, the Group aims at a long term CET1 Ratio of a minimum of 14 per cent., but there can be no assurance that this target ratio will be maintained. This target could be revised as a result of (regulatory) developments. As at 31 December 2019, the CET1 Ratio of the Group was 16.3 per cent. (16.7 per cent. when adjusted for lower risk weighted assets for mortgages than projected due to the DNB’s postponement, with effect from 31 March 2020, of the macro prudential add-on) and the solo CET1 Ratio of the Group as at 31 December 2019 was 16.8 per cent. There can be no assurance, however, that Rabobank 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 its Common Equity Tier 1 and additional tier 1 instruments. Application of Article 104a of CRD V offers an opportunity to further optimise the capital structure and will increase Rabobank's AT1 needs from 1.5 per cent. to 1.83 per cent., which is covered by the current ~2 per cent. target.

The 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 or any capital buffer requirements. Capital requirements may increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Group to maintain its "Pillar 1" minimum regulatory capital ratios, any "Pillar 2" additional own funds requirements or any capital buffer requirements could result in administrative actions or sanctions, which in turn could have a material adverse impact on the Group's results of operations. A shortage of available capital may restrict the Group's opportunities.

In December 2017, the Basel Committee on Banking Supervision (the "**Basel Committee**") finalised the Basel III reforms (also referred to as "Basel IV" by the industry) (the "**Basel III Reforms**").

Of the Basel III Reforms, the introduction of the standardized credit risk RWA (REA) floor is expected to have the most significant impact on the Group. The standards for the new standardized credit risk RWA (REA) calculation rules include (i) introduction of new risk drivers, (ii) introduction of higher risk weights and (iii) reduction of mechanistic reliance on credit ratings (by requiring banks to conduct sufficient due diligence, and by developing a sufficiently granular non-ratings-based approach for jurisdictions that cannot or do not wish to rely on external credit ratings). The implementation of the standardized RWA (REA) floors is expected to have a significant impact on the calculation of the Group's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardized rules for mortgages, and, to a lesser extent, exposures to corporates.

If the regulatory capital requirements, liquidity restrictions or ratios applied to the Group are increased in the future, any failure of the Group to maintain such increased capital and liquidity ratios may result in administrative actions or sanctions, which may have a material adverse effect on the Group's business, financial condition and results of operations. For further information regarding Basel III Reforms and CRD IV, including their implementation in the Netherlands, please see the section entitled "*Regulation of Rabobank Group*".

***The Issuer's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may adversely affect the Issuer's business, financial condition and results of operations***

The 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 the Group's business, financial condition and results of operations. The failure to attract or retain a sufficient number of appropriate employees could significantly impede the Group's financial plans, growth and other objectives and have a material adverse effect on the Group's business, financial condition and results of operations.

**Section D: Taxation risk**

***Tax risk***

The Group is subject to the tax laws of all countries in which it operates. The main categories of relevant taxes are corporate income tax, wage tax, value added tax, bank tax and withholding taxes. 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 the Group's business, financial condition and results of operations or lead to regulatory enforcement action or may have a negative impact on the Group's reputation.

### **Bank tax**

In 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 of 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. The Group was charged a total of €133 million in bank tax in 2019 (as compared to €139 million in 2018 and €161 million in 2017).

In addition in 2019, the bank levy payable by Rabobank in Ireland amounted to minus €2 million (as compared to €20 million in 2018 and €7 million in 2017) and in Belgium amounted to €10 million in 2019 (as compared to €11 million in 2018). Any future increases of the bank tax charged to the Group could have a material adverse effect on the Group's business, financial condition and results of operations.

## **2. 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, or (b) 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 obligations under the Existing Capital Securities, and (b) 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, 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 "*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*".

#### ***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, 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 or the Competent Authority 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 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 any day falling in the period commencing on (and including) 29 June 2027 and ending on (and including) the First Reset Date, or on each Interest Payment Date thereafter may only occur when the then Prevailing Principal Amount of the Capital Securities equals their Initial Principal Amount. Any redemption of the Capital Securities upon the occurrence of a Tax Law Change or a Capital Event will be at their Prevailing Principal Amount which, following any such Write Down, 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 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 “*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*” above and “*Resolution powers (including powers to write down debt)*” 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 risk weighted 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 Rabobank Group'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 2019, the fully loaded CET1 Ratio of Rabobank Group was 16.3 per cent. (16.7 per cent. when adjusted for lower risk weighted assets for mortgages than projected due to the DNB's postponement, with effect from 31 March 2020, of the macro prudential add-on) and the solo CET1 Ratio of Rabobank Group was 16.8 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.

Examples of the regulatory changes which may impact the CET1 Ratio of the Rabobank Group and/or the CET1 Ratio of the Issuer are Basel IV, the ECB's targeted review of internal models (TRIM), the regulation on minimum loss coverage for nonperforming exposures ("**NPE**") complementing Regulation (EU) No 575/2013 relating to own funds (Regulation (EU) 2019/630 (including associated supervisory expectations), the EBA Definition of Default Guidelines are the minimum average risk weight for IRB banks' exposures to natural persons secured by mortgages on residential property located in the Netherlands announced by DNB ("**DNB RWA Floor**").

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 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 certain 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 to restrict or prohibit interest payments to holders of the Capital Securities.

In addition to the above, in response to the outbreak of communicable diseases, pandemics and epidemics or health emergencies, as well as to other crises that impact the financial markets and economy, legislative and/or regulatory authorities may at any time introduce temporary emergency legislative measures which may impose further restrictions on the Issuer to make distributions, such as in particular the suspension of payments of interest on Additional Tier 1 instruments (including 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 “*Resolution powers (including powers to write down*

*debt)*” and *“Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding”*.

#### ***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 other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Capital Securities and 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. The total amount of distributable items amounted to €28.2 billion as at 31 December 2019.

#### ***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 (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, as amended or replaced, or any equivalent or similar law or rule or provision of the Capital Regulations, in each case to the extent then applicable to the Issuer), 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 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. Following recent ECB and DNB announcements, Rabobank has decided to use its discretion not to pay any distributions on its CET1 instrument, the Rabobank Certificates, on the scheduled payment dates of 29 March, 29 June and 29 September 2020. See further *“Description of Business of Rabobank Group – Recent Developments”* below.

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 Article 141 of the CRD, 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 transitioned in to effect starting from 1 January 2016, are 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 is 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 addition, the EC Banking Package introduces consequences of breaching MREL requirements. A failure by the Issuer to comply with MREL requirements means the Issuer could become subject to the restrictions on certain discretionary payments, including payments on Additional Tier 1 instruments such as the Capital Securities (subject to a potential nine-month grace period in case specific conditions are met). A new Article 16a is included in BRRD to clarify, for the purposes of restrictions on distributions, the relationship between the additional own funds requirements, the minimum own funds requirements, the MREL requirement and the combined buffer requirement (the so called "stacking order"). Under the new Article 16a of BRRD, an institution such as the Issuer shall be considered as failing to meet the combined buffer requirement for the purposes of Article 141 CRD where it does not have MREL in an amount and of the quality needed to meet, at the same time, the requirement defined in Article 128(6) of the CRD (i.e. the combined buffer requirement) as well as each of the minimum own funds requirements, the additional own funds requirements and the MREL requirement. The new requirement recognises that breaches of the combined buffer requirement (whilst still complying with Pillar 1 and Pillar 2 capital requirements) may be due to a temporary inability to issue new eligible debt for MREL purposes. For these situations, the proposal envisages a nine month grace period before restrictions under Article 141 CRD will apply. During the grace period, the relevant authorities will be able to exercise other powers available to them that are appropriate in view of the financial situation of the relevant institution.

The EC Banking Package also introduces a restriction for global systemically important institutions (“**G-SIIs**”) on distributions (including on payments of AT1 instruments, such as the Capital Securities) in case of failure to meet the leverage ratio buffer requirement. On the date of this Offering Circular, Rabobank is not a G-SII. However, future extension of this restriction on non-G-SIIs is possible, and there can be no assurance that relevant EU or Dutch regulators may not in the future apply a leverage ratio buffer requirement to Rabobank, which could have a material adverse effect on Rabobank Group’s business, financial condition and results of operations.

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. See *“The calculation of the CET1 Ratios will be affected by a number of factors, many of which may be outside the Issuer’s control”* for a discussion of some of these factors. 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 and Article 16a BRRD.

The implementation of Article 141 of the CRD and Article 16a BRRD 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.

There can be no assurance, however, that any of the minimum own funds requirements, additional own funds requirements, buffer capital requirements or MREL 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 *“Any increase in the Group’s minimum regulatory capital and liquidity requirements may have a material adverse effect on the Group’s business, financial condition and results of operations”* 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 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 any day falling in the period commencing on (and including) 29 June 2027 and ending on (and including) the First Reset Date, or on any Interest Payment Date thereafter, at their Initial Principal Amount, together with any Outstanding Payments, as further provided in the Conditions. Under the CRR, the Competent Authority will only 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 having demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum capital requirements (including any applicable capital buffer requirements) by a margin (calculated in accordance with applicable Capital Regulations) that the Competent Authority considers necessary at such time.

The Capital Securities are also redeemable following a Capital Event, a Tax Law Change, or may be repurchased pursuant to Condition 7(g) 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 CRR further provides that the Competent Authority may only approve any such redemption or repurchase of the Capital Securities before the fifth anniversary of the Issue 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;
- (B) in the case of any such redemption upon the occurrence of 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; or

- (C) in the case of a purchase pursuant to Condition 7(g), the Issuer before or at the same time as such purchase, replaces the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority permits such action on the basis of the demonstration that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or the Capital Securities being purchased for market-making purposes in accordance with prevailing Capital Regulations.

The above conditions to any redemption or purchase of the Capital Securities upon the occurrence of a Capital Event, Tax Law Change or pursuant to Condition 7(g) only apply to any such redemption or purchase of the Capital Securities before 14 July 2025 and the Issuer may thereafter exercise its option to redeem the Capital Securities in such circumstances or on any day falling in the period commencing on (and including) 29 June 2027 and ending on (and including) the First Reset Date, or on each Interest Payment Date thereafter 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 availability of any right on the part of the Issuer to redeem the Capital Securities (or the perception that such a right may become available) may affect the market price of 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 Reset Date. From, and including, the First Reset 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.

***Benchmarks regulation and reform***

The Euro-zone inter-bank offered rate ("EURIBOR") is the subject of ongoing regulatory reform (including as a result of the Benchmarks Regulation which entered into force on 1 January 2018). Following the implementation of any such potential reforms, the manner of administration of benchmarks will change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences, including those which cannot be predicted. For example, in March 2017, the European Money Markets Institute (the "EMMI") (formerly EURIBOR-EBF) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmarks Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR and on 19 February 2019, following the publication of its second consultation paper on a hybrid methodology for EURIBOR, EMMI released the time series of the "Hybrid Euribor Testing Phase". On 28 November 2019, EMMI confirmed it has completed the transitioning of the panel banks from the quote-based EURIBOR methodology to the hybrid methodology.

The potential elimination of, or the potential changes in the manner of administration of, the EURIBOR benchmark (or any Successor Rate or Alternative Rate which replaces EURIBOR under the Conditions,

together, the “**Original Reference Rate**”) could require an adjustment to the Terms and Conditions of the Capital Securities to reference an alternative benchmark for the purposes of calculating the Reset Reference Rate, or result in other consequences, including those which cannot be predicted.

If the Original Reference Rate is permanently discontinued, the Issuer may, after using reasonable endeavours to appoint and consult with an Independent Adviser, determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate when calculating the Reset Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Reset Reference Rate may result in the Capital Securities performing differently (including paying a lower Interest Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

Benchmark Events include (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; (ii) a public statement by the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; (v) it becoming unlawful for any Paying Agent, Calculation Agent or the Issuer to calculate any payments due to be made to any Holder using the Original Reference Rate; or (vi) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser. After consulting with the Independent Adviser (if any), the Issuer shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate, despite the continued availability of the Original Reference Rate. The use of any Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in the Capital Securities performing differently (which may include payment of a lower Interest Rate) than they would do if the Original Reference Rate were to continue to be referenced. In addition, the market (if any) for Capital Securities linked to any such Successor Rate or Alternative Rate may be less liquid than the market for Capital Securities linked to the Original Reference Rate.

Furthermore, if a Successor Rate or Alternative Rate is determined by the Issuer (following consultation with the Independent Adviser), the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Holders.

If a Successor Rate or Alternative Rate is determined by the Issuer (following consultation with the Independent Adviser), the Conditions also provide that an Adjustment Spread will be applied to such Successor Rate or Alternative Rate. The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Issuer, following consultation with the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Issuer (following consultation with the Independent Adviser) determines that no such spread is customarily applied, the spread, formula or methodology which the Issuer, following consultation with the Independent Adviser, determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the



Alternative Rate, as the case may be. While any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Capital Securities may not do so and may result in the Capital Securities performing differently (which may include payment of a lower interest rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

In addition, if the Original Reference Rate is discontinued permanently, and the Issuer, for any reason, is unable to determine any Successor Rate or Alternative Rate, the Rate of Interest may revert to the Interest Rate applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued, and such Interest Rate will continue to apply until maturity.

Due to the uncertainty concerning the availability of successor rates and alternative reference rates, the involvement of an Independent Adviser and the possibility that a licence or registration may be required under applicable legislation for establishing and publishing fallback interest rates, the relevant fallback provisions may not operate as intended at the relevant time. In addition, uncertainty as to the continuation of EURIBOR, the availability of quotes from reference banks to allow for the continuation of EURIBOR, and the rate that would be applicable if EURIBOR is discontinued may also adversely affect the trading market and the value of the Capital Securities. At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Capital Securities will be. More generally, any of the above changes or any other consequential changes to EURIBOR as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, 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 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 to institute proceedings to enforce any payment obligations under or arising from the Capital Securities 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. 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 payment of principal in any circumstances or pursue any other remedy.

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

***Resolution powers (including powers to write down debt)***

The Bank Recovery and Resolution 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 shares and other instruments of ownership, 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 shares and other instruments of ownership 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 “*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*” 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 also provides that a resolution in writing signed by or on behalf of the Holders of not less than 90 per cent. in nominal amount of the Capital Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

The Agency Agreement and the Conditions may be amended by the Issuer and the Fiscal Agent, without the consent of the Holders or Couponholders or any other person, (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.

**3. 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***

The 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 the 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 1 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 "*Resolution powers (including powers to write down debt)*" and "*Resolution*")

*regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding” above for further details).*

Furthermore, pursuant to Directive 2019/879 a new Article 48(7) is included in BRRD which intends to ensure that all claims resulting from own funds items have, in national laws governing normal insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. The implementation of this new Article 48(7) BRRD in the Netherlands, including any potential impact on the ranking and/or capital qualification of the Issuer’s outstanding own funds instruments (including the Capital Securities), remains uncertain in many respects. Such uncertainty can be expected to subsist until the Dutch legislator has published a draft legislative proposal implementing Directive 2019/879 in the Netherlands and no assurance can be given as to the impact of such implementation.

## IMPORTANT INFORMATION

### Responsibility statement

Rabobank accepts responsibility for the information contained in this Offering Circular 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 this Offering Circular 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 Euronext Dublin:

- (a) the articles of association of Rabobank effective from 1 January 2018 (<https://www.rabobank.com/en/images/statuten-rabobank-eng.pdf>); and
- (b) the audited consolidated financial statements of Rabobank Group for the years ended 31 December 2018 (<https://www.rabobank.com/nl/images/annual-report-2018.pdf>) and 2019 (<https://www.rabobank.com/nl/images/annual-report-2019.pdf>) (in each case, together with the independent auditor's reports thereon and explanatory notes thereto).

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>.

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. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

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”.

<b>Issuer of the Capital Securities</b>	Coöperatieve Rabobank U.A..
<b>Joint Lead Managers</b>	Coöperatieve Rabobank U.A. Credit Suisse (Securities) Europe Limited Goldman Sachs International HSBC Bank plc Merrill Lynch International UBS AG London Branch
<b>Fiscal Agent</b>	Deutsche Bank AG, London Branch.
<b>Paying Agents</b>	The Fiscal Agent and Coöperatieve Rabobank U.A.
<b>Issue Size</b>	EUR 1,000,000,000
<b>Maturity Date</b>	The Capital Securities are perpetual securities and have no scheduled maturity date.
<b>Issue Date</b>	14 July 2020
<b>Ranking</b>	<p>The payment obligations under the Capital Securities and the Coupons will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. Subject to exceptions provided by mandatory applicable law, in the case of (a) the bankruptcy of the Issuer or (b) dissolution (<i>ontbinding</i>), 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:</p> <p>(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 <i>pari passu</i> with, or junior to, the Issuer’s present or future obligations under</p>



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 Existing Capital Securities, and (b) 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, 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 4.375 per cent. per annum on their Prevailing Principal Amount, from (and including) the Issue Date to (but excluding) 29 December 2027 (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 4.679 per cent. converted from an annual to a semi-annual rate in accordance with market conventions

**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 December 2020. There will be a short first Interest Period beginning on (and including) the Issue Date and ending on (but excluding) 29 December 2020.

