



**Rabobank**

**COÖPERATIEVE RABOBANK U.A.**

*(a cooperative with excluded liability (coöperatie U.A.) established under Dutch law, with its statutory seat in Amsterdam, the Netherlands)*

Offering of newly-issued Rabobank Certificates with a nominal amount of €25.00 each

This prospectus ("**Prospectus**") is published in connection with the offering of newly-issued Rabobank certificates (*Rabobank certificaten*) ("**Rabobank Certificates**") by Stichting AK Rabobank Certificaten ("**Stichting AK Rabobank**") with a nominal amount of €25.00 each (the "**Offer Certificates**"). The Offer Certificates represent interests in a corresponding number of participations, with a nominal value of €25.00 each, to be issued by Coöperatieve Rabobank U.A. ("**Rabobank**") to Stichting AK Rabobank (the "**Rabobank Participations**") on the Settlement Date (as defined below). Except where the context otherwise requires, references to the Rabobank Certificates will be deemed to include the Offer Certificates. The Rabobank Participations and the Rabobank Certificates are governed by Dutch law.

The offering of the Offer Certificates (the "**Offering**") consists of (i) a public offering in the Netherlands and Switzerland to institutional and retail investors and (ii) an offering in various other jurisdictions to institutional investors. The Offer Certificates are being offered outside the United States of America (the "**U.S.**") in offshore transactions as defined in, and in accordance with Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**").

Application has been made for admission to listing and trading of all Offer Certificates on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). The Offer Certificates will be traded as a percentage of their nominal amount. Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Certificates is expected to commence on or about 24 January 2017. The Rabobank Certificates are, and the Offer Certificates are expected to be, listed on Euronext Amsterdam under the symbol "RABOCERTIFFRNPL", with ISIN code XS1002121454 and common code 100212145.

**The price of the Offer Certificates (the "Offer Price") will, subject to the below, not exceed 115.040% of €25, being the closing trading price of the Rabobank Certificates on Euronext Amsterdam on 10 January 2017 (the "Maximum Offer Price").**

The Offering will take place from 9:00 Central European Time ("**CET**") on 11 January 2017 until a time between 11:00 CET and 16:00 CET (exact time to be published through Bloomberg or other similar forms of communication) on 17 January 2017 for prospective institutional investors and from 9:00 CET on 11 January 2017 until 17:30 CET on 16 January 2017 for prospective retail investors (the "**Offering Period**"), subject to acceleration or extension of the timetable for the Offering. The Offer Price and the exact number of Offer Certificates offered in the Offering will be determined by Rabobank after the end of the Offering Period taking into account the quoted trading price of the Rabobank Certificates that are already listed on the business day immediately preceding the date of this Prospectus, the book building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Certificates and other factors deemed appropriate. The Offer Price and the exact number of Offer Certificates to be sold will be stated in a pricing statement (the "**Pricing Statement**") which will be published through a press release on Rabobank's website and filed with the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the "**AFM**"). Rabobank reserves the right to determine the Offer Price above the Maximum Offer Price before allocation of the Offer Certificates ("**Allocation**"). Investors who have already agreed to purchase or subscribe for the Offer Certificates during the Offering Period prior to any announcement of the determination of the Offer Price above the Maximum Offer Price, shall have the right, exercisable within two business days following the publication of such announcement, to withdraw their acceptances. Any determination of an Offer Price above the Maximum Offer Price, on the last day of the Offering Period will result in the Offering Period being extended by at least two business days. Any determination of an Offer Price above the Maximum Offer Price, on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. Accordingly, all investors will have at least two business days to reconsider their subscriptions. Any determination of an Offer Price above the Maximum Offer Price, will be announced in a press release that will be posted on Rabobank's website.

Subject to acceleration or extension of the timetable for the Offering, payment (in euro) for, and delivery of, the Offer Certificates ("**Settlement**") is expected to take place on or about 24 January 2017 (the "**Settlement Date**"). If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Certificates will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any transactions in Offer Certificates prior to Settlement are at the sole risk of the parties concerned. The Offering is subject to a number of conditions. See "The Offering" and "Plan of Distribution". If any or all of the conditions are not met or waived by the Joint Lead Managers (as defined below) or, as applicable, by the Joint Lead Managers and Rabobank collectively, prior to payment for and delivery of the Offer Certificates, the Offering shall not take place and the Subscription Agreement (as defined below) shall terminate unless the parties agree otherwise in writing. In such event, the Offering will be withdrawn. Rabobank, Stichting AK Rabobank, Euronext Amsterdam, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International and Rabobank as joint lead managers (the "**Joint Lead Managers**"), ING Bank N.V. and ABN AMRO Bank N.V. as co-lead managers (the "**Co-Lead Managers**" and together with the Joint Lead Managers, the "**Managers**"), Coöperatieve Rabobank U.A. (the "**Listing and Amsterdam Paying Agent**") and Deutsche Bank AG, London Branch as paying agent or any other financial institution appointed as paying agent (the "**Paying Agent**") and as common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**") (the "**Common Depositary**") do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Certificates.

