

More information on Rabobank Membership Certificates III

What are Membership Certificates III?

Rabobank Membership Certificates III enable you to invest in certificates of shares in Rabobank Ledencertificaten III N.V. This institution invests the majority of its capital in risk-bearing loans extended to Rabobank Nederland. The certificates are offered exclusively to Rabobank members.

What are subordinated loans?

A subordinated loan means that if Rabobank Nederland is unable to meet its payment obligations, all creditors' claims will be paid first. Membership certificate holders will consequently only receive their investment including any accumulated dividend back after the creditors have been paid.

Attractive returns

Rabobank Ledencertificaten III N.V. is expected to pay a dividend four times a year. The amount of this dividend payment will be equal to the average effective return on the most recent ten-year Dutch state loan over the previous three months plus 0.25%. Should the effective return rise, the dividend payment will rise in tandem. No or less dividend will be paid if Rabobank fails to make a profit or make insufficient profit or if the Rabobank Group's capital position is insufficient. The risk that this will occur is, however, limited in view of the Rabobank Group's high creditworthiness and stable profitability.

Sound investment

You will not run the risk of capital loss as a result of changes to the market rate of interest when you invest in Rabobank Membership Certificates III, as is the case with bonds. This is because the price is determined by supply and demand and is virtually insensitive to interest rate movements. If the interest rate rises, the dividend payment will also rise and the price is expected to remain stable. Rabobank Membership Certificates III consequently constitute a sound investment.

Numerical example

Imagine that you buy one hundred Rabobank Membership Certificates III at € 50 per certificate and the effective return on the most recent ten-year Dutch state loan is 3.35%. Based on this example, the dividend percentage would be set at 3.60% (3.35% + 0.25%). The expected dividend per 100 certificates per annum would consequently amount to 3.60% x 100 x € 50 = € 180. This would consequently equal a quarterly dividend payment of € 45 (€ 180 divided by 4). This amount does not take the 25% dividend withholding tax into account.

Please note! The value of your investment may fluctuate. Results achieved in the past do not provide any guarantee for the future.

Monthly buying and selling

Rabobank Membership Certificates III are not listed on a stock exchange and are tradable once a month via an internal market. The price is not set and depends on supply and demand. The actual trading price will be updated each month on our [site](#).

Costs

You can buy or sell Rabobank Membership Certificates III each month. The buying or selling costs depend on the channel used to place your order or orders:

Via internet: 0.3% of the purchase amount or the sales proceeds

Via Rabo Order Line: 0.35% of the purchase amount or the sales proceeds

Via your advisor at Rabobank: 0.5% of the purchase amount or the sales proceeds

A custody fee is not charged.

Period to maturity

Rabobank Membership Certificates III have an infinite period to maturity. Rabobank is, however, entitled to decide to redeem the certificates for the first time on 29 September 2035 and every quarter thereafter.

Rabobank Membership Certificates III and tax-related matters

An investment in Rabobank Membership Certificates III is subject to Dutch tax for private investors on income from savings and investments (Box 3). This means you are required to pay 1.2% capital gains tax on your savings and investment balances. In 2005, each taxpayer is also entitled to a tax-exempt capital of € 19,522. This tax-exempt amount could be higher depending on your personal circumstances.

25% dividend tax is withheld on the dividend paid. This is withholding dividend tax and can either be reclaimed or deducted from your income tax.

In summary:

Variable dividend payment four times a year

Dividend payment is equal to the average effective return on the most recent ten-year

Dutch state loan + 0.25% and is calculated on € 50 per certificate

Limited risk due to Rabobank's high creditworthiness

Nominal value is € 50 per certificate

Exclusively for members of Rabobank

Opportunity to buy and sell each month.