**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 (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, as amended or replaced, or any equivalent or similar law or rule or provision of the Capital Regulations, in each case to the extent then applicable to the Issuer), any Maximum Distributable Amount 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 or dissolution (*ontbinding*) of the Issuer or otherwise.

**Write Down upon a Trigger Event** Upon the determination by the Issuer or the Competent Authority in accordance with the requirements set out in Article 54 of the CRR 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**”),:

- (i) (without the need for the consent of the Holders) the then Prevailing Principal Amount of each Capital Security shall be automatically and irrevocably reduced by the relevant Write Down Amount (such reduction, a “**Write Down**” and “**Written Down**” shall be construed accordingly); and
- (ii) any Interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled.

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 any date falling in the six months prior to and including the First Reset 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 the Issuer will be required to pay Additional Amounts with respect to payments on the Capital Securities 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 or reassessment 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.

<b>Listing and Admission to Trading</b>	Application has been made to Euronext Dublin for the Capital Securities to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin. It is expected that admission to listing will become effective and dealings are expected to commence on 14 July 2020.
<b>Irish Listing Agent</b>	Arthur Cox Listing Services Limited.
<b>Governing Law</b>	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.
<b>Form</b>	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 24 August 2020, upon certification as to non-US beneficial ownership.
<b>Denomination</b>	EUR 200,000
<b>Clearing and Settlement</b>	The Capital Securities have been accepted for clearance through the facilities of each of Euroclear and Clearstream, Luxembourg.
<b>Ratings</b>	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.
<b>Security Codes</b>	ISIN: XS2202900424 Common Code: 220290042
<b>Selling Restrictions</b>	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, Australia, 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 €1,000,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities (the “**Capital Securities**”) was approved by the Issuer on 8 July 2020 which approval is in accordance with the funding mandate authorised by a resolution of the Managing Board passed on 25 November 2019 and a resolution of the Supervisory Board passed on 19 December 2019, as confirmed by a Secretary’s Certificate dated on or around 10 July 2020. 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;

“**Adjustment Spread**” has the meaning given to it in Condition 4(e)(viii);

“**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 14 July 2020 entered into between the Issuer, the Fiscal Agent and the Paying Agents in relation to the Capital Securities;

“**Alternative Rate**” has the meaning given to it in Condition 4(e)(viii);

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

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

“**Benchmark Amendments**” has the meaning given to it in Condition 4(e)(iv);

“**Benchmark Event**” has the meaning given to it in Condition 4(e)(viii);

“**BRRD**” means the Directive (2014/59/EU) of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time (including, without limitation, by Directive (EU) 2019/879) 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;

“**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 Agent**” means Deutsche Bank AG, London Branch;

“**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 or reassessment of the tax effects of a Write Down), the Capital Securities have been or will be excluded from own funds or reclassified as own funds of lower quality (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 or any exclusion by reason of any applicable limit on the amount of Additional Tier 1 Capital;

“**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 resolution and applicable to the Issuer and the Rabobank Group, including but not limited to the CRD, the CRR, the SRMR and the BRRD;

“**Capital Securities**” means the €1,000,000,000 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:

- (a) 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
- (b) 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 and/or the relevant Resolution Authority (if applicable);

“**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 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 (but subject always to the right of the Issuer subsequently to cancel such accrued interest in accordance with the terms of the Capital Securities); 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) Euronext Dublin 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 which rating was solicited by or on behalf of the Issuer, 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**” 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 (including, without limitation, by Directive (EU) 2019/878) 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;

“**CRR**” 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 (including, without limitation, by Regulation (EU) 2019/876);

“**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 of 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, any profits which are non-distributable pursuant to European Union or national law or the Issuer’s by-laws and any sums placed in non-distributable reserves in accordance with applicable



national law or the statutes of the Issuer, in each case with respect to the specific category of own funds instruments to which European Union or national law, the Issuer's by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the consolidated accounts;

**“Dutch Statutory Loss Absorption Powers”** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Netherlands, relating to (i) the transposition into Dutch law of BRRD (including, without limitation, Article 48 thereof) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

**“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;

**“Euronext Dublin”** means The Irish Stock Exchange plc, trading as Euronext Dublin;

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

**“Existing Capital Securities”** means the £250,000,000 Perpetual Non-Cumulative Capital Securities issued on 10 June 2008, the €1,500,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities issued on 22 January 2015 and the €1,250,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities issued on 26 April 2016 and the €1,000,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities issued on 11 September 2018 and the €1,250,000,000 Perpetual Additional Tier 1 Contingent Temporary Write Down Capital Securities issued on 9 September 2019;

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

**“First Reset Date”** means 29 December 2027;

**“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;

**“Independent Adviser”** has the meaning given to it in Condition 4(e)(viii);

**“Initial Interest Rate”** means 4.375 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 December 2020;

“**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);

“**Issue Date**” means 14 July 2020, 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 4.679 per cent.;

“**Maximum Distributable Amount**” means any applicable maximum distributable amount required to be calculated in accordance with Article 141 of the CRD or Article 16a BRRD (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 or Article 16a BRRD, as amended or replaced or any equivalent or similar law, rule or provision of the Capital Regulations which requires a maximum distributable amount to be calculated);

“**Original Reference Rate**” has the meaning given to it in Condition 4(e)(viii);

“**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 Amounts**” means the outstanding principal amount of the capital Securities, together with any accrued but unpaid interest and additional amounts and any other amounts due on or in respect of the Capital Securities. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Dutch Statutory Loss Absorption Powers by the Resolution Authority;

“**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 Nominating Body**” has the meaning given to it in Condition 4(e)(viii);

“**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 Rate**” means in respect of a 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) (the “**Mid-Swap Rate**”) 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 (i) 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). If the six-month EURIBOR rate cannot be obtained because of the occurrence of a Benchmark Event (as defined in Condition 4(e)), the six-month EURIBOR rate shall be calculated in accordance with the terms of Condition 4(e);

“**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 “ICESWAP2”, or such other screen page as may replace it on Reuters or, as the case may be, on such other information service that may replace 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;

“**Resolution Authority**” means the European Single Resolution Board, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having resolution authority with respect to the Rabobank Group;

“**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;

“**SRMR**” means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms, as amended from time to time;

“**Successor Rate**” has the meaning given to it in Condition 4(e)(viii);

“**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, provided that the entry into force of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*) on 1 January 2021 is deemed not to 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, at any time, a determination by the Issuer or the Competent Authority in accordance with the requirements set out in Article 54 of the CRR, 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 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, unguaranteed 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 or (b) 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 Existing Capital Securities, and (b) 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, 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 or netting 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 "Resolution powers (including powers to write down debt)" in the offering circular relating to the Capital Securities.*

#### **4 Interest and other calculations**

(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 December 2020. Each semi-annual instalment of interest during the First Fixed Period will amount to €21.88 per Calculation Amount, except that the first payment of interest will be made on 29 December 2020 in respect of the period from (and including) the Issue Date to (but excluding) 29 December 2020, and will amount to €20.08 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 (i) the Margin and (ii) the Reset Reference Rate on the relevant Interest Determination Date, converted from an annual to a semi-annual rate in accordance with market conventions 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 Euronext Dublin 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.

*(e) Benchmark discontinuation*

*(i) Independent Adviser*

If a Benchmark Event occurs in relation to the Original Reference Rate or Mid-Swap Rate (as applicable) when the Reset Reference Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate or Mid-Swap Rate (as applicable), the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which

an Alternative Rate (in accordance with Condition 4(e)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(e)(iv)).

In making any such determination, an Independent Adviser appointed pursuant to this Condition 4(e) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Holders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(e).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(e)(i) prior to the date which is 10 Business Days prior to the relevant Interest Determination Date, the Interest Rate applicable to the next succeeding Reset Period shall be equal to the Interest Rate last determined in relation to the Capital Securities in respect of the immediately preceding Reset Period. If there has not been a first Reset Period, the Interest Rate shall be 4.375 per cent. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(e)(i).

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser (only if such Independent Adviser has been appointed by the Issuer) and acting in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate or Mid-Swap Rate (as applicable) to determine the Reset Reference Rate (or the relevant component part thereof) for all future payments of interest on the Capital Securities (subject to the further operation of this Condition 4(e)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate or Mid-Swap Rate (as applicable) to determine the Reset Reference Rate (or the relevant component part thereof) for all future payments of interest on the Capital Securities (subject to the further operation of this Condition 4(e)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining, such Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser (only if such Independent Adviser has been appointed by the Issuer), is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread in respect of the relevant next succeeding Reset Period only. Any subsequent Reset Periods are subject to the determination of an Adjustment Spread in accordance with the first paragraph of Condition 4(e)(i), provided that once the Issuer and (if appointed) the Independent Adviser have determined an Adjustment Spread, such Adjustment Spread shall apply for all subsequent Reset Periods.



(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(e) and the Issuer, following consultation with the Independent Adviser (only if such Independent Adviser has been appointed by the Issuer) determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(e)(vi), without any requirement for the consent or approval of Holders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(e)(iv), 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.

(v) Notwithstanding any other provision of this Condition 4(e), the Fiscal Agent, the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser (only if such Independent Adviser has been appointed by the Issuer) in respect of any changes or amendments as contemplated under this Condition 4(e) to which, in the reasonable opinion of the Fiscal Agent, the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Fiscal Agent, the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

(vi) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(e) will be notified promptly by the Issuer to the Fiscal Agent and the Calculation Agent and, in accordance with Condition 14, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Authorised Signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(e); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices for inspection by the Holders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments specified

in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's, the Calculation Agent's or the Paying Agent's ability to rely on such certificates as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

Notwithstanding any other provision of this Condition 4(e), if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4(e), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vii) Survival of Original Reference Rate or Mid-Swap Rate

Without prejudice to the obligations of the Issuer under Condition 4(e) (i), (ii), (iii) and (iv), the Original Reference Rate or Mid-Swap Rate (as applicable) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 4(e)(vi).

(viii) Qualification as Additional Tier 1 Capital

Notwithstanding any other provision of this Condition 4(e), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to these Conditions be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Capital Securities as Additional Tier 1 Capital or to result in the Competent Authority treating the next Reset Date as the effective maturity of the Capital Securities under the then Capital Regulations.

(ix) Definitions:

As used in this Condition 4(e):

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate or Mid-Swap Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (B) the Issuer, following consultation with the Independent Adviser, determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied)

(C) the Issuer, following consultation with the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate or Mid-Swap Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative to the Original Reference Rate or Mid-Swap Rate (as applicable) which the Issuer determines in accordance with Condition 4(e)(ii) has replaced the Original Reference Rate or Mid-Swap Rate (as applicable) in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period as the relevant Reset Period and in euros;

“**Benchmark Amendments**” has the meaning given to it in Condition 4(e)(iv);

“**Benchmark Event**” means:

- (A) the Original Reference Rate or Mid-Swap Rate (as applicable) ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate or Mid-Swap Rate (as applicable) that it has ceased or that it will cease publishing the Original Reference Rate or Mid-Swap Rate (as applicable) permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate or Mid-Swap Rate (as applicable)); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate or Mid-Swap Rate (as applicable) that the Original Reference Rate or Mid-Swap Rate (as applicable) has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate or Mid-Swap Rate (as applicable) that means the Original Reference Rate or Mid-Swap Rate (as applicable) will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or
- (E) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Holder using the Original Reference Rate or Mid-Swap Rate (as applicable); or
- (F) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed,

provided that the Benchmark Event shall be deemed to occur (a) in the case of subparagraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or Mid-Swap Rate (as applicable) or the discontinuation of the Original Reference Rate or Mid-Swap Rate (as applicable), as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition of use of the Original Reference Rate or Mid-Swap Rate (as applicable) and (c) in the case of sub-paragraph (F) above, on the date with effect from which the Original Reference Rate or Mid-Swap Rate (as applicable) will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement. The occurrence of a Benchmark Event shall be determined by the Issuer and promptly

notified to the Fiscal Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent nor the Paying Agents shall have any responsibility for making such determination.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(e)(i);

**“Original Reference Rate”** means either (i) the six-month EURIBOR rate or (ii) any Successor Rate or Alternative Rate which replaces the Original Reference Rate pursuant to the operation of this Condition 4(e);

**“Relevant Nominating Body”** means, in respect of the Original Reference Rate or Mid-Swap Rate:

- (A) the European Central Bank, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate or Mid-Swap Rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the European Central Bank, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate or Mid-Swap Rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate or Mid-Swap Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

## **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, for an unlimited period of time, 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 be cancelled and will not be made, if and to the extent that the amount of such Interest payment otherwise due, together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Capital Securities and other own funds items (excluding any such interest payments or other 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:

- (i) the Competent Authority orders to the Issuer to cancel the payment of such Interest; or
- (ii) 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 (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, as amended or replaced, or any equivalent or similar law or rule or provision of the Capital Regulations, in each case to the extent then applicable to the Issuer), any Maximum Distributable Amount 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. The Issuer may use such cancelled payment without restrictions. 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 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, at any time, it is determined (as provided below) that a Trigger Event has occurred:

- (x) (without the need for the consent of the Holders) the then Prevailing Principal Amount of each Capital Security shall be automatically and irrevocably reduced 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) any Interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled.

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 CRR 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, after taking into account (subject as provided below and 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 (or, if it has more than one such trigger level, the higher or highest effective 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:

- (A) 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
- (B) 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) 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 reasonably practicable following such determination, notify Holders of the Write Down Amount in accordance with Condition 14 and the Fiscal Agent. The Issuer’s or the Competent Authority’s determination that a Trigger Event has occurred and of the relevant Write Down Amount shall be irrevocable and be binding on all parties. In addition the Issuer shall deliver a certificate to the

Fiscal Agent signed by the Authorised Signatories setting out in reasonable detail the applicable 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 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 any Maximum Distributable Amount (after taking account of any other relevant distributions of the kind referred to in Article 141(2) of the CRD (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, as amended or replaced, or any equivalent or similar law or rule or provision of the Capital Regulations, in each case to the extent then applicable to the Issuer)).

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 Loss Absorbing 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 multiplied by the ratio of the original principal



amount of all outstanding Loss Absorbing Instruments of the Issuer which have been subject to a write down 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 Loss Absorbing Instruments of the Rabobank Group which have been subject to a write down 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, as applicable, 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. For the avoidance of doubt, any refusal of the Competent Authority to grant such permission shall not constitute a default for any purpose;

- (ii) in the case of any redemption or purchase, both at the time of, and immediately following, such 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 15 nor more than 30 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 and shall specify the relevant date for redemption;
- (iv) in the case of any redemption or purchase, 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, save in the case of Condition 7(b)(v)(C)(i) below, (B) the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum capital requirements (including any applicable buffer requirements) by a margin (calculated in accordance with applicable Capital Regulations) that the Competent Authority considers necessary at such time;
- (v) in respect of a redemption or purchase 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; (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; or (C) in the case of a purchase pursuant to Condition 7(g), either (i) the Issuer having before or at the same time as such purchase, replaced the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Competent Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (ii) the Capital Securities being purchased for market-making purposes in accordance with prevailing Capital Regulations; and
- (vi) in the case of a redemption pursuant to Condition 7(c), the Prevailing Principal Amount of each Capital Security is equal to its Initial Principal Amount.

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 shall, in the alternative or in addition to the foregoing (as required by the Capital Requirements) comply with such other and/or (as appropriate) additional pre-condition(s).

If the Issuer has given notice to redeem, substitute or vary the Capital Securities pursuant to Condition 7(b)(iii), and prior to the relevant date of redemption, substitution or variation pursuant to this Condition 7 a Trigger Event occurs, the relevant 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 such notice shall be given in the period following the giving of a Trigger Event Notice and prior to the relevant Write Down Date.

Any refusal by the Competent Authority to give its written permission as contemplated above shall not constitute a default for any purpose.

