

More information on Rabobank Membership Certificates I

What are Membership Certificates I?

Rabobank Membership Certificates I enable you to invest in certificates of shares in Rabobank Ledencertificaten I N.V. This institution invests the majority of its capital in subordinated loans extended to Rabobank Nederland. It invests the remainder of its capital in loans to creditworthy borrowers, such as the State of the Netherlands. 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 I 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 1%. 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 I, 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. Any decrease in the market rate of interest has been hedged. The minimum expected dividend is 5% annually calculated on € 25 per certificate. Rabobank Membership Certificates I consequently constitute a sound investment.

Numerical example

Imagine that you buy one hundred Rabobank Membership Certificates I at € 25 per certificate and the effective return on the most recent ten-year Dutch state loan is 4%. Based on this example, the dividend percentage would be set at 5% (4% + 1%). The expected dividend per 100 certificates per annum would consequently amount to 5% x 100 x € 25 = € 125. This would consequently equal a quarterly dividend payment of € 31.25 (€ 125 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 I 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 I each month. There are no buying costs and a custody fee is not charged. The selling costs depend on the channel used to place your order or orders:

Via internet: 0.3% of the sales proceeds

Via Rabo Order Line: 0.35% of the sales proceeds

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

Period to maturity

Rabobank Membership Certificates I have, in principle, an infinite period to maturity. Rabobank is, however, entitled to decide to redeem the certificates for the first time on 29 June 2006 and every year thereafter. Rabobank announced on 26 July 2005 that Rabobank Membership Certificates I will not be redeemed prematurely on 29 June 2006 unless amendments to the legislation and regulations or major developments in the financial markets necessitate premature redemption. Please note that this announcement does not mean that these membership certificates may not be redeemed prematurely after 29 June 2006.

Rabobank Membership Certificates I and tax-related matters

An investment in Rabobank Membership Certificates I 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 + 1% and is calculated on € 25 per certificate

Limited risk due to Rabobank's high creditworthiness

Exclusively for members of Rabobank

Opportunity to buy and sell each month.