**INVESTING IN THE OFFER CERTIFICATES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 41 OF THIS PROSPECTUS FOR A DESCRIPTION OF THE MATERIAL RISKS THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE OFFER CERTIFICATES.**

The Rabobank Certificates are, and the Offer Certificates will be, in registered form. The Rabobank Certificates are, and the Offer Certificates will be, registered in the name of a nominee of the Common Depositary, and are, respectively will be, represented by a global proof of ownership held in custody by the Common Depositary on behalf of Euroclear and Clearstream.

The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. Current holders of Rabobank Certificates have no pre-emption rights (*voorkeursrechten*) with respect to the Offer Certificates.

The offering to Dutch Retail Investors is being made only by Rabobank and the Co-Lead Managers, and not by any of the other Joint Lead Managers. Dutch Retail Investors who wish to participate in the offering should submit their orders through their financial intermediary. Rabobank is appointed as Retail Coordinator (as defined herein).

The Rabobank Certificates, including the Offer Certificates, have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the U.S., and are being offered and sold outside the U.S. in compliance with Regulation S. The distribution of this Prospectus, the offer and sale of the Offer Certificates in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Each purchaser of Offer Certificates, in making a purchase, will be deemed to have made certain acknowledgements, representations and agreements as set out in “Selling and Transfer Restrictions”. Prospective investors in the Offer Certificates should carefully read “Selling and Transfer Restrictions”. Rabobank and Stichting AK Rabobank disclaim all responsibility for any violation of such restrictions by any person.

This document constitutes a prospectus for the purposes of article 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) and has been prepared in accordance with Section 5:9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, the “**FMSA**”). This Prospectus has been approved by and filed with the AFM.

*Joint Lead Managers*

BofA Merrill Lynch

Credit Suisse

J.P. Morgan

Rabobank

*Co-Lead Managers*

ING

ABN AMRO

Prospectus dated 11 January 2017

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## SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary together with an indication that such Element is ‘not applicable’.

### Section A – Introduction and Warnings

<b>A.1</b>	Introduction and warnings	This summary should be read as an introduction to the prospectus (the “ <b>Prospectus</b> ”) relating to the offering (the “ <b>Offering</b> ”) of newly-issued Rabobank certificates ( <i>Rabobank certificaten</i> ) (“ <b>Rabobank Certificates</b> ”) by Stichting AK Rabobank Certificaten (“ <b>Stichting AK Rabobank</b> ”) with a nominal amount of €25.00 each (the “ <b>Offer Certificates</b> ”). The Offer Certificates represent interests in a corresponding number of participations, with a nominal value of €25.00 each, issued by Coöperatieve Rabobank U.A. (“ <b>Rabobank</b> ”) to Stichting AK Rabobank (the “ <b>Rabobank Participations</b> ”). Any decision to invest in the Offer Certificates should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Certificates.
<b>A.2</b>	Consent, indication, conditions and notice	Not applicable; Stichting AK Rabobank and Rabobank do not consent to the use of the Prospectus for the subsequent resale or final placement of Offer Certificates by financial intermediaries.

### Section B – The Issuer

<b>B.1</b>	Legal and commercial name of Rabobank	Coöperatieve Rabobank U.A. Rabobank uses amongst others the trade names Rabobank Nederland and Rabobank.
<b>B.2</b>	Domicile, legal form, legislation and country of incorporation	<p>Rabobank is a cooperative with excluded liability (<i>coöperatie U.A.</i>) established under the laws of and domiciled in the Netherlands. Its corporate seat is in Amsterdam, the Netherlands, and its registered office is at Croeselaan 18, 3521 CB Utrecht, the Netherlands.</p> <p>Stichting AK Rabobank Certificaten is a foundation (<i>stichting</i>) established under Dutch law. It has its registered office in Utrecht, the Netherlands. The office address of Stichting AK Rabobank is: Croeselaan 18, 3521 CB Utrecht, the Netherlands.</p>
<b>B.3</b>	Key factors relating to the nature of the Group’s operations and its principal activities	The group (within the meaning of Section 2:24b of the Dutch Civil Code) which is headed by Rabobank (the “ <b>Group</b> ”) is an international financial services provider operating on the basis of cooperative principles. The Group comprises Rabobank and its subsidiaries. Rabobank is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. The Group operates in approximately 40 countries. Its operations include domestic retail banking, wholesale banking and international rural and retail banking, leasing and real estate. It serves approximately 8.6 million clients around the world. In the Netherlands, its focus is on maintaining the Group’s position in the Dutch market and, internationally, on food and agriculture. The Group believes that its entities have strong interrelationships due to the Group’s cooperative structure.