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 requirements or circumstances 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 any date from (and including) 29 June 2027 to (and including) the First Reset 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 the Issuer will be required to pay Additional Amounts with respect to payments on the Capital Securities 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, 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 (which at the Issue Date shall include, without limitation, the CRD and the CRR), 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).

However, the Issuer or any agent on its behalf shall have the right at all times to purchase the Capital Securities for market-making purposes, provided that (a) prior written approval of the Competent Authority shall be obtained where required and (b) the total principal amount of the Capital Securities so purchased does not exceed the predetermined amount permitted to be purchased for market-making purposes under the applicable Capital Regulations applicable from time to time (such predetermined amount not to exceed the limits set forth in article 29(3)(b) of Commission Delegated Regulation (EU) 241/2014)).

*(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 or (b) 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 dissolution.

*Under the Dutch Bankruptcy Code, creditors may not apply for the bankruptcy of a bank. Only De Nederlandsche Bank N.V. 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.*

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 shall be to institute proceedings against the Issuer to demand payment of any principal in respect of the Capital Securities 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 however, 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.*

## 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; or
- (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.

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 Interest Rate or to vary the method of calculating the Interest Rate, 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 or any variation of these Conditions made pursuant to Condition 4(e).

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 Euronext Dublin and admitted to trading on the Global Exchange Market of Euronext Dublin (and so long as the rules of Euronext Dublin so permit), if published on the website of Euronext Dublin (<https://www.euronext.com>). 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 and (iii) paying agents having specified offices in at least two major European cities (including Amsterdam).

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 Acknowledgement of Dutch Statutory Loss Absorption Powers**

Notwithstanding and to the exclusion of any other term of the Capital Securities or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 18(b), includes each holder of a beneficial interest in the Capital Securities), by its acquisition of the Capital Securities, each Holder acknowledges and accepts that any liability arising under the Capital Securities may be subject to the exercise of Dutch Statutory Loss Absorption Powers by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by: (a) the effect of the exercise of any Dutch Statutory Loss Absorption Powers by the Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof: (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Capital Securities; (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Capital Securities into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Capital Securities; (iii) the cancellation of the Capital Securities or the Amounts in respect of the Capital Securities; and (iv) the amendment or alteration of the perpetual nature of the Capital Securities or amendment of the amount of interest payable on the Capital Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Capital Securities, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Dutch Statutory Loss Absorption Powers by the Resolution Authority.



## **19 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 24 August 2020, 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 Euronext Dublin, the requirements of Euronext Dublin 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**

(Chamber of Commerce registration number 30046259)

### **General**

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. Rabobank Group comprises Rabobank as the top holding entity together with its subsidiaries in the Netherlands and abroad. Rabobank Group operates in 40 countries. Its operations include domestic retail banking, wholesale & rural, leasing and real estate. It serves approximately 9.5 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 agriculture.

Rabobank Group's cooperative core business is carried out by the local Rabobanks. With 371 branches at 31 December 2019, the local Rabobanks form a dense banking network in the Netherlands. Together the local Rabobanks serve approximately 8.0 million private customers, and approximately 0.8 million corporate clients, offering a comprehensive package of financial services. Clients can become members of Rabobank.

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 on-going programme, Rabobank Group has increased both the number and type of products and services available to its customers in order to diversify from a traditional savings and mortgage-based business to become a provider of a full range of financial products and services, both in the Netherlands and internationally. Rabobank Group provides an integrated range of financial services comprising primarily Domestic Retail Banking, Wholesale & Rural, Leasing, Real Estate and distribution of insurance products to a wide range of both individual and corporate customers.

As at 31 December 2019, Rabobank Group had total assets of €590.6 billion, a private sector loan portfolio of €417.9 billion, amounts due to customers of €342.5 billion (of which savings deposits total €145.8 billion) and equity of €41.3 billion. Of the private sector loan portfolio, €191.3 billion, virtually all of which were mortgages, consisted of loans to private individuals, €119.4 billion of loans to the trade, industry and services sector and €107.2 billion of loans to the food and agriculture sector. As at 31 December 2019, its CET1 Ratio, which is the ratio between Common Equity Tier 1 Capital and total risk-weighted assets, was 16.3 per cent. and its capital ratio, which is the ratio between qualifying capital and total risk-weighted assets, was 25.2 per cent. Rabobank Group's cost/income ratio, which is the ratio between total operating expenses (regulatory levies included) and total income, was 63.8 per cent. for the year ended 31 December 2019 and 65.9 per cent. for the year ended 31 December 2018. Rabobank Group realised a net profit of €2,203 million for the year ended 31 December 2019. As at 31 December 2019, Rabobank Group employed 43,822 employees (internal and external full time employees ("FTEs")).

The return on invested capital ("ROIC") is calculated by dividing net profit realised after non-controlling interests by the core capital (actual Tier 1 capital plus the goodwill in the balance sheet at the end of the reporting period) minus deductions for non-controlling interests in Rabobank's equity. For the year ended 31 December 2019, Rabobank's ROIC was 5.5 per cent. As at 31 December 2018, it was 7.4 per cent.

### **Group overview**

The overview below provides an overview of the business of Rabobank Group. The figures presented in the overview are provided as at 31 December 2019.



**Business activities of Rabobank Group**

Through the local Rabobanks, Rabobank and its other subsidiaries, Rabobank Group provides services in the following core business areas: Domestic Retail Banking; Wholesale & Rural; Leasing; and Real Estate.

### ***Domestic Retail Banking***

DRB comprises the local Rabobanks and Obvion N.V. (“**Obvion**”). In the Netherlands, Rabobank is a significant mortgage bank, savings bank and insurance agent. Based on internal estimates, Rabobank 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.

As at 31 December 2019, DRB had total external assets of €275.9 billion, a private sector loan portfolio of €271.2 billion, deposits from customers of €253.1 billion (of which savings deposits total €123.7 billion). For the year ended 31 December 2019, DRB accounted for 57 per cent., or €6,815 million, of Rabobank Group’s total income and 81 per cent., or €1,776 million, of Rabobank Group’s net profit. As at 31 December 2019, DRB employed 26,889 FTEs.

#### *Local Rabobanks*

Proximity and commitment to their clients enhance 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. Many private individuals have current, savings or investment accounts 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.

#### *Obvion*

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.

### ***Wholesale & Rural***

Wholesale & Rural focuses its activities on the food and agri sector and has an international network of branches with offices and subsidiaries in various countries. Rabobank also operates RaboDirect internet savings banks. The wholesale banking division serves the largest domestic and international companies (Corporates, Financial Institutions, Traders and Private Equity). Rural banking is focused on offering financial solutions for the specific needs of leading farmers and their communities in a selected number of key Food & Agri countries. The total number of internal and external employees in Wholesale & Rural stood at 9,897 FTEs at year-end 2019.

All sectors in the Netherlands are being serviced, while outside the Netherlands Rabobank focuses on the Food & Agri and trade-related sectors. Internationally, Rabobank Group services food & agri clients, ranging from growers to the industrial sector, through its global network of branches. Rabobank Group services the entire food value chain, with specialists per sector. Rabobank Group advises its clients and prospects in these sectors by offering them finance, knowledge and its network. Rabobank is active in the main food-producing countries such as the United States, Australia, New Zealand, Brazil and main food consumption countries.

As at 31 December 2019, Wholesale & Rural had total external assets of €137.1 billion and a private sector loan portfolio of €112.4 billion. For the year ended 31 December 2019, Wholesale & Rural accounted for 31 per cent., or €3,662 million, of Rabobank Group’s total income and 31 per cent., or €677 million, of Rabobank Group’s net profit.

### ***Leasing***

Within Rabobank, DLL is the entity responsible for Rabobank Group’s leasing business supporting manufacturers and distributors selling products and services worldwide with vendor finance. DLL, active in more than 30 countries and 9 industries, is a global provider of asset-based financial solutions in the agriculture,

food, healthcare, clean technology, transportation, construction, industrial and office technology industries. DLL is committed to delivering integrated financial solutions that support the complete asset life cycle. As of 31 December 2019, DLL employed 5,303 FTEs (including external staff).

Rabobank owned a 100 per cent. equity interest in DLL as at 31 December 2019. Its issued share capital amounted to €98,470,307 as at 31 December 2019, all of which is owned by Rabobank. As at 31 December 2018, Rabobank's liabilities to DLL amounted to €2,724 million. As at 31 December 2019, Rabobank's claims on DLL amounted to €28,676 million (loans, current accounts, financial assets and derivatives).

As at 31 December 2019, DLL had a private sector loan portfolio of €33.2 billion. For the year ended 31 December 2019, DLL accounted for 12 per cent., or €1,431 million, of Rabobank Group's total income and 15 per cent., or €322 million, of Rabobank Group's net profit.

### **Real Estate**

The Real Estate segment results almost completely comprise the results of Bouwfonds Property Development ("**BPD**"). Responsible for developing residential real estate areas, BPD focuses on residential areas, multifunctional projects and public facilities. BPD has been positioned as a direct subsidiary of Rabobank since 1 July 2017. As of 31 December 2019, the Real Estate segment employed 701 FTEs (including external staff).

For the year ended 31 December 2019, BPD sold 6,471 houses. The loan portfolio of the Real Estate segment amounted to €0.3 billion. For the year ended 31 December 2019, the Real Estate segment accounted for 3 per cent., or €306 million, of Rabobank Group's total income and 6 per cent., or €131 million, of Rabobank Group's net profit.

### **Participations**

As of 31 December 2019, Rabobank held a 30 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 audited consolidated financial statements. Achmea is accounted for as an associate in Rabobank's audited consolidated financial statements in accordance with the equity method. 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 four other European countries and Australia. Rabobank and Achmea work closely together in the area of insurance.

### **Recent Developments**

#### *Potential Impact of Covid-19*

Rabobank Group is monitoring the ongoing outbreak of the coronavirus (Covid-19) carefully as it evolves to understand the potential impact on its people and business.

On 20 May 2020, Rabobank provided an update on the expected impact of the Covid-19 pandemic on itself and its customers. Based on the current position, Covid-19 could significantly impact Rabobank's net profit, including as follows:

- **Asset quality:** Changes in the macroeconomic scenarios have an upward effect on IFRS 9 stage 1 and 2 provisions, resulting in materially higher levels of impairment charges. Furthermore, based on current assumptions, Rabobank anticipates 2020 impairment charges on financial assets to amount to approximately €2 billion, which is in the upper range of twice the through-the-cycle

level<sup>1</sup>. The ultimate level of impairment charges depends on the severity and duration of the Covid-19 crisis and is thus difficult to predict. As such, a more severe or protracted experience than the current baseline assumed scenario could negatively impact current expectations.

- **Financial performance:** Rabobank is expecting its 2020 net profit to be significantly impacted, mainly as a result of materially increased impairment charges<sup>2</sup>. Rabobank is continuously assessing the impact on its financial performance, however at the date of this Offering Circular it is too early to give a reliable indication of the impact on aggregate net profit for the full year 2020.
- **Capital, funding & liquidity:** Rabobank adhered to the ECB's recommendation not to make any distributions on Rabobank Certificates until at least 1 October 2020 (see also below under "*Rabobank adheres to ECB's recommendation not to pay dividends during the Covid-19 pandemic until at least October 2020*"). As at 31 March 2020 Rabobank has a solid liquidity position with an LCR ratio of 125 per cent. (31 December 2019: 132 per cent.) and a strong liquidity buffer of €124 billion (31 December 2019: €111 billion).

Furthermore, Rabobank considers that approximately 5 per cent. of its private sector loan portfolio at 31 March 2020 is considered to be highly impacted. The most critical sectors Rabobank currently identifies are Food services, Flowers, Leisure & entertainment, Non-food retail and Transport. In addition, a medium-high impact is expected for the following sectors: animal protein and dairy in the United States, sugar and wholesale trade, which a further 8 per cent. of Rabobank's private sector loan portfolio.

Further to the above, Rabobank expects its 2020 net profit to be significantly impacted by the Covid-19 pandemic, mainly as a result of materially increased impairment charges on financial assets in DRB, Wholesale & Rural and DLL and lower income. In 2020, income of Rabobank is expected to be negatively impacted by the Covid-19 pandemic, the continued low interest rate environment and a decrease in new business volume and economic activity generally.

*Rabobank adheres to ECB's recommendation not to pay dividends during the Covid-19 pandemic until at least October 2020*

On 27 March 2020, the ECB adopted a recommendation on dividend distributions during the Covid-19 pandemic (ECB/2020/19). The ECB considers it essential that banks conserve capital to retain their capacity to support the economy in these uncertain times. The ECB therefore expects banks to refrain from dividend distributions for the financial years 2019 and 2020 until at least 1 October 2020 to ensure that banks retain their capacity to be able to support households, small businesses and corporates. Following recent ECB and DNB announcements, Rabobank has decided to use its discretion not to pay any distributions on its CET1 instrument, the Rabobank Certificates, on the scheduled payment dates of 29 March, 29 June and 29 September 2020.

*Rabobank pays fine for 2014 remuneration issue*

On 13 February 2020 Rabobank announced that it has been fined €2 million by Dutch regulator DNB for the incorrect application of European remuneration rules in its international business in 2014.

### **Rabobank's credit ratings**

At the date of this Offering Circular, Rabobank has, at its request, been assigned the following ratings: S&P ("A+"), Moody's ("Aa3"), Fitch ("AA-") and DBRS ("AA"). Rabobank's outlook with Moody's is

---

<sup>1</sup> Based on the April Baseline scenario of RaboResearch. Downward revision of this scenario could negatively impact current expectations of 2020 impairment charges.

<sup>2</sup> Based on the April Baseline scenario of RaboResearch. Downward revision of this scenario could negatively impact current expectations of 2020 impairment charges.



“Stable”. In April 2020, S&P and Fitch revised their outlooks to “Negative” and in May 2020, DBRS revised its outlook to “Negative”.

As defined by S&P, an obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. The plus (+) sign shows relative standing within the rating categories.

As defined by Moody's, an obligation rated 'Aa3' is judged to be of high quality and are subject to very low credit risk. The modifier '3' indicates a ranking in the lower end of that generic rating category.

As defined by Fitch, an obligation rated 'AA' denotes expectation of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. The modifier "-" appended to the rating denotes relative status within major rating categories.

As defined by DBRS, an obligation rated “AA” reflects a superior credit quality. The capacity for payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

All the rating agencies view Rabobank's leading position in the Dutch banking sector and the International Food and Agri sector as important rating drivers. The Rating Agencies also note Rabobank's significant equity and subordinated debt, which is an important factor in determining the Group's ratings.

A rating outlook is an opinion regarding the likely direction of an issuer's rating over 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**

In 2019, Rabobank continued the implementation of its Strategic Framework 2016-2020, which describes how it wants to achieve its ambitions. This strategy provides a sharpened focus on improving customer service and realising a fundamental improvement in financial performance across Rabobank in order to safeguard its future success. To fulfil its ambitions for 2020, Rabobank is focusing on the following three core objectives.

1. *Excellent customer focus.* In the Netherlands, Rabobank strives to be the most customer-focused bank in the country and Rabobank aims for a sharp increase in customer satisfaction outside the Netherlands as well. The management of Rabobank believes that this is where its strength and distinctiveness lie. Rabobank expects to undergo a fundamental transformation in the coming years in terms of working methods, culture, attitudes and conduct. By doing so, Rabobank is responding to changes in customer needs, the uncertain economic climate, expectations of society and the stricter requirements of

regulators. Rabobank wants to become the most customer-focused bank in the Netherlands and in the food & agri sector internationally by excelling in basic services, being the closest to its customers at key moments and fulfilling its role as a financial partner serving Rabobank's customers. This will enable Rabobank to expand its services as an intermediary, for example in the fields of crowdfunding and working with institutional investors.

2. *Increased flexibility and reduction of the balance sheet.* In the years to come, Rabobank anticipates a further tightening of the regulatory environment. For example the implementation of the proposed reforms to Basel III and implementation of MREL require Rabobank's balance sheet to be more flexible. Rabobank wants to achieve balance sheet optimisation by, among other things, placing parts of its loan portfolio with external parties and maintaining a liquidity buffer that is in line with the reduced balance sheet total. Rabobank is carefully monitoring ongoing developments with regard to the pending Basel regulations, the final outcome of which will ultimately determine the extent of the required balance sheet reduction, but without changing its other financial targets for 2020.
3. *Performance improvement.* Rabobank aims to improve its performance by improvements in efficiency and cost reductions within Rabobank's central organisation, the local Rabobanks and the international organisation. The improvement should be effected by both higher revenues and lower costs through increasing efficiency and new ways of working (e.g. increased digitalisation and more flexible working spaces).

### **Implementation accelerators**

The strategy calls for a substantial transformation of Rabobank. In view of the challenges Rabobank faces, Rabobank has identified three accelerators to realise and strengthen the transformation:

1. *Strengthening innovation:* Innovation allows Rabobank to improve its services and respond rapidly to opportunities in the market. In addition, innovation is essential to provide support to Rabobank's customers.
2. *Empowering employees:* Achieving the strategic objectives will require a transformation into an organisation in which there is scope for professionalism and entrepreneurship, with a continual focus on development and training, employee diversity and a good, learning corporate culture.
3. *Creating a better cooperative organisation:* The new governance structure (see "*Structure and Governance of Rabobank Group*") will contribute to the transformation that Rabobank as an organisation must go through to fulfil its strategy. This will allow an organisation to emerge that is flexible for the future and centres on maximum local entrepreneurship.

### **Strategy implementation**

The Strategic Framework 2016-2020 has initiated a group wide transition process consisting of a wide range of change initiatives that impact Rabobank's organisational structure, the way it works and the way it serves its customers. In addition to many initiatives in the line organisation, several large, strategic projects are also expected to be implemented. The strategic implementation agenda has been designed along four strategic pillars: Complete customer focus, Rock-solid bank, Meaningful cooperative and Empowered employees. The transition process is dynamic and is expected to be adjusted based on evolving circumstances.

An integrated process for the coordination of the transition is essential to ensure timely and coherent implementation of the strategic goals. This process began in 2016 and is expected to continue in the coming years. Strategy implementation is facilitated by a central oversight and coordination office for performance and strategic initiatives, which reports frequently to the Managing Board, Supervisory Board and supervisors. Processes have been established to ensure short-cycle steering by the Managing Board members in their respective domains, based on goals that have been translated into concrete activities, key performance indicators

(“KPI”) and clearly allocated responsibilities. This approach enables the line organisation to remain in the lead of the transition process.

### Competition in the Netherlands

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

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. The local Rabobanks and Obvion have a balanced mortgage loan portfolio. Historically, mortgage lending in the Netherlands has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in Rabobank Group’s mortgage-lending operations or in the Netherlands generally. Almost all mortgages in the Netherlands have a maturity of 30 years. Generally, mortgages have a long-term (greater than five years) fixed interest rate, after which period the rate is reset at the current market rate. Customers generally only have the option to prepay a certain percentage on the principal amount on their mortgage loan without incurring a penalty fee, thus reducing the interest rate risks related to mortgage loan refinancing for Rabobank Group.

### Market Shares in the Netherlands

Rabobank Group offers a comprehensive package of financial products and services in the Netherlands. 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:* As at 31 December 2019, Rabobank Group had a market share of 20.9 per cent. of the total amount of new home mortgages in the Dutch mortgage market by value (15.5 per cent. by local Rabobanks and 5.4 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:* As at 31 December 2019, Rabobank Group had a market share of 33.0 per cent. of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Rabobank Group is one of the largest savings institutions in the Netherlands measured as a percentage of the amount of saving deposits (source: Statistics Netherlands).

### Property, Plant and Equipment

Rabobank and the local Rabobanks typically own the land and buildings used in the ordinary course of their business activities in the Netherlands. Outside the Netherlands, some 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 Group believes that its facilities are adequate for its present needs in all material respects. The table below provides an overview of Rabobank Group’s material owned facilities:

Location	Country	Owned / Rented	Encumbrances
Croeselaan 18 – 22, Utrecht	The Netherlands	Owned	None
Bloemmolen 2 – 4, Boxtel	The Netherlands	Owned	None

### Material Contracts

There are no contracts, other than contracts entered into in the ordinary course of business, to which Rabobank or any member of Rabobank Group is party, for the two years prior to the date of this Offering

Circular that are material to Rabobank Group as a whole. There are no other contracts (not being contracts entered in the ordinary course of business) entered into by any member of Rabobank Group which contain any provision under which any member of Rabobank Group has any obligation or entitlement which is material to Rabobank Group as at the date of this Offering Circular.

### **Insurance**

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

### **Legal and Arbitration Proceedings**

Rabobank Group is active in a legal and regulatory environment that exposes it to substantial risk of litigation. As a result, Rabobank Group is involved in legal cases, arbitrations and regulatory proceedings in the Netherlands and in other countries, including the United States. The most relevant legal and regulatory claims which could give rise to liability on the part of Rabobank Group are described on pages 152 and 153 in Rabobank Group's audited consolidated financial statements for the year ended 31 December 2019, including the notes thereto, incorporated by reference into this Offering Circular. In addition, see the risk factor "*Legal Risk*" in the "*Risk Management*" section of this Offering Circular. If it appears necessary on the basis of the applicable reporting criteria, provisions are made based on current information; similar types of cases are grouped together and some cases may also consist of a number of claims. The estimated loss for each individual case (for which it is possible to make a realistic estimate) is not reported, because Rabobank Group feels that information of this type could be detrimental to the outcome of individual cases.

When determining which of the claims is more likely than not (i.e., with a likelihood of over 50 per cent.) to lead to an outflow of funds, Rabobank Group takes several factors into account. These include (but are not limited to) the type of claim and the underlying facts; the procedural process and history of each case; rulings from legal and arbitration bodies; Rabobank Group's experience and that of third parties in similar cases (if known); previous settlement discussions; third party settlements in similar cases (where known); available indemnities; and the advice and opinions of legal advisers and other experts.

The estimated potential losses, and the existing provisions, are based on the information available at the time and are for the main part subject to judgements and a number of different assumptions, variables and known and unknown uncertainties. These uncertainties may include the inaccuracy or incompleteness of the information available to Rabobank Group (especially in the early stages of a case). In addition, assumptions made by Rabobank Group about the future rulings of legal or other instances or the likely actions or attitudes of supervisory bodies or the parties opposing Rabobank Group may turn out to be incorrect. Furthermore, estimates of potential losses relating to the legal disputes are often impossible to process using statistical or other quantitative analysis instruments that are generally used to make judgements and estimates. They are then subject to a still greater level of uncertainty than many other areas where Rabobank Group needs to make judgements and estimates.

The group of cases for which Rabobank Group determines that the risk of future outflows of funds is higher than 50 per cent. varies over time, as do the number of cases for which Rabobank can estimate the potential loss. In practice the end results could turn out considerably higher or lower than the estimates of potential losses in those cases where an estimate was made. Rabobank Group can also sustain losses from legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognised. For those cases where (a) the possibility of an outflow of funds is less likely than not but also not remote or (b) the possibility of an outflow of funds is more likely than not but the potential loss cannot be estimated, a contingent liability is shown.

*Description of Business of Rabobank Group*

Rabobank Group may settle legal cases or regulatory proceedings or investigations before any fine is imposed or liability is determined. Reasons for settling could include (i) the wish to avoid costs and/or management effort at this level, (ii) to avoid other adverse business consequences and/ or (iii) pre-empt the regulatory or reputational consequences of continuing with disputes relating to liability, even if Rabobank Group believes it has good arguments in its defence. Furthermore, Rabobank Group may, for the same reasons, compensate third parties for their losses, even in situations where Rabobank Group does not believe that it is legally required to do so.

Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Rabobank is aware), during the 12 months prior to the date of this Offering Circular which may have, or have had in the past, significant effects on Rabobank and Rabobank Group's financial position or profitability are described under "Legal and arbitration proceedings" in Rabobank Group's audited consolidated financial statements for the year ended 31 December 2019, including the notes thereto, incorporated by reference into this Offering Circular. In addition, see the risk factor "*Legal risk*" in the "*Risk Management*" section of this Offering Circular.

## **STRUCTURE AND GOVERNANCE OF RABOBANK GROUP**

### **Rabobank structure**

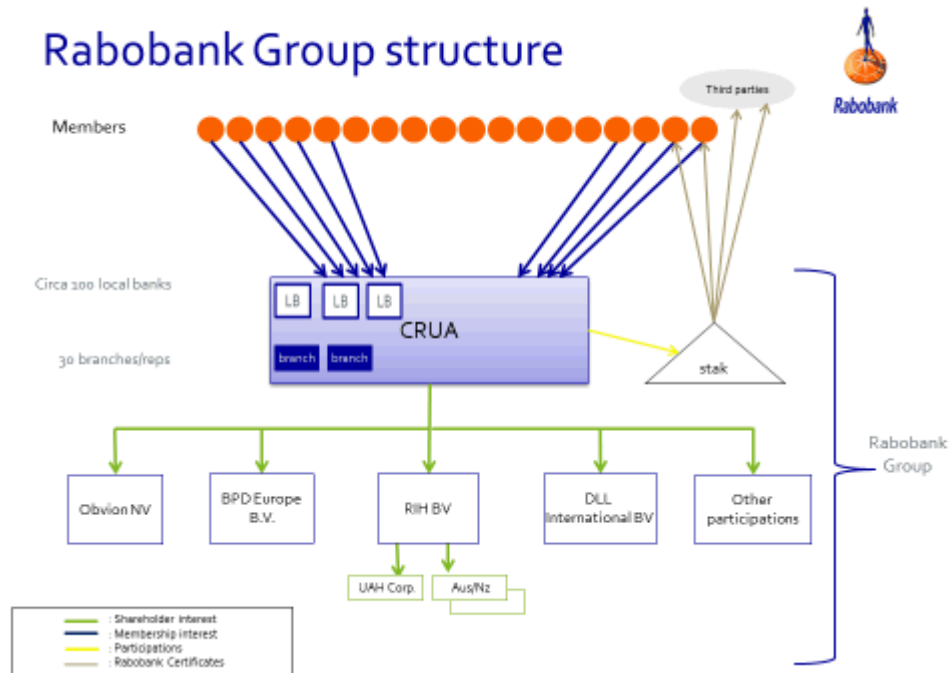
Rabobank Group comprises Coöperatieve Rabobank U.A. and its subsidiaries and participations in the Netherlands and abroad. Rabobank operates not only from the Netherlands but also from branches and representative offices all over the world. These branches and offices all form part of the legal entity Rabobank. Rabobank branches are located in Sydney, Antwerp, Toronto, 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, Istanbul, Atlanta, Chicago, Roseville, San Francisco, Nairobi and St. Louis.

Rabobank also conducts business through separate legal entities worldwide. Rabobank is shareholder of such entities. Rabobank has its executive office in Utrecht (Croeselaan 18, 3521 CB), the Netherlands (telephone number +31 (0)30 216 0000). Its statutory seat is in Amsterdam, the Netherlands. Rabobank is registered in the commercial register of the Chamber of Commerce under number 30046259. Rabobank uses various tradenames.

### *General*

Rabobank is a licensed bank, in the legal form of a cooperative with excluded liability (coöperatie U.A.). It was established under Dutch law. Rabobank uses amongst others the trade names Rabobank Nederland and Rabobank. Rabobank was formed as a result of the merger of the Coöperatieve Centrale Raiffeisen Bank and the Coöperatieve Centrale Boerenleenbank, the two largest banking cooperative entities in the Netherlands. It was established with unlimited duration on 22 December 1970. Until 1 January 2016, the Dutch local Rabobanks were separate legal cooperative entities. On 1 January 2016, a legal merger under universal title took place between Rabobank and all local banks. Rabobank was the surviving entity.

The Managing Board is responsible for the management of Rabobank, including the local banks and, indirectly, its affiliated entities. Managing Board members are appointed by the Supervisory Board. The Supervisory Board is responsible for the supervision of the management by the Managing Board. Supervisory Board members are appointed by the General Members' Council of Rabobank. For further information regarding the governance of Rabobank Group, see “— *Member influence within Rabobank Group*” below and “*Governance of Rabobank Group*”.



### Corporate purpose

The objective of a cooperative is to provide for certain material needs of its members by whom it is effectively owned and controlled. Pursuant to Article 3 of the Rabobank Articles, the corporate object of Rabobank is to promote the interests of its members and to do so by:

- (i) conducting a banking business, providing other financial services, and, in that context, concluding agreements with its members;
- (ii) 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;
- (iii) contributing to society, including promoting economic and social initiatives and developments; and
- (iv) performing any activities which are incidental to or may be conducive to this object.

Rabobank is furthermore authorised to extend its activities to parties other than its members.

### Member influence within Rabobank Group

As a cooperative, Rabobank has members, not shareholders. Customers of Rabobank in the Netherlands have the opportunity to become members of Rabobank. As at the date of this Offering Circular, Rabobank has approximately 2 million members. Members do not make capital contributions to Rabobank and do not have claims on the equity of Rabobank. The members do not have any obligations and are not liable for the obligations of Rabobank.

### Main characteristics of Governance

Rabobank is a decentralised organisation with decision making powers at both a local and central level. The governance reflects the unity of cooperative and bank. Although the Dutch Corporate Governance Code does not apply to the cooperative, Rabobank's corporate governance is broadly consistent with this code. Rabobank also observes the Dutch Banking Code.

The members of Rabobank are organised, based on, amongst other things, geographical criteria into about 90 Departments. Each local bank is linked to a Department. Within each Department, members are organised into delegates' election assemblies. These assemblies elect the members of the local members' councils.

The local members' councils consist of 30 to 50 members and were established pursuant to the Articles of Association. Local members' councils report to and collaborate with the management team of the local bank on the quality of services and the contribution on social and sustainable development of the local environment. These councils have a number of formal tasks and responsibilities. One of the powers of the local members' council is appointment, suspension and dismissal of the local supervisory body, including its chairman.

The local supervisory body consists of three to seven members and is part of the Department. It is a corporate body established pursuant to the Articles of Association and performs various tasks and has various responsibilities, including a supervisory role on the level of the local bank. As part of that role, the Executive Board has granted the local supervisory body a number of powers in respect of material decisions of the management team chairman. The local supervisory body monitors the execution by the management team chairman of the local strategy. The local supervisory body also exercises the functional employer's role in relation to the management team chairman of the local bank. The local supervisory body is accountable to the local members' council.

Regional assemblies are not formal corporate bodies in the Rabobank governance. These assemblies are important for the preparation for the General Members' Council of Rabobank. The assemblies are consultative bodies where the chairmen of the supervisory bodies and the management chairmen of the local banks meet to discuss.

The members of the local supervisory body have to be members of Rabobank. Every chairman of a local supervisory body represents the members of its Department in the General Members' Council of Rabobank. This council is the highest decision making body in the Rabobank governance. Although the chairmen of the local supervisory bodies participate in the General Members' Council of Rabobank without instruction and consultation, they will also take the local points of view into account. The General Members' Council of Rabobank has a focus on strategy, identity, budget and financial results of Rabobank and has powers on these matters. On behalf of the members, the General Members' Council of Rabobank safeguards continuity as well as acts as the custodian of collective values. The General Members' Council of Rabobank has three permanent committees: the urgency affairs committee, the coordination committee and the committee on confidential matters.

The members of the Supervisory Board of Rabobank are appointed by the General Members' Council of Rabobank. Two thirds of the number of members of the Supervisory Board must be members of Rabobank. The Supervisory Board performs the supervisory role and is accountable to the General Members' Council of Rabobank. In this respect, the Supervisory Board monitors compliance with laws and regulations and *inter alia* achievement of Rabobanks' objectives and strategy. The Supervisory Board has the power to approve material decisions of the Managing Board. The Supervisory Board also has an advisory role in respect to the Managing Board. The Supervisory Board has several committees, *inter alia* a risk committee and an audit committee that perform preparatory and advisory work for the Supervisory Board. For further information regarding the Supervisory Board, see "*Governance of Rabobank Group*".

The local business is organised through about 90 local banks. These local banks are not separate legal entities but are part of the legal entity Rabobank. To preserve local orientation and local entrepreneurship as distinguishing features of Rabobank, the Executive Board of Rabobank has granted the management team chairmen of the local banks a number of authorisations. Consequently, these chairmen are able to perform their



tasks locally and to take responsibility for their designated local bank. The management team chairmen have additional responsibilities for the Department that is connected with the local bank.

The Managing Board of Rabobank is responsible for the management of Rabobank including the local banks and, indirectly, its affiliated entities. The Managing Board has the ultimate responsibility for defining and achieving the targets, strategic policy and associated risk profile, financial results and corporate social responsibility aspects. In addition, the Managing Board is in charge of Rabobank Groups' compliance with relevant laws and regulations. Rabobank, represented by the Managing Board, is the hierarchical employer of the management team chairmen of the local banks. The Managing Board members are appointed by the Supervisory Board and are accountable to the Supervisory Board and the General Members' Council of Rabobank. For further information regarding the Managing Board, see "Governance of Rabobank Group".