		<p>The Group's cooperative core business is carried out by the local Rabobanks. With 488 branches and 2,192 cash-dispensing machines at 30 June 2016, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.5 million retail clients, and approximately 800,000 corporate clients, offering a comprehensive package of financial services. Clients can become members of Rabobank.</p> <p>Historically, the Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, the Group has also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, the Group has increased both the number and type of products and services available to its customers in order to diversify from a traditional savings and mortgage-based business to become a provider of a full range of financial products and services, both in the Netherlands and internationally. The Group provides an integrated range of financial services comprising primarily domestic retail banking, wholesale banking and international rural and retail banking, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers.</p> <p>As at 30 June 2016, the Group had total assets of €686.6 billion, a private sector loan portfolio of €427.3 billion, amounts due to customers of €342.9 billion (of which savings deposits total €139.4 billion) and equity of €40.8 billion. Of the private sector loan portfolio, €204.3 billion, virtually all of which were mortgages, consisted of loans to private individuals, €124.8 billion of loans to the trade, industry and services sector and €78.2 billion of loans to the food and agriculture sector. As at 30 June 2016, its common equity tier 1 ratio ("<b>CET1 Ratio</b>"), which is the ratio between Common Equity Tier 1 Capital and total risk-weighted assets, was 13.4% and its capital ratio, which is the ratio between qualifying capital and total risk-weighted assets, was 23.5%. For the six-month period ended 30 June 2016, the Group's cost/income ratio, which is the ratio between total operating expenses (regulatory levies excluded) and total income, was 73.7%. The cost/income ratio is a financial measure of how efficiently Rabobank is being run. For the six-month period ended 30 June 2016, the Group realised a net profit of €24 million. As at 30 June 2016, the Group employed 49,971 employees (internal and external full time employees ("<b>FTEs</b>")).</p> <p>The return on invested capital ("<b>ROIC</b>") is a profitability measure and 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 six-month period ended 30 June 2016, Rabobank's ROIC was 5.0%. As at 31 December 2015, it was 6.0% and at 30 June 2015 it was 8.3%.</p> <p>For the six-month period ended 30 June 2016, Rabobank's return on Tier 1 capital was 5.3%. As at 31 December 2015, it was 6.5% and at 30 June 2015 it was 9.0%.</p>
<b>B.4a</b>	Significant recent trends	The Group's results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and exchange rates and increased competition. A deterioration in economic conditions, or the Group's inability to accurately predict or respond to such developments could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.
<b>B.5</b>	Description of the Group and Rabobank's position within the Group	The Group is comprised of Rabobank as the top holding entity together with its subsidiaries in the Netherlands and abroad. The Group's cooperative core business is carried out by the local Rabobanks.
<b>B.6</b>	Persons who, directly and indirectly, have a notifiable interest in Rabobank's capital or voting rights, together with the amount	Not applicable; there is no obligation under Dutch law or under the Rabobank Articles for holders of Rabobank Certificates to disclose their interest in Rabobank's capital or voting rights.

	Different voting rights	Not applicable; Stichting AK Rabobank and the holders of Rabobank Certificates do not have any voting rights in the General Members' Council of Rabobank.
	Direct and indirect ownership of or control over Rabobank	Rabobank is not directly or indirectly owned or controlled by another corporation or by any foreign government. Rabobank is a cooperative with members. Its members are approximately 2 million customers of Rabobank. The members are represented by approximately 100 chairmen of local supervisory bodies in the meeting of the General Members' Council of Rabobank. The General Members' Council of Rabobank has a significant influence on the views adopted in the Group; it is the highest decision making body in the Rabobank governance. Rabobank is not aware of any arrangement that may, at a subsequent date, result in a change of control.
<b>B.7</b>	Selected historical key financial information	<p>The following selected financial data for the years ended 31 December 2014 and 2013 is derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 and 31 December 2014, which have been audited by Ernst &amp; Young Accountants LLP. The following consolidated statement of income data for the year ended 31 December 2015 is derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015, which have been audited by Ernst &amp; Young Accountants LLP. The following consolidated statement of financial position data for the year ended 31 December 2015 is derived from the unaudited condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2016, which has been reviewed by PricewaterhouseCoopers Accountants N.V. In addition, the selected financial data for the six-month periods ended 30 June 2016 and 30 June 2015 is derived from the unaudited condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2016. The financial ratios are derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 and 2014, with the exception of the financial ratios for the six-month period ended 30 June 2016, which are derived from page 2 ("Key Figures") of the Group's interim report for the six-month period ended 30 June 2016 incorporated by reference into this Prospectus.</p> <p>The Group's Audited Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and comply with Part 9 of Book 2 of the Dutch Civil Code. The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with IAS 34 'Interim financial reporting', as adopted by the European Union.</p> <p>The financial data marked with an asterisk (*) has not been directly extracted from the audited consolidated financial statements for the years ended 31 December 2013, 2014 and 2015 ("<b>Audited Consolidated Financial Statements</b>") but instead is derived from the unaudited condensed consolidated interim financial information for the six-month periods ended 30 June 2016 and 30 June 2015 (the "<b>Unaudited Condensed Consolidated Interim Financial Information</b>"), the interim or annual reports or other accounting records of Rabobank.</p>

#### Consolidated Statement of Financial Position

	As at 30 June*		As at 31 December		
	2016	2015	2015*	2014	2013
(in millions of euro)	(restated) (restated) (restated) (restated)				
<b>Assets</b>					
Cash and balances at central banks	73,219	43,066	64,943	43,409	43,039
Loans and advanced to banks	24,378	41,611	31,210	45,962	40,787
Financial assets held for trading	3,867	3,776	3,472	4,279	5,289
Financial assets designated at fair value	1,567	3,593	2,196	4,325	4,939
Derivatives	57,339	50,210	48,113	56,489	39,703
Loans and advances to customers <sup>(1)</sup>	463,686	477,454	466,799	461,787	455,909

Available-for-sale financial assets	35,838	38,476	37,773	39,770	46,552
Investments in associates and joint ventures	3,567	3,776	3,672	3,807	3,747
Goodwill and other intangible assets	1,127	1,508	1,493	2,059	1,991
Property and equipment	4,512	7,363	7,765	7,148	6,901
Investment properties	334	440	381	452	1,055
Current tax assets	184	150	193	211	170
Deferred tax assets	2,398	2,268	2,390	2,501	1,910
Other assets	10,223	11,234	7,999	8,560	8,030
Non-current assets held for sale and discontinued operations	4,354	164	155	327	9,073
<b>Total assets<sup>(1)</sup></b>	<b>686,593</b>	<b>685,089</b>	<b>678,554</b>	<b>681,086</b>	<b>669,095</b>

	As at 30 June*		As at 31 December		
	2016	2015	2015*	2014	2013
	(restated) (restated) (restated) (restated)				
<i>(in millions of euro)</i>					
<b>Liabilities</b>					
Due to banks	21,903	20,967	19,038	18,066	14,745
Due to customers <sup>(1)</sup>	342,940	338,514	345,884	326,288	326,222
Debt securities in issue	171,418	186,274	174,991	189,060	195,361
Derivatives and other trade liabilities	64,910	57,585	55,129	67,560	50,171
Other liabilities	7,902	8,599	8,050	8,047	7,749
Financial liabilities designated at fair value	18,523	18,035	16,991	19,744	19,069
Provisions	1,433	719	993	794	1,050
Current tax liabilities <sup>(2)</sup>	263	131	203	255	266
Deferred tax liabilities	520	484	575	473	288
Subordinated liabilities	15,165	12,462	15,503	11,928	7,815
Liabilities held for sale and discontinued operations	857	0	0	0	7,825
<b>Total liabilities</b>	<b>645,834</b>	<b>643,770</b>	<b>637,357</b>	<b>642,215</b>	<b>630,561</b>
<b>Equity</b>					
Reserves and retained earnings <sup>(2)</sup>	25,387	25,676	25,623	24,894	23,731
<i>Equity instruments issued directly</i>					
Rabobank Certificates	5,949	5,948	5,949	5,931	5,823
Capital Securities	7,655	7,846	7,826	6,349	7,029
	<b>13,604</b>	<b>13,794</b>	<b>13,775</b>	<b>12,280</b>	<b>12,852</b>
<i>Equity instruments issued by subsidiaries</i>					
Capital Securities	179	170	176	181	236
Trust Preferred Securities III to VI	1,062	1,145	1,131	1,043	1,269
	<b>1,241</b>	<b>1,315</b>	<b>1,307</b>	<b>1,224</b>	<b>1,505</b>
Other non-controlling interests	527	534	492	473	446
<b>Total equity<sup>(2)</sup></b>	<b>40,759</b>	<b>41,319</b>	<b>41,197</b>	<b>38,871</b>	<b>38,534</b>
<b>Total equity and liabilities<sup>(1)</sup></b>	<b>686,593</b>	<b>685,089</b>	<b>678,554</b>	<b>681,086</b>	<b>669,095</b>