The directors' conference was established pursuant to the Articles of Association but is not a decision-making body. It is a preparatory, informative and advisory meeting for proposals and policies concerning the business of the local banks. The Managing Board, management team chairmen of the local banks and directors of local banks participate in this meeting.

#### *Employee Influence within Rabobank Group*

Rabobank Group 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 Dutch business of Rabobank are handled by the works council (*ondernemingsraad*) of Rabobank (the "**Works Council**"). Local issues concerning the business of one, two or three local banks are handled by the local work(s) council(s). Issues concerning a subsidiary are handled by the works council of that subsidiary. Rabobank has also installed a European works council for issues concerning the businesses that operate in more than one EU member state.

#### **Material Subsidiaries or other interests**

Rabobank also conducts business through separate legal entities, not only in the Netherlands but also worldwide. At 31 December 2019 Rabobank was the (ultimate) shareholder of 384 subsidiaries and participations.

Rabobank has assumed liability for debts arising from legal transactions for 15 of its Dutch subsidiaries under Section 2:403 DCC.

## SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of Rabobank Group for the year ended 31 December 2019, which have been audited by PricewaterhouseCoopers Accountants N.V., 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 2019 have been prepared in accordance with IFRS as adopted by the European Union and comply with Part 9 of Book 2 of the DCC.

### Consolidated statement of financial position

<i>(in millions of euros)</i>	2018	2019
<b>Assets</b>		
Cash and cash equivalents .....	73,335	63,086
Loans and advances to credit institutions.....	17,859	29,297
Financial assets held for trading.....	2,876	1,870
Financial assets designated at fair value .....	157	101
Financial assets mandatorily at fair value .....	2,134	1,905
Derivatives.....	22,660	23,584
Loans and advances to customers.....	436,591	440,507
Financial assets at fair value through other comprehensive income.....	18,730	13,505
Available-for-sale financial assets .....	n/a	n/a
Investments in associates and joint ventures .....	2,374	2,308
Goodwill and other intangible assets.....	966	829
Property and equipment.....	4,455	5,088
Investment properties .....	193	371
Current tax assets .....	243	169
Deferred tax assets .....	1,165	933
Other assets.....	6,431	6,610
Non-current assets held for sale .....	268	435
<b>Total assets</b> .....	<b>590,437</b>	<b>590,598</b>

### At 31 December

<i>(in millions of euros)</i>	2018	2019
-------------------------------	------	------

### Liabilities

Selected Financial Information

At 31 December

<i>(in millions of euros)</i>	2018	2019
Deposits from banks.....	19,397	21,244
Deposits from customers .....	342,410	342,536
Debt securities in issue .....	130,806	130,403
Financial liabilities held for trading.....	400	399
Financial liabilities designated at fair value.....	6,614	6,328
Derivatives.....	23,927	24,074
Other liabilities.....	6,342	6,835
Provisions .....	1,126	783
Current tax liabilities .....	229	228
Deferred tax liabilities .....	452	540
Subordinated liabilities.....	16,498	15,790
Liabilities held for sale .....	—	91
<b>Total liabilities .....</b>	<b>548,201</b>	<b>549,251</b>

At 31 December

<i>(in millions of euros)</i>	2018	2019
<b>Equity</b>		
Reserves and retained earnings .....	27,264	28,157
Equity instruments issued by Rabobank		
– Rabobank Certificates .....	7,445	7,449
– Capital Securities .....	6,493	5,264
	<b>13,938</b>	<b>12,713</b>
Equity instruments issued by subsidiaries		
– Capital Securities .....	164	—
– Trust Preferred Securities IV .....	389	—
	553	—
Other non-controlling interests.....	481	477
Total equity .....	<b>42,236</b>	<b>41,347</b>
Total equity and liabilities.....	<b>590,437</b>	<b>590,598</b>

## Consolidated Statement of Income

<i>(in millions of euros)</i>	2018 (adjusted) <sup>3</sup>	2019
Net interest income.....	8,559	8,483
Net fee and commission income .....	1,931	1,989
Other results.....	1,530	1,443
<b>Income</b> .....	<b>12,020</b>	<b>11,915</b>
Staff costs .....	4,868	4,821
Other administrative expenses .....	2,190	1,874
Depreciation and amortisation .....	388	420
<b>Operating expenses</b> .....	<b>7,446</b>	<b>7,115</b>
Impairment losses on goodwill and investments in associates	0	300
Loan impairment charges.....	n/a	n/a
Impairment charges on financial assets .....	190	975
Regulatory levies.....	478	484
<b>Operating profit before tax</b> .....	<b>3,906</b>	<b>3,041</b>
Income tax .....	902	838
<b>Net profit</b> .....	<b>3,004</b>	<b>2,203</b>
Of which attributed to Rabobank .....	1,894	1,295
Of which attributed to holders of Rabobank Certificates.	484	484
Of which attributed to Capital Securities issued by Rabobank	530	355
Of which attributed to Capital Securities issued by subsidiaries	14	4
Of which attributed to Trust Preferred Securities IV .....	22	19
Of which attributed to non-controlling interests.....	60	46
<b>Net profit for the year</b> .....	<b>3,004</b>	<b>2,203</b>

## Financial Ratios:

	2018	2019
Total capital ratio.....	26.6%	25.2%
Tier 1 ratio .....	19.5%	18.8%
CET1 Ratio .....	16.0%	16.3%
Fully Loaded Common Equity Tier 1 ratio* .....	16.0%	16.3%

<sup>3</sup> See Rabobank Group audited consolidated financial statements for the year ended 31 December 2019, under Note 2.1 “Basis of Preparation” for further information.

*Selected Financial Information*

	2018	2019
Equity capital ratio .....	17.7%	17.7%
Leverage ratio* .....	6.4%	6.3%
Loan impairment charges (in basis points of average lending)*	5	23

## 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 Managing 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 (including 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 “*Risk Factors*”.

### 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 31 December 2019, 46 per cent. of Rabobank Group’s private sector lending consisted of loans to private individuals, mainly residential mortgages, which tend to have a very low risk profile in relative terms. The remaining 54 per cent. was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

Within the boundaries set by the RMC the Managing Board has delegated decision-making authority to transactional committees and to credit decision approval officers that operate on an entity level, regional level or central level at Rabobank. In addition, credit committees review all significant risks in credit proposals to arrive at a systematic judgment and a balanced decision. Rabobank has various levels of credit committees. Applications exceeding authority level of a credit committee are complemented with a recommendation and submitted to a ‘higher’ credit committee for decision-making. Within Rabobank the ‘highest’ transactional committees are the following:

- Central Credit Committee Rabobank Group (CCCRG) – The CCCRG takes credit decisions on credit applications subject to the ‘corporate credit approval route’ exceeding:
- the authority of Credit Approvals Local Banks (CA LB) – This department is responsible for decisions on requests for non-classified (LQC Good or OLEM) obligors exceeding the authority of Local Banks in The Netherlands.
- the authority of Credit Approvals Wholesale & Rural (CA Wholesale & Rural) – This department is responsible for decisions on requests for non-classified (LQC Good or OLEM) obligors exceeding the authority of De Lage Landen (DLL) or a Wholesale & Rural office/region.
- the authority of the Credit Committee Financial Restructuring & Recovery (CC-FR&R) - This credit committee takes credit decisions on proposals for classified (LQC Substandard, Doubtful or Loss) obligors exceeding the authority of local credit committees and the FR&R department. Country & Financial Institutions Committee (CFIC) – The CFIC takes credit decisions on proposals exceeding the authority of Credit Financial Institutions or Country Risk Research. These departments are responsible for the risk management of exposure on financial institutions and sovereigns/countries.

- Loan Loss Provision Committee (LLPC) – The LLPC monitors the development of qualified credit and asset portfolios and recommends on impairment allowances for obligors exceeding the authority of local credit committees or the CC-FR&R, to the Managing Board.

The Terms of Reference (ToR) provide the mandate, responsibilities and scope, hierarchical relationships, membership, authority levels and modalities of these approval bodies. Credit committees take decisions on the basis of consensus, unless local regulation requires majority voting. Consensus is reached when there is a general agreement and none of the members has fundamental objections to the decision. When no consensus can be reached, an application is considered declined. In the case of majority voting, the representative(s) from the Risk department must have a veto right.

For efficiency reasons credit committees can delegate part of their authority. A single person may not take a credit decision solely based on its own opinion; this means that a 4-eyes principle applies or decisions are system supported, in which case one person is allowed to decide as long as the credit is assessed as acceptable by an expert system or meets predefined criteria (the credit complies with decision tools). Fully IT supported assessments and approvals are allowed under strict conditions.

The credit committees play a key role in ensuring consistency among Rabobank standards of credit analysis, compliance with the overall Rabobank credit policy and consistent use of the rating models. The credit policy sets the parameters and remit of each committee, including the maximum amount they are allowed to approve for limits or transactions. Policies are also in place which restrict or prohibit certain counterparty types or industries. As a rule, all counterparty limits and internal ratings are reviewed once a year (corporate clients) at a minimum. Where counterparties are assigned a low loan quality classification, they are reviewed on a more frequent basis. Credit committees may request for more frequent reviews as well.

With respect to the management of Rabobank Group's exposure to credit risk, Rabobank's Credit Department within overall Risk Management play a key role. Credit applications beyond certain limits are subject to a thorough credit analysis by credit officers of Credit. Credit monitors and reports about 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 applies the IRB approach to the vast majority of its credit portfolio (including retail) to calculate its regulatory capital requirements according to CRR (CRD IV). The IRB approach is the most sophisticated and risk-sensitive of the CRR (CRD IV) approaches for credit risk, allowing Rabobank to make use of its internal rating methodologies and models. Rabobank combines CRR (CRD IV) compliance activities with a Pillar 2 framework. The approach represents key risk components for internal risk measurement and risk management processes. Key benefits are a more efficient credit approval process, improved internal monitoring and reporting of credit risk. Another important metric is the Risk Adjusted Return On Capital (RAROC) for a transaction as part of the credit application. This enables credit risk officers and committees to make better informed credit decisions. The IRB approach uses the Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Maturity (M) as input for the regulatory capital formula.

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.

Exposure at Default (“EAD”) is the expected exposure to the client in the event of, and at the time of, a counterparty’s default. As at 31 December 2019, in terms of EAD, Rabobank had the following exposures per approach: Advanced Internal Rating-Based (“AIRB”) €533.7 billion, Foundation Internal Ratings-Based (“FIRB”) €6.9 billion and Standardised Approach (“SA”) €18.3 billion (2018: €577 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 performing IRB loan portfolio is 1.11 per cent. (2018: 0.91 per cent.).

The following table shows the non-performing loans of 31 December 2019, 2018 and 2017 per business unit as a percentage of gross carrying amount:

### Non-performing loans/gross carrying amount per business unit

	As at 31 December		
<i>(in percentages)</i>	2019	2018	2017
DRB .....	3.5	4.2	3.5
Wholesale & Rural.....	2.4	2.8	3.0
Leasing.....	2.6	1.5	1.6
Real Estate.....	17.8	12.7	61.0
Rabobank Group.....	3.0	3.5	3.5

### 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 whether 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 impairment charges for the years ended 31 December 2019, 2018 and 2017 per business unit as a percentage of private sector lending:

### Impairment charges/average private sector lending per business unit

	Year ended 31 December		
<i>(in percentages)</i>	2019	2018	2017
DRB .....	0.06	(0.05)	(0.09)
Wholesale & Rural.....	0.55	0.29	0.09
Leasing.....	0.62	0.34	0.36



## Year ended 31 December

<i>(in percentages)</i>	2019	2018	2017
Real estate .....	0.71	(2.87)	(5.21)
<b>Rabobank Group</b> .....	0.23	0.05	(0.05)

### Country risk

Rabobank uses a country limit system to manage collective debtor risk and transfer risk. After careful review, relevant countries are given an internal country risk rating, after which, general limits and transfer limits are set. Transfer limits are introduced based on the net transfer risk, which is defined as total loans granted less loans granted in local currency, guarantees, other collateral obtained to cover transfer risk and a deduction related to the reduced weighting of specific products. The limits are allocated to the local business units, which are themselves responsible for the day-to-day monitoring of loans that have been granted and for reporting on this to the Risk Management function. At Rabobank Group level, the country risk outstanding is reported to the Country & Financial Institutions Committee (CFIC). 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 transfer risk is relevant.

At 31 December 2019, the ultimate collective debtor risk for non-OECD countries was €28.9 billion and the net ultimate transfer risk before provisions for non-OECD countries was €18.7 billion, which corresponds to 3.2 per cent. of total assets (2018: 2.8 per cent.). Total assets were €590.6 billion (2018: €590.4 billion). The total allowance for ultimate country risk amounted to €595 million (2018: €526 million), which corresponds to 14.5 per cent. (2018: 13.6 per cent.) of the total allowance of €4,093 million (2018: €3,865 million). It should be noted that reduced weighting of specific products is no longer included in this transfer risk figure.

### Risk in non-OECD countries

*in millions of euros*

Regions	Europe	Africa	Latin America	Asia/ Pacific	31 December 2019	
					Total	As % of total assets
<b>Ultimate country risk (exclusive of derivatives)</b> .....	<b>1,519</b>	<b>707</b>	<b>14,431</b>	<b>12,205</b>	<b>28,862</b>	4.9%
- of which in local currency exposure .	579	6	7,624	1,963	10,173	
Net ultimate country risk before allowance.....	940	701	6,807	10,242	18,689	3.2%
						As % of total allowance
Total allowance for ultimate country risk.....	3	0	509	83	595	14.5%

Rabobank's exposures in the largest EU economies are under increased scrutiny given the ongoing uncertainties surrounding the details of the still to be negotiated trade agreement between the United Kingdom

and the EU, the still present fiscal challenges in Italy, the ongoing economic weakness in the Eurozone, as well as potential repercussions from the US-China trade tensions and the Covid-19 outbreak.

Turkey has been under a special policy regime since the failed coup attempt in July 2016, with restrictions only further intensifying after the Lira crisis of August 2018. The regime has been somewhat liberalized in November 2019, but only for existing clients that have proven their ability to operate under challenging circumstances. Rabobank's general stance remains cautious as the vulnerabilities of the Turkish economy have not yet been adequately addressed by the current government.

Despite the deep economic crisis and implementation of capital controls Rabobank's Portfolio in Argentina, which solely focuses on F&A exporters has proven its resilience to such severe shocks. Due to the tense social/political situation in Chile, Colombia and Brazil, Rabobank's exposures are being extensively monitored, especially given that the protests or the risks thereof can either change the current policy direction or slow the necessary reform progress down.

### **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, Earnings at Risk and Modified Duration. Based on the Basis Point Value, Earnings at Risk and Modified Duration analyses, the Managing Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to Rabobank 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 "Earnings at Risk" figure represents the maximum decline in net interest income for the coming 12 months in a selection of interest rate scenarios, assuming no management intervention. The scenario with the largest negative effect on net interest income usually is the parallel down scenario in which the yield curve is gradually lowered during the first 12 months. The size of this downward shock is dependent on the level of the yield curve as strongly negative interest rates are not expected. At the end of 2019 the assumed downward shock of the EUR yield curve was 25 basis points. 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 "Modified Duration", which is the sensitivity of Rabobank Group's economic value of equity to an instant parallel change in interest rates of 100 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 Modified Duration 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 Earnings 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. Modified duration is expressed as a percentage. This percentage represents the deviation from the economic value of equity at the reporting date.

As at 31 December 2019, 31 December 2018 and 31 December 2017, the Earnings at Risk and Modified Duration for Rabobank Group were as follows:

## As at 31 December

<i>(in millions of euros, except percentages)</i>	2019	2018	2017
	35	109	148
	(decline by 25 basis points)	(decline by 25 basis points)	(decline by 25 basis points)
Earnings at Risk.....			
Modified Duration .....	3.0%	2.8%	2.0%

The current low interest rate environment has prevailed since 2016. For a bank in general a low interest rate environment is challenging for profitability. Non-interest bearing liabilities and liabilities with very low interest rates, such as the equity and current account balances, are less profitable in the event of low interest rates. In 2019, the interest rate remained negative on the short end of the curve and in historical perspective the curve remained fairly flat by comparison. A flat curve results in a bank making less profit on the transformation of short-term liabilities into longer term assets.

### Liquidity risk

Liquidity risk is the risk that a bank will not be able to meet all its payment obligations on time, as well as the risk that the bank will not be able to fund increases in assets at a reasonable price.

Responsibility for the day-to-day management of the liquidity position, the raising of professional funding on the money and the capital markets, and the management of the structural position lies within the 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-funded using money raised from customers. The division raised more than enough money to fund operations in 2019 given low lending demand, while retail savings increased.

Rabobank has developed several methods to measure and manage liquidity risk, including stress scenarios 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 2019, Rabobank more than satisfies the minimum survival period of three months in all the internally developed scenarios.

### Market risk

Market Risk arises from the risk of losses on trading book positions affected by movements in interest rates, equities, credit spreads, currencies and commodities. The RMC Group is responsible for developing and supervising market risk policies and monitors Rabobank's worldwide market risk profile. On a daily basis, the Financial Markets 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 DNB.

Rabobank considers Event Risk the most important market risk indicator in the trading environment, measuring events that are not captured by the Value at Risk ("VaR") model. Rabobank designed a large number of scenarios based on book composition and current macro/economic financial markets situations to measure

the potential effect of sharp and sudden changes in market prices. The internal VaR model also forms a key part of Rabobank's market risk framework. VaR describes the maximum possible loss that Rabobank can suffer within a defined holding period, based on historical market price changes and a given certain confidence interval. VaR within Rabobank is based on actual historical market circumstances. In addition, interest rate delta is monitored and indicates how the value of trading positions change if the relevant yield curve shows a parallel increase of one basis point. Event Risk, VaR and interest rate delta are subject to limits that are set by the Managing Board on an annual basis.

End of year 2019, the worst case, potential, loss from the event risk scenarios was €71 million (2018: €128 million). It fluctuated between €68 million (2018: €103 million) and €140 million (2018: €157 million), with an average of €93 million (2018: €129 million) which was well within the internal Event Risk limit. For the year 2019, the VaR, based on a one-day holding period and 97.5 per cent. confidence level, fluctuated between €2.3 million (2019: €1.9 million) and €4.3 million (2018: €3.9 million), with an average of €3.0 million (2018: €2.6 million). Throughout 2019, the position was well within the internal VaR limit. Changes in VaR have been driven by client related deals and volatility in the financial markets.

A drawback of using historical simulations is that it does not necessarily take into account all possible future market movements. Therefore, VaR results cannot guarantee that actual risk will follow the statistical estimate. The performance of the VaR models is regularly reviewed by means of back testing. These back testing results are reported internally as well as to the regulator. In addition to VaR, other risk indicators are also used for market risk management. Some of them are generated by using statistical models. All these indicators assist the Financial Markets Risk Department, as well as the RMC Group, in evaluating Rabobank's trading book positions.

## **Operational risk**

Operational risk is defined by Rabobank Group as "the risk of losses resulting from inadequate or failed internal processes, people or systems or by external events". Operational risk includes all non-financial risk types. Rabobank Group operates within the current regulatory framework with measuring and managing operational risk, including holding capital for this risk following the Advanced Measurement Approach. Events 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, inadequate control processes to manage risks, ineffective implementation of internal controls, claims relating to inadequate products, inadequate documentation, errors in transaction processing, system failures and cyberattacks. The global environment Rabobank Group is operating in requires constant adaption to changing circumstances. Quite a number of transitional, remedial and regulatory driven change projects are currently running which may result in an increased risk profile. As a result this may lead to the possible increase of the number of operational risk incidents or additional costs of complying with new regulations which could have a material adverse effect on Rabobank Group's reputation or a material adverse effect on Rabobank Group's business, financial condition 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 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 and reputational damage. 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 or Foreign Exchange Rate Risk (“**FX Risk**”) is the risk that exchange rate movements could lead to volatility in the bank’s cash flow, assets and liabilities, net profit and/or equity. The bank distinguishes two types of non-trading FX Risks: (i) FX Risk in the banking books and (ii) FX translation risk (defined below).

### ***FX risk in the banking books***

FX risk in the banking books, is the risk where known and/or ascertainable currency cash flow commitments and receivables in the banking books are unhedged. As a result, it could have an adverse impact on the financial results and/or financial position of the Group, due to movements in exchange rates.

### ***FX Translation risk***

FX translation risk is the risk that FX fluctuations will adversely affect the translation of assets and liabilities of operations – denominated in foreign currency – into the functional currency of the parent company. Translation risk reveals in Rabobank’s equity position, risk weighted assets and capital ratios.

Rabobank manages its FX translation risk with regard to the Rabobank Group CET1 ratio by deliberately taking FX positions, including deliberately maintaining FX positions and not or only partly closing FX positions. As a result of these structural FX positions, the impact of exchange rate fluctuations on the Rabobank Group CET1 ratio is mitigated.

FX translation risk at Rabobank Group is covered by Rabobank’s Global Standard on FX Translation Risk (“**Standard**”). The purpose of the Standard is to outline the Rabobank Group policy towards FX Translation risk to achieve and ensure a prudent and sound monitoring and controlling system, in order to manage these risks Group wide. Rabobank uses a pillar 2 framework for those areas where Rabobank is of the opinion that the regulatory framework (i.e. pillar 1) does not address the risk, or does not adequately address the risk. FX translation risk is one of these risks.

## GOVERNANCE OF RABOBANK GROUP

### Members of Supervisory Board and Managing 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
Ron (R.) Teerlink, Chairman .....	1961	2013	2021	Dutch
Marjan (M.) Trompetter, Vice Chairman....	1963	2015	2019	Dutch
Annet (A.P.) Aris.....	1958	2018	2022	Dutch
Leo (L.N.) Degle.....	1948	2012	2020	German
Petri (P.H.M.) Hofsté .....	1961	2016	2020	Dutch
Arian (A.A.J.M.) Kamp.....	1963	2014	2022	Dutch
Jan (J.) Nooitgedagt .....	1953	2016	2020	Dutch
Mark (M.R.C) Pensaert	1964	2020	2024	Belgian
Pascal (P.H.J.M.) Visée.....	1961	2016	2020	Dutch

#### Mr. R. Teerlink (Ron)

<i>Date of birth</i>	28 January 1961
<i>Profession</i>	Professional Supervisory Director/Management Consultant
<i>Main position</i>	Chairman of the Supervisory Board of Rabobank
<i>Nationality</i>	Dutch
<i>Auxiliary positions</i>	– Member of the Supervisory Board of Takeaway.com • Chairman of the Supervisory Board of Vrije Universiteit Amsterdam
<i>Date of first appointment to the Supervisory Board</i>	2013
<i>Current term of appointment to the Supervisory Board</i>	2017 - 2021

#### Mrs. M. Trompetter (Marjan)

<i>Date of birth</i>	1 November 1963
<i>Profession</i>	Professional Supervisory Director Management Consultant
<i>Main position</i>	Vice Chairman of the Supervisory Board of Rabobank
<i>Nationality</i>	Dutch

*Auxiliary positions*

Supervisory Directorships:

- Vice Chairman of the Supervisory Board of Rijnstate Hospital, Arnhem

Other auxiliary position:

- Owner Corona Consultancy

*Date of first appointment to the Supervisory Board* 2015

*Current term of appointment to the Supervisory Board* 2015 - 2019

**Mrs. A.P. Aris (Annet)**

*Date of birth* 27 October 1958

*Profession* Professional Supervisory Director and Senior Affiliate Professor

*Main position* None

*Nationality* Dutch

*Auxiliary positions*

Supervisory Directorships:

- Member of the Supervisory Board Rabobank
- Member Supervisory Board Randstad N.V.
- Member Supervisory Board ASML N.V.
- Member Supervisory Board Jungheinrich AG

Other auxiliary positions:

- Senior Affiliate Professor of Strategy INSEAD

*Date of first appointment to the Supervisory Board* 2018

*Current term of appointment to the Supervisory Board* 2018 - 2022

**Mr. L.N. Degle (Leo)**

*Date of birth* 15 August 1948

*Profession* Professional Supervisory Director

*Main position* None

*Nationality* German

*Auxiliary positions*

Supervisory Directorships:

- Member of the Supervisory Board of Rabobank
- Member of the Supervisory Board of Sakroon B.V./Ten Kate B.V.

Other auxiliary position:

- Board Member of FINCA Microfinance

- Board Member of Wasser für die Welt
- Board Member of Foundation Social Investment Innovation

*Date of first appointment to the Supervisory Board* 2012

*Current term of appointment to the Supervisory Board* 2016 - 2020

**Mrs. P.H.M. Hofsté (Petri)**

*Date of birth* 6 April 1961

*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 and Audit Committee of Fugro N.V.
- Member of the Supervisory Board of PON Holding
- Member of the Supervisory Board of Achmea B.V. and of several subsidiaries

Other auxiliary positions:

- Juror Kristal Price Dutch Ministry of Economical Affairs and Climate Policy
- Member of the board of Nyenrode Foundation
- Member of the board of ‘Vereniging Hendrick de Keyser’

*Date of first appointment to the Supervisory Board* 2016

*Current term of appointment to the Supervisory Board* 2016 - 2020

**Mr. A.A.J.M. Kamp (Arian)**

*Date of birth* 12 June 1963

*Profession* Entrepreneur  
Professional Supervisory Director

*Main position* Cattle farmer

*Nationality* Dutch

*Auxiliary positions*

Supervisory Directorships:

- Member of the Supervisory Board of Rabobank



- Chairman of the Supervisory Board Koninklijke Coöperatie Agrifirm UA

Other auxiliary positions:

- Owner Partnership A.A.J.M. Kamp and W.D. Kamp-Davelaar
- Chairman of the Foundation ‘Beheer Flynth’

*Date of first appointment to the Supervisory Board* 2014

*Current term of appointment to the Supervisory Board* 2018 –2022

**Mr. J. Nooitgedagt (Jan)**

*Date of birth* 17 July 1953

*Profession* Professional Supervisory Director

*Main position* None

*Nationality* Dutch

*Auxiliary positions*

Supervisory Directorships:

- Member of the Supervisory Board Rabobank
- Chairman of the Supervisory Board Telegraaf Media Group
- Chairman of the Supervisory Board of PostNL N.V.
- Chairman of Invest-NL B.V.

Other auxiliary positions:

- Chairman of the Nyenrode Foundation
- Member of the Board of the Fiep Westerdorp Foundation
- Member of the Financial Reporting and Accountancy Committee of AFM
- Chairman of the Foundation ‘Aandelenbeheer BAM Groep’

*Date of first appointment to the Supervisory Board* 2016

*Current term of appointment to the Supervisory Board* 2016 - 2020

**M.R.C Pensaert (Mark)**

*Date of birth* 16 October 1964

*Profession* Professional Supervisory Director

*Main position* None

*Nationality* Belgian

*Auxiliary positions*

Supervisory Directorships:

- Member of the Supervisory Board Rabobank

- Member Supervisory Board Tikehau Capital Belgium S.A.
- Member Supervisory Board Agfa Gevaert N.V.

*Date of first appointment to the Supervisory Board* 2020

*Current term of appointment to the Supervisory Board* 2020 - 2024

**Mr. P.H.J.M. Visée (Pascal)**

*Date of birth* 11 July 1961

*Profession* Professional Supervisory Director and Independent Adviser

*Main position* None

*Nationality* Dutch

*Auxiliary positions*

Supervisory Directorships:

- Member of the Supervisory Board Rabobank
- Member of the Supervisory Board of Mediq Holding B.V.
- Member of the Supervisory Board of Plus Holding B.V.
- Member of the Supervisory Board of Royal Flora Holland U.A.
- Member of the Supervisory Council Board of Erasmus University
- Chairman of the Supervisory Board of Foundation Stedelijk Museum Schiedam

Other auxiliary positions:

- Board Member of the Foundation of Prins Claus Fund

*Date of first appointment to the Supervisory Board* 2016

*Current term of appointment to the Supervisory Board* 2016 - 2020

**Managing Board of Rabobank**

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

Name	Born	Year		Nationality
		Appointed		
Wiebe (W.) Draijer, Chairman* .....	1965	2014		Dutch
Bas (B.C.) Brouwers, member* .....	1972	2016		Dutch
Els (E.A.) de Groot, member* .....	1965	2019		Dutch

Name	Born	Year Appointed	Nationality
Berry (B.J.) Martin, member*.....	1965	2009	Dutch and Brazilian
Jan (J.L.) van Nieuwenhuizen, member* .....	1961	2014	Dutch
Kirsten (C.M.) Konst, member* .....	1974	2017	Dutch
Mariëlle (M.P.J.) Lichtenberg, member .....	1967	2017	Dutch
Bart (B.) Leurs, member.....	1971	2017	Dutch
Ieko (I.A.) Sevinga, member .....	1966	2017	Dutch
Janine (B.J.) Vos, member .....	1972	2017	Dutch

\*statutory member (Executive Board)

### **Wiebe (W.) Draijer**

Mr. Draijer was appointed as Chairman of the Managing/Executive Board of Rabobank as of 1 October 2014. 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 researcher at Philips Research Laboratories and as a freelance journalist.

*Auxiliary positions*

- Member of the supervisory board of Staatsbosbeheer (national nature conservation)
- Member of the ‘Cyber Security Raad’
- Member of the board of the ‘Nationale Coöperatieve Raad’

### **Bas (B.C.) Brouwers**

Mr. Brouwers was appointed to the Managing/Executive Board as Chief Financial Officer as of 1 January 2016. Mr Brouwers started his career at KPMG Audit in 1995. He then held various positions within ING from 1998 until 2007. He was head of Controlling & Risk Management of ING-DiBa AG (Germany) from 2007 until 2008 and CFO of ING-DiBa AG (Germany) from 2008 until 2013. From 2013 until 2015, Mr Brouwers was CFO of ING Netherlands.

*Auxiliary positions*

- Vice-Chair of the Board of the Dutch Banking Association

### **Els (E.A.) de Groot**

Mrs. De Groot is a member of the Managing/Executive Board and Chief Risk Officer since 1 February 2019. Mrs. De Groot has over 20 years of experience in the financial sector. From 1987 until 2008, Mrs. De Groot held several positions at ABN AMRO Bank mainly in the field of risk management and (structured) finance. Her last role within ABN AMRO was Head of Policy & Portfolio Management and member of the Global Risk Management Team. After that period, she had various interim assignments before she joined Royal Schiphol Group as CFO and member of the Board of Management.

**Berry (B.J.) Marttin**

Mr. Marttin was appointed to the Managing/Executive Board as of 1 July 2009. Within the Managing Board, Mr. Marttin is responsible for international Rural & Retail, Sustainability, Leasing, B4F Inspiration Centre and the Rabobank Foundation. Mr. Marttin joined Rabobank in 1990. 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 Deputy General Manager Rural Banking for Rabobank Australia and New Zealand. From 2004 until 2009 he was Chairman of the board of directors of Rabobank Amsterdam.

- Auxiliary positions*
- Chairman of the Supervisory Board of DLL International B.V
  - Member of the Board of Directors of Rabobank International Holding B.V.
  - Member of the Board of Rabobank Foundation
  - Member of the Board of Rabobank Australia Ltd.
  - Member of the Board of Rabobank New Zealand Ltd
  - Chairman of the Shareholders Council of Rabo Partnerships
  - Member of the North America Board of Directors and member of the North America Board Risk Committee (Utrecht-America-Holding Inc.)
  - Member of the Supervisory Board of Arise N.V.
  - First Vice President of the Board of Directors, American Chamber of Commerce
  - Member of the Supervisory Board of IDH (Initiatief Duurzame Handel/Dutch Sustainable Trade Initiative)
  - Member of the Board Trustees Hanns R. Neumann Stiftung

**Jan (J.L.) van Nieuwenhuizen**

Mr. Van Nieuwenhuizen was appointed to the Managing/Executive Board as of 24 March 2014. Within the Managing Board, Mr. Van Nieuwenhuizen is responsible for Rabobank's Dutch and international Wholesale Banking activities and Commercial Real Estate. From 1986 until 2009, Mr. Van Nieuwenhuizen fulfilled several international positions at JP Morgan, Morgan Stanley and NIBC. Since 2009, Mr. Van Nieuwenhuizen has been a member of the Management Team of Rabobank International, currently known as Wholesale & Rural.

- Auxiliary positions*
- Member Advisory Board Euronext
  - Member of the Board of VNO/NCW

**Kirsten (C.M.) Konst**

Mrs. Konst is a member of the Managing/Executive Board as of 1 September 2017. Her main areas of focus are Commercial Banking in the Netherlands and regional directors. After having had several positions at ABN Amro, Mrs. Konst joined Rabobank in 2010. She fulfilled several positions at local Rabobanks and was Operations Director before her appointment to the Managing Board.

- Auxiliary positions*
- Member Supervisory Board Public Broadcasting association KRO-NCRV, Hilversum

***Mariëlle (M.P.J.) Lichtenberg***

Mrs. Lichtenberg is a member of the Managing Board as of 1 September 2017. Her main areas of focus are Retail & Private Banking in the Netherlands. She started at Rabobank International in 1995. Since then Mrs. Lichtenberg fulfilled several positions at the local Rabobank as well as staff department. From 2016 she was Director Digital Bank before she joined the Managing Board.

*Auxiliary positions* – Member of the Supervisory Board of Obvion N.V

***Bart (B.) Leurs***

Mr. Leurs became a member of the Managing Board and Chief Digital Transformation Officer (CDTO) on 1 September 2017. He started his career in banking in 1997 at ING as a management trainee. After having fulfilled several positions at ING in Canada, Germany and Belgium, Mr. Leurs joined Rabobank in 2016 as Head of Fintech & Innovation.

***Ieko (I.A.) Sevinga***

Mr. Sevinga became a member of the Managing Board and Chief Information & Operations Officer (CIOO) on 1 September 2017. He started his career in 1986 at the Erasmus University in Rotterdam. After that Mr. Sevinga had various positions at McKinsey & Company and Kempen & Co./Van Lanschot Bankiers. He joined Rabobank in 2015 as Director Organisation Development & Performance before he was appointed to the Managing Board.

*Auxiliary positions* – Non-Executive board member of DPG Media B.V.  
– Non-Executive board member of MerweOord, holding company of Van Oord

***Janine (B.J.) Vos***

Mrs. Vos became a member of the Managing Board and Chief Human Resources Officer (CHRO) on 1 September 2017. She started her career in 1997 at KPN as a management trainee. After having fulfilled several (HR) positions, she switched as Chief Human Resources Officer from KPN to Rabobank in 2016.

*Auxiliary positions* – Member of the Supervisory Board of KLM N.V.

**Administrative, management and supervisory bodies — conflicts of interests**

As of the date of this Offering Circular, there are no 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 “Managing Board of Rabobank”. These members may obtain financial services of Rabobank. In order to avoid potential conflicts of interest, Rabobank has internal rules of procedures (*reglementen*) in place for members of its Supervisory Board and Managing Board for situations in which potential or perceived conflicts of interest could arise, including rules in respect of additional positions which may be held by any such member.

**Administrative, management and supervisory bodies — business address**

The business address of the members of Rabobank’s Supervisory Board and Managing Board is Croeselaan 18, 3521 CB Utrecht, the Netherlands.

## REGULATION OF RABOBANK GROUP

Rabobank is a bank organised under Dutch law. The principal Dutch law on supervision applicable to Rabobank is the FMSA, under which Rabobank is supervised by DNB and the AFM. The ECB assumed certain supervisory tasks from DNB and is 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 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.

The overview below consists of a summary of the key applicable regulations and does not purport to be complete.

### **Basel Standards**

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

#### ***Credit Risk***

To assess their 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 the Basel II capital guidelines and external credit ratings; it 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 rules on the assessment of credit risk are expected to change as a consequence of the Basel III Reforms. See "*Basel III Reforms*" and "*Recent Developments*" below.

See the risk factor entitled "*Any increase in the Group's minimum regulatory capital and liquidity requirements may have a material adverse effect on the Group's business, financial condition and results of operations*" above.

#### ***Market Risk***

To assess their 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***

To assess their operational risk, banks can also choose between three approaches with different levels of sophistication, the most refined of which is the Advanced Measurement Approach. Rabobank Group has chosen the Advanced Measurement Approach.

#### ***Basel III Reforms***

The Basel III framework, which is implemented in the EU by means of the CRD IV Directive and CRR (see "*European Union Standards – 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. Basel III includes increasing the minimum Common Equity Tier 1 Capital (or equivalent) requirement from 2 per cent. of the total risk exposure amount (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 Common Equity Tier 1 Capital requirement has increased from 4 per cent. of the total risk exposure amount to 6 per cent. under CRD IV and the total Common Equity Tier 1 Capital requirement is 8 per cent of the total risk exposure amount under CRD IV. In addition, banks will be required to maintain, in the form of Common Equity Tier 1 Capital (or equivalent), a capital conservation buffer of 2.5 per cent. of the total risk exposure amount to withstand future periods of stress, bringing the total Common Equity Tier 1 Capital (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 capital buffer (generally of up to 2.5 per cent. of the total risk exposure amount and also comprised of Common Equity Tier 1 Capital (or other fully loss absorbing capital)) may be applied as an extension of the capital 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 based leverage ratio of 3 per cent., plus a surcharge of 50 per cent. of the G-SIB buffer requirement for G-SIB's (under the Basel III Reforms, see below) 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 has monitored 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 included 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 also closely monitored accounting standards and practices to address any differences in national accounting frameworks that are material to the definition and calculation of the leverage ratio. The Dutch government has indicated that Dutch systemically important banks, including Rabobank, should also have a surcharge like the G-SIB's on top of the 3 per cent. leverage ratio requirement. As at 31 December 2019, the leverage ratio of Rabobank was 6.3 per cent.

In addition, Basel III has 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 tests 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"). The NSFR tests 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.

### ***Recent Developments***

In December 2017, the Basel Committee finalised the Basel III Reforms (also referred to as "Basel IV" by the industry). This reform complements the initial phase of Basel III announced in 2010 (and implemented in the CRR/CRD IV in 2014) as a response to the global financial crisis. The 2017 reform seeks to restore credibility in the calculation of risk-weighted assets ("RWAs") and improve the comparability of banks' capital ratios. Main features of the reform:

- Revisions to the standardised approaches for calculating credit risk, market risk, credit value adjustments ("CVA") and operational risk

- Constraints on the use of internal model approaches, by placing limits on certain inputs used to calculate capital requirements under the interest ratings-based (“**IRB**”) approach for credit risk (for metrics such as Probability of Default (“**PD**”) and Loss Given Default (“**LGD**”)) and by removing the use of internal model approaches for CVA risk and for operational risk
- The introduction of an output floor, which limits the benefits banks can derive from using internal models to calculate minimum capital requirements. Banks’ calculations of RWAs generated by internal models cannot, in aggregate, fall below 72.5 per cent. of the risk-weighted assets computed by standardised approaches
- Global systemically important banks (“**G-SIBs**”) are subject to higher leverage ratio requirements.

According to the Basel III Reforms, the capital floors and other standards (including a revision of the leverage ratio framework) will become applicable as of 2022 and a transitional regime may apply. Furthermore, in March and April 2020, the Basel Committee set out measures to alleviate the impact of Covid-19 (including by deferring the Basel III Reforms by one year to 1 January 2023 and the accompanying transitional arrangements for the output floor also by one year to 1 January 2028) and to ensure that banks reflect the risk-reducing effect of governmental support measures when calculating their regulatory capital requirements.

## European Union Legislation

### *The CRD IV Directive and CRR*

As of 1 January 2014, EC Directive 2006/48 and EC Directive 2006/49 were repealed by the CRD IV Directive. The CRD IV Directive, together with the CRR, implements Basel III 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 became effective on 1 January 2016). The CRD IV Directive was implemented into Dutch law by amendments to the FMSA pursuant to an amendment act (the “**CRD IV/CRR Implementation Act**”) which entered into force on 1 August 2014. 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 2022. The harmonised prudential rules include own funds requirements, an obligation to maintain a liquidity coverage buffer, 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. In addition, in June 2019, the European Commission adopted the EU Banking Reforms which are wide-ranging and cover multiple areas, including the Pillar 2 framework, a binding 3 per cent. leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of “non-preferred” senior debt, the MREL framework, the integration of the TLAC standard into EU legislation and the transposition of the fundamental review of the trading book (FRTB) conclusions into EU legislation. See also the risk factor entitled “*Any increase in the Group’s minimum regulatory capital and liquidity requirements may have a material adverse effect on the Group’s business, financial condition and results of operations*”).

On 17 January 2014, a 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 DNB, 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., tier 1 ratio of 6 per cent., total capital ratio of 8 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, DNB announced that, pursuant to the CRD IV/CRR Implementation Act, it will impose an additional capital buffer requirement



for Rabobank. The systematic risk buffer, as set by DNB, is equal to 3 per cent. of risk-weighted assets but is currently lowered to 2.0 per cent. by DNB to mitigate the impact of the Covid-19 pandemic on the Dutch economy. See also the section titled "*Covid-19 prudential regulatory initiatives*" below for an overview of the Covid-19 prudential regulatory initiatives of the EC, the ECB, DNB and the EBA.

Pursuant to the 2019 SREP (Supervisory Review and Evaluation Process), the ECB has determined that the CET1 Ratio of Rabobank Group should be maintained at a minimum level of 8.75 per cent. This 8.75 per cent. Common Equity Tier 1 Capital requirement for Rabobank Group comprises the minimum Pillar 1 requirement (4.5 per cent.), the Pillar 2 additional own funds requirement (1.75 per cent.) and the capital conservation buffer (2.5 per cent.). In March 2020, the ECB decided that instead of 100 per cent. now 56.25 per cent of this pillar 2 additional own funds requirement is to be held in the form of Common Equity Tier 1 Capital (effectively 0.98 per cent). In addition, Rabobank Group is subject to a systemic risk buffer that needs to be applied on top of these Common Equity Tier 1 Capital requirements. In April 2020, the Dutch Central Bank reduced this buffer from 3.0 per cent to 2.0 per cent surcharge (bringing the minimum Common Equity Tier 1 Capital requirement from 11.75 per cent, excluding the countercyclical buffer, to 9.98 per cent excluding the countercyclical buffer as from April 2020. The countercyclical buffer amounted to 0.06 per cent as per 31 December 2019. At the date of this Offering Circular, Rabobank Group currently complies with these requirements.

### ***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) were 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 BRRD provides competent authorities with early intervention powers and resolution authorities with pre-resolution powers, including the power to write down or convert capital instruments to ensure relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution or group and the power to convert existing instruments of ownership or transfer them to bailed-in creditors. Moreover, when the conditions for resolution are met, resolution authorities can apply, among others, a bail-in tool, which comprises a more general power for resolution authorities to write down the claims of unsecured creditors (including holders of the Capital Securities) of a failing institution or to convert unsecured debt claims to equity or other instruments of ownership.

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 creation of a bridge bank, 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 or the amount of interest payable or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments. See further the risk factor entitled "*Any difficulty in raising minimum requirement for own funds and eligible liabilities may have a material adverse effect on the Group's business, financial position and results of operations*".

In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that, with effect from 1 January 2016 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. On 23 May 2016, the European Commission adopted MREL RTS on the criteria for determining the MREL under the BRRD. The MREL RTS were published in the EU Official Journal on 3 September 2016.

The MREL RTS provide for resolution authorities to allow institutions an appropriate transitional period to reach the applicable MREL requirements.

The required level of MREL for Rabobank Group has been set by the Single Resolution Board (SRB) at a percentage of 9.64 per cent. of Total Liabilities and Own Funds (TLOF), which corresponds to 28.58 per cent. of RWA as at 2017, and consists of a loss absorption amount, a recapitalisation amount, and a market confidence amount. This calibration is based on the framework for MREL under BRRD I, the EBA RTS, and the 2018 SRB MREL policy. On the basis of the MREL RTS, it is possible that Rabobank Group may have to issue a significant amount of additional MREL eligible liabilities in order to meet the new requirements within the required timeframes. Moreover, the MREL framework may be subject to substantial change over the coming years. For instance, the EU Banking Reforms have amended the SRM Regulation, BRRD, CRR, CRD IV Directive so that any systemically important banks in a member state, such as Rabobank, are subject to a firm-specific MREL regime under which they are required to issue a sufficient amount of own funds and eligible liabilities to absorb expected losses in resolution and to recapitalise the institution or the surviving part thereof.

If Rabobank Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations.

To complement the European Banking Union (an EU-level banking supervision and resolution system) and the Single Supervisory Mechanism (“SSM”), on 15 July 2014 the European Commission adopted the SRM Regulation to establish the Single Resolution Mechanism (“SRM”) (as further described, in the risk factor entitled “*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*”). The SRM establishes the single resolution board (the “SRB”) 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 SRB is granted the same resolution tools as those set out in the BRRD, including a bail-in tool. The SRM applies directly to banks covered by the SSM, including Rabobank (see also “- *Bank Recovery and Resolution Directive*” above). On the basis of the SRM, the ECB is responsible for recovery planning as set out in the BRRD. In a Dutch context, DNB is the national resolution authority. While, as the Group’s resolution authority, the SRB is ultimately in charge of the decision to initiate the Group’s resolution, operationally the decision will be implemented in cooperation with DNB in its capacity as national resolution authority.

See also the risk factors entitled “*Any difficulty in raising minimum requirement for own funds and eligible liabilities may have a material adverse effect on the Group’s business, financial position and results of operations*”, “*Risks relating to the EU Banking Reforms*”, “*Any increase in the Group’s minimum regulatory capital and liquidity requirements may have a material adverse effect on the Group’s business, financial condition and results of operations*” and “*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*”.

### **Supervision**

In 2010, agreement was reached at EU level on the introduction of a new supervisory structure for the financial sector. The new European architecture combines the existing national authorities, the newly created European Systemic Risk Board and the following three European Authorities: the EBA, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authorities. These institutions have been in place since 1 January 2011.

However, as part of the European Banking Union (responsible for banking policy on the EU level), two further regulations have been enacted: (i) a regulation for the establishment of the 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) a regulation amending the regulation which sets up the EBA. Regulation 1024/2013 (the

“**SSM Framework Regulation**”), which establishes the SSM, was published in the Official Journal of the European Union on 29 October 2013 and entered into force on 4 November 2013. 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. As Rabobank Group qualifies as a significant group under the SSM and the SSM Framework Regulation, with effect from 4 November 2014, the day-to-day supervision of 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, in 2014 the ECB (together with the national competent authorities) carried out a comprehensive assessment, including a balance sheet assessment, as well as a related asset quality review and stress tests, of the banks in respect of which it took on responsibility for formal supervision. The ECB supervises Rabobank Group’s compliance with prudential requirements, including (i) its own funds requirements, LCR, NSFR and 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 FMSA. The ECB is also the competent authority which assesses notifications of the acquisition of qualifying holdings in banks and has the power to grant a declaration of no objection for such holdings.

#### **Covid-19 prudential regulatory initiatives**

Since the outbreak of the coronavirus (or Covid-19) pandemic, various legislative and regulatory authorities have taken prudential regulatory initiatives to address the negative impact of the coronavirus, including:

##### *European Commission (EC)*

In April 2020, the European Commission adopted a banking package aimed at facilitating bank lending to support the economy. The package is intended to encourage banks and supervisory bodies to apply the EU’s accounting and prudential rules more flexibly, and proposes certain targeted amendments to CRR. These targeted amendments include (i) postponing the date of application of the leverage ratio buffer requirement for G-SIIs with one year to 1 January 2023, (ii) offsetting the impact of certain central bank exposures from the calculation of the leverage ratio and (iii) mitigating the impact of IFRS 9 provisions on CET1 capital through certain transitional arrangements (the “**EC Corona Measures**”). The European Commission has requested the European Parliament and the Council to expedite the discussion of its proposals in order to adopt the targeted amendments of CRR by June 2020.

##### *European Central Bank (ECB)*

In March 2020, the ECB announced its decision to allow its directly supervised banks (i) to operate temporarily below the level of capital as defined by Pillar 2 Guidance (“**P2G**”), the capital conservation buffer and the liquidity coverage ratio and (ii) to partially use capital instruments that do not qualify as CET1 capital to meet Pillar 2 Requirements (“**P2R**”). In addition, the ECB asked banks not to pay dividends until at least October 2020 (the “**ECB Corona Measures**”).

##### *Dutch Central Bank (DNB)*

In March 2020, DNB announced (i) the temporary reduction of the systemic risk buffer requirement applicable to the three major Dutch banks ABN AMRO Bank, ING Bank and Rabobank and (ii) the postponement of the introduction of extra capital requirement for mortgage loans (the so-called 'DNB RWA Floor') for an indefinite period of time. In addition, DNB announced that, in line with the ECB Corona

Measures, less significant institutions under its supervision will be allowed (i) to operate temporarily below the level of capital defined by the P2G, the capital conservation buffer and the liquidity coverage ratio and (ii) to partially meet their P2R with capital instruments that do not qualify as CET1 capital (the "**DNB Corona Measures**").

#### *European Banking Authority (EBA)*

In March 2020, EBA announced that it would take certain measures to alleviate the immediate operational burden on banks, including the postponement of stress test exercises to 2021. Furthermore, EBA provided further guidance on (a) measures to mitigate the increase in aggregated amounts of additional valuation adjustments (AVAs) under the prudent valuation framework (for institutions applying the core approach) and (b) a postponement of the FRTB-SA (Fundamental Review of the Trading Book – Standardised Approach) reporting requirement. EBA also recognised the need for a pragmatic approach for the 2020 SREP, focusing on the most material risks and vulnerabilities driven by the coronavirus crisis (together, the "**EBA Corona Measures**").

## **Dutch Regulation**

### ***Scope of the FMSA***

The ECB is formally the competent authority that supervises the majority of Rabobank Group's activities. The day-to-day supervision of Rabobank Group is carried out by the JST. The AFM supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the FMSA.

### ***Licensing***

Under the FMSA, 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. DNB 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 adhere to requirements that determine the minimum level of own funds (*eigen vermogen*). In addition, a licence may be refused if, among other things, the competent authority 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*). DNB 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 their respective financial position and results with the ECB. Rabobank's independent auditor audits these reports annually.

### **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 capital measurement guidelines of first Basel II and then Basel III as described under “Basel Standards” above and as laid down in EU legislation described above under “*European Union legislation*”. The regulations of DNB on solvency supervision have been repealed by the Dutch CRD IV and CRR Regulation.

### **Liquidity**

The regulations relating to liquidity supervision require that banks maintain sufficient liquid assets to cover for net outflows. In the determination of net outflows banks are required to follow a prudential approach, taking into account that the call or prepayment occurs at the first possible date. On 1 January 2018, the 100 per cent. LCR requirement under CRR was fully phased in, meaning that Rabobank was required to hold at least enough high quality liquid assets to cover stressed 30 day net outflow. With 132 per cent. as per 31 December 2019, Rabobank complies with the minimum 100 per cent. requirement.

### **Structure**

The FMSA provides that a bank must obtain a declaration of no-objection before, among other things, (i) acquiring or increasing a qualifying 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 qualifying 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. Decisions on the abovementioned declarations of no-objection are made by DNB. As of 1 January 2014, the definition of “qualifying holding” as set out in the CRR applies. “Qualifying 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 qualifying 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 control. 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 assets and liabilities. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure a high degree of security, operational reliability, continuity and adequate, scalable capacity.

## **Intervention**

In addition to the Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*), and partly amending it, on 26 November 2015 the Act on implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*) came into force, implementing the BRRD. While the Intervention Act was amended following the adoption and implementation of the BRRD and the SRM Regulation, granting to DNB powers including resolution tools contemplated by the BRRD, the powers of the Minister of Finance have remained. Under the Intervention Act the Dutch Minister of Finance may, with immediate effect, take measures or expropriate assets, liabilities, 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 DNB 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 SRB has additional intervention powers including the power to operate the bail-in tool as set out in the SRM and the BRRD (see “- *Bank Recovery and Resolution Directive*”).

## **U.S. Regulation**

### ***Regulation and Supervision in the U.S.***

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

Rabobank and Utrecht-America Holdings, Inc. are bank holding companies that are financial holding companies within the meaning of the U.S. Bank Holding Company Act of 1956, as amended (“**BHC Act**”). As such, they are 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.

Under U.S. law, Rabobank 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. As long as Rabobank and Utrecht-America Holdings, Inc. are financial holding companies under U.S. law, Rabobank Group 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 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.

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 Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) provides a broad framework for significant regulatory changes that extend to almost every area of U.S. financial regulation.

The Dodd-Frank Act and other post-financial crisis regulatory reforms in the United States have increased costs, imposed limitations on activities and resulted in an increased intensity in regulatory enforcement.

Among other things, the Dodd-Frank Act requires that the lending and affiliate transaction limits applicable to 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 include any non-U.S. banking organisation, such as 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 heightened standards. Under the final rule, the New York Branch is subject to liquidity, risk management requirements, and in certain circumstances, asset maintenance requirements. The Federal Reserve issued a final rulemaking on 10 October 2019 that revised the framework for applying the enhanced prudential standards applicable to FBOs under Section 165 of the Dodd-Frank Act, as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act (the “**EGRRCPA**”), by, among other things, (i) establishing risk-based categories for determining prudential standards for FBOs and (ii) amending those prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, depending on the risk profile of banking organizations under the risk-based categories. In addition, a separate rulemaking was also issued on 10 October 2019 by the Federal Reserve, the Federal Deposit Insurance Corporation (“**FDIC**”) and the Office of the Comptroller of the Currency (“**OCC**”) to, among other things, modify the application of capital and liquidity requirements to certain U.S. intermediate holding companies of FBOs.

Section 13 of the BHC Act, together with the rules, regulations and published guidance thereunder, as amended (the “**Volcker Rule**”), adopted as part of the Dodd-Frank Act, limits the ability of banking entities and their affiliates to engage as principal in proprietary trading or to sponsor or invest in hedge, private equity or other similar funds or enter into certain covered transactions with certain covered funds, subject to certain exceptions and exemptions. However, certain non-U.S. banking organisations, such as certain non-U.S. banking entities within Rabobank Group, are exempt from these limitations with respect to activities that are solely outside of the U.S., subject to certain conditions. On 20 August 2019, the relevant U.S. federal agencies finalized a rulemaking that amended, in part, certain of the proprietary trading provisions under the Volcker Rule. In addition, on January 30, 2020, the relevant U.S. federal agencies released a notice of proposed rulemaking to amend certain parts of the Volcker Rule’s covered fund-related restrictions. The proposed changes are intended to improve and streamline certain aspects of the covered funds portion of the Volcker Rule, and the U.S. federal agencies will consider any comments to the proposal submitted before 1 May 2020.

Proposals for legislation for further changes to the regulation of the financial services industry are continually being introduced in the U.S. Congress and in state legislatures, and President Donald Trump has signed orders and announced plans to reform regulations created pursuant to the Dodd-Frank Act. For example, on 24 May 2018, President Trump signed into law a financial services regulatory reform bill that received bipartisan support, the EGRRCPA. The EGRRCPA makes certain modifications to post-financial crisis regulatory requirements that apply to banking organisations of all sizes. In addition, the EGRRCPA amended the Volcker Rule, in part, by narrowing the definition of “banking entity”, principally by excluding insured depository institutions with less than U.S.\$10 billion in total consolidated assets and that have total trading assets and trading liabilities that are less than 5 per cent. of total consolidated assets. The relevant U.S. federal agencies released a final rulemaking on 9 July 2019 to, among other things, address this statutory amendment.

In addition, Title VII of the Dodd-Frank Act, and the regulations adopted thereunder implementing the statutory requirements of Title VII, provide an extensive framework for the regulation of the derivatives market.



While U.S. regulators have adopted many of the regulations governing the derivatives markets as contemplated by the Dodd-Frank Act, the implementation process is still ongoing and regulators continue to review and refine their initial rulemakings through additional interpretations and supplemental rulemakings. Under the Dodd-Frank Act, entities that qualify as swap dealers or major swap participants are required to register with the CFTC, while entities that qualify as security-based swap dealers and/or majority security-based swap participants will be required to register with the SEC. Rabobank is registered with the CFTC as a swap dealer. As a swap dealer, Rabobank is subject to additional regulatory requirements with respect to capital, margin requirements for OTC derivative transactions, business conduct standards and other requirements. As a swap dealer, Rabobank's compliance with such regulatory requirements under Title VII of the Dodd-Frank Act may be costly and have an adverse impact on Rabobank Group. Additionally, under the so-called swap "push-out" provisions of the Dodd-Frank Act, certain ABS swaps activities of uninsured U.S. branches of non-U.S. banks, such as the New York Branch, are restricted as a result of Rabobank's registration as a swap dealer. The Dodd-Frank Act also requires all swap market participants (notwithstanding any registration requirement) to (i) maintain records and report certain information to swap data repositories in real-time and on an ongoing basis and (ii) clear certain categories of derivatives through a derivatives clearing organisation and execute such derivatives on a registered exchange (e.g., a designated contract market or swap execution facility).

In October, 2015, the Federal Reserve, the OCC, the Farm Credit Administration and the Federal Housing Finance Agency issued a final rule to establish minimum initial and variation margin collection requirements for non-cleared swaps and non-cleared security-based swaps entered into by certain registered swap dealers, major swap participants, security-based swap dealers and/or major security-based swap participants ("**Registered Entities**") when facing other Registered Entities or financial end-user counterparties (the "**PR Margin Rules**"). The CFTC has also implemented its own initial and variation margin requirements in respect of non-cleared swaps entered into by swap dealers and major swap participants not captured by the PR Margin Rules (the "**CFTC Margin Rules**" and, together with the PR Margin Rules, the "**Uncleared Swap Margin Rules**"). Because Rabobank is regulated by the Federal Reserve and is a registered swap dealer (as noted above), it is subject to the Uncleared Swap Margin Rules with respect to its uncleared OTC derivative transactions when facing other Registered Entities and financial end-user counterparties.

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 Rabobank Group) to prepare and periodically submit to the Federal Reserve, the FDIC and the Financial Stability Oversight Council ("**FSOC**"), a plan for such company's rapid and orderly resolution in the event of material financial distress or failure. The U.S. 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 U.S. resolution plan is credible and would facilitate an orderly resolution of the company. A company that fails to submit a credible U.S. 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. While Rabobank was not required to submit a U.S. resolution plan in 2016 or 2017, Rabobank was required to, and did, submit a U.S. resolution plan in 2018. On 10 October 2019, the Federal Reserve and the FDIC jointly adopted a final rule to amend the U.S. resolution plan requirements and to address amendments made by the EGRRCPA. Pursuant to the final rule, FBOs with US\$250 billion or more in global consolidated assets, such as Rabobank Group, are required to file reduced U.S. resolution plans every three years, with the next U.S. resolution plan due on July 1, 2021.

Implementation of the Dodd-Frank Act and related final regulations is ongoing and has resulted in significant costs and potential limitations on Rabobank Group's businesses and may have a material adverse

effect on Rabobank Group's results of operations. In addition, the uncertainty of the regulatory environment in the United States, especially with respect to the status of certain aspects of the Dodd-Frank Act and other U.S. regulations could impact Rabobank Group's business activities and the value of the Capital Securities should significant changes to such regulations be implemented.

### **United Kingdom Regulation**

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".

## **USE OF PROCEEDS**

The net proceeds of the issue of the Capital Securities will be used to fund the general banking business and commercial activities of the Rabobank Group, and to strengthen its capital base.

## 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. However, as of 1 January 2021 withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is incorporated or established in or resident of a jurisdiction included on the list of low-tax and non-cooperative jurisdictions published annually by the Dutch Minister for Finance, or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation for another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*). In the event any such withholding would be required pursuant to the Dutch Withholding Tax Act 2021 in respect to payments on the Capital Securities, the Issuer shall pay Additional Amounts in accordance with Condition 10.

#### 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. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), 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 the FATCA provisions and IGAs 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, are not clear at this time. Under recently proposed regulations, even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Capital Securities, under

proposed regulation such withholding would not apply to “foreign passthru payments” prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Taxpayers generally may rely on these proposed regulations until final regulations are issued. 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., Credit Suisse (Securities) Europe Limited, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International and UBS AG London Branch (the “**Joint Lead Managers**”) have, pursuant to a subscription agreement dated 10 July 2020 (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.

### **Prohibition of Sales to EEA Retail Investors**

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Capital Securities to any retail investor in the European Economic Area. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (b) a customer within the meaning of Directive 2016/97/EC where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **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.

## **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 other than in compliance with applicable securities laws of any province or territory of Canada. Each Joint Lead Manager has also agreed that it will offer, sell, distribute or deliver the Offering Circular only pursuant to an exemption from the requirement to file an offering circular in the province or territory of Canada in which such offer, sale, distribution or delivery is made. Each Joint Lead Manager has also represented and agreed that it has not and will not distribute or deliver this Offering Circular, or any other offering material in connection with any offering of the Capital Securities, in Canada other than in compliance with applicable securities laws.

## **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 (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore, as modified from time to time) (the “SFA”))



pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, 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 or securities-based derivatives contracts (each term as defined in Section 2(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, 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 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **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

The offering of the Capital Securities into Switzerland is exempt from the prospectus requirement under the Swiss Financial Services Act ("**FinSA**") because the offering is made to professional investors only and will not be admitted to trading in any exchange or regulated trading facility in Switzerland. No prospectus pursuant to the FinSA has been or will be prepared for or in connection with the offering of the Capital Securities.

## 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:

- (x) 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. 20307 of 15 February 2018, all as amended from time to time;
- (xi) 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; and
- (xii) 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.

## 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*.

## Commonwealth of Australia

No prospectus, product disclosure document or other disclosure document (as defined in the Australian Corporations Act of 2001 as amended from time to time (the “**Corporations Act**”)) in relation to the Capital Securities has been, or will be, lodged with Australian Securities and Investment Commission (ASIC). Each Joint Lead Manager has represented and agreed that it:

- (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale, subscription or purchase of the Capital Securities in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive copy, of the Offering Circular or any other offering material or advertisement relating to the Capital Securities in Australia, unless: (i) the minimum aggregate consideration payable by each offeree is at least AUD 500,000 (or its equivalent in other currencies, in either case, disregarding moneys lent by the offeror or its associates) or the offer, distribution or publication otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act; (ii) such offer, distribution or publication is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act; (iii) such action complies with all applicable laws, regulations and directives in Australia, and (iv) such action does not require any document to be lodged with ASIC or the Australian Securities Exchange.

## 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 Euronext Dublin for the Capital Securities to be admitted to the Official List of Euronext Dublin 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 8 July 2020 which approval is in accordance with the funding mandate authorised by resolutions of the Managing Board passed on 25 November 2019 and a resolution of the Supervisory Board passed on 19 December 2019, as confirmed by a Secretary's Certificate dated on or around 10 July 2020.
3. As at the date of this Offering Circular, other than as disclosed in the sub-section entitled "Recent Developments", under the "Description of Business of Rabobank Group" section, there has been no significant change in the financial or trading position and financial performance of the Issuer or of Rabobank Group, since 31 December 2019, and other than as disclosed in the sub-section entitled "Recent Developments", under the "Description of Business of Rabobank Group" section, there has been no material adverse change in the prospects of the Issuer or of Rabobank Group, since 31 December 2019, the last day of the financial period in respect of which audited financial statements of the Issuer have been prepared.
4. Save as disclosed in the section entitled "Legal and arbitration proceedings" on pages 90 to 91 of this Offering Circular, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the 12 months preceding the date of this Offering Circular 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.
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 XS2202900424 and the Common Code is 220290042.  

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 4.375 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 Ten 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 Euronext Dublin, 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 annual report 2018 and 2019 of Rabobank; and
  - (d) a copy of this Offering Circular.
12. PricewaterhouseCoopers Accountants N.V., 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 2018 and 2019 and the consolidated financial statements of Rabobank Group for the years ended 31 December 2018 and 2019. PricewaterhouseCoopers Accountants N.V. 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 2018 and 2019 as incorporated by reference herein in the form and context in which they appear. PricewaterhouseCoopers Accountants N.V. has no interest in the Issuer.
13. The Legal Entity Identifier (LEI) of Coöperatieve Rabobank U.A. is DG3RU1DBUFHT4ZF9WN62.
14. 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.

**PRINCIPAL OFFICE OF THE ISSUER**

**Coöperatieve Rabobank U.A.**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**JOINT LEAD MANAGERS**

**Coöperatieve Rabobank U.A.  
(in its capacity as Joint Lead Manager)**

Thames Court  
One Queenhithe  
London EC4V 3RL  
United Kingdom

**Goldman Sachs International**

Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Credit Suisse (Securities) Europe Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**HBSC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**UBS AG London Branch**

5 Broadgate  
London EC2M 2QS  
United Kingdom

**FISCAL AGENT AND PAYING AGENT**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**PAYING AGENT**

**Coöperatieve Rabobank U.A.**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**AUDITORS OF THE ISSUER**

**PricewaterhouseCoopers Accountants N.V.**

Thomas R. Malthusstraat 5  
1066 JR Amsterdam  
The Netherlands

**LEGAL ADVISERS**

*To the Joint Lead Managers as to Dutch law*

**Linklaters LLP**

WTC Amsterdam  
Zuidplein 180  
1077 XV Amsterdam  
The Netherlands

*To the Issuer as to Dutch law*

**Clifford Chance LLP**

IJsbaanpad 2  
1076 CV Amsterdam  
The Netherlands

**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**

Ten Earlsfort Terrace

Dublin 2

Republic of Ireland