- Notes:
- (1) Rabobank has changed its accounting policy for the netting of cash pooling arrangements due to an agenda decision of the IFRS Interpretations Committee in March 2016. This change in accounting policy is accounted for retrospectively in the unaudited consolidated condensed interim financial information for the six-month period ended 30 June 2016 by reversing the netting that took place in 2015. In 2016 the netting procedures have been adjusted resulting in the netting of cash pools per June 2016.
  - (2) Receivables were overstated by €10 million. This amount has been reported as income in years prior to 2013. In accordance with IAS 8, the opening balance of equity as per 1 January 2015 has been adjusted retrospectively from €24,894 million to €24,811 million. The 'Loans and advances to customers' line item decreased by €10 million and the 'Current tax liabilities' line item decreased by €27 million at June 2015 and December 2015.

## Condensed Consolidated Statement of Income

(in millions of euro)	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015	2015	2014	2013
	(restated)		(restated) (restated)		
Net interest income	4,375	4,482	9,139	9,118	9,095
Net fee and commission income	982	962	1,892	1,879	2,001
Other income	446	1,483	1,983	1,892	1,976
Income	<b>5,803</b>	<b>6,927</b>	<b>13,014</b>	<b>12,889</b>	<b>13,072</b>
Staff costs	2,264	2,407	4,786	5,086	5,322
Other administrative expenses	1,803	1,214	2,916	2,532	3,910
Depreciation	209	212	443	437	528
Operating expenses	<b>4,276</b>	<b>3,833</b>	<b>8,145</b>	<b>8,055</b>	<b>9,760</b>
Impairment losses on goodwill	0	600	623	32	42
Loan impairment charges	148	356	1,033	2,633	2,643
Regulatory levies	246	121	344	488	197
Operating profit before tax	<b>1,133</b>	<b>2,017</b>	<b>2,869</b>	<b>1,681</b>	<b>430</b>
Income tax	209	495	655	(161)	88
Net profit from continued operations	924	1,522	2,214	1,842	342
Net profit from discontinued operations	0	0	0	0	1,665
Net profit	<b>924</b>	<b>1,522</b>	<b>2,214</b>	<b>1,842</b>	<b>2,007</b>
Of which attributed to Rabobank	270	868	880	620	929
Of which attributed to holders of Rabobank Certificates	193	193	387	385	309
Of which attributed to Capital Securities	399	393	809	705	655
Of which attributed to Trust Preferred Securities III to VI	30	31	63	74	67
Of which attributed to non-controlling interests	32	37	75	58	47
Net profit for the period	<b>924</b>	<b>1,522</b>	<b>2,214</b>	<b>1,842</b>	<b>2,007</b>

## Financial Ratios

	As at 30 June*		As at 31 December	
	2016	2015	2014	2013
Total capital ratio <sup>(1)</sup> .....	23.5%	23.2%	21.3%	19.8%



Tier 1 ratio <sup>(2)</sup> .....	16.8%	16.4%	16.0%	16.6%
CET1 Ratio <sup>(3)</sup> .....	13.4%	13.5%	13.6%	13.5%
Fully Loaded Common Equity Tier 1 ratio <sup>*(4)</sup> .....	12.4%	12.0%	11.8%	11.1%
Equity capital ratio <sup>(5)</sup> .....	14.9%	14.7%	14.4%	16.1%
Leverage ratio* .....	5.1%	5.1%	4.9%	4.8%
Loan impairment charges (in basis points of average lending)* .....	7	24	60	59
Notes:	<div>(1) Qualifying capital as a percentage of the risk-weighted assets. An important capital measure of Rabobank's financial strength from a regulator's point of view. The issuance of \$1.5 billion Tier 2 notes in July 2016 adds 0.6%-point to the total capital ratio as at 30 June 2016 on a pro forma basis.</div> <div>(2) Tier 1 capital as a percentage of the risk-weighted assets. An important capital measure of Rabobank's financial strength from a regulator's point of view.</div> <div>(3) Common Equity Tier 1 capital as a percentage of the risk-weighted assets. An important capital measure of Rabobank's financial strength from a regulator's point of view.</div> <div>(4) The fully loaded common equity tier 1 ratio is the CET1 Ratio after the Basel capital and liquidity agreement (Basel III) phasing-in period. An important capital measure of Rabobank's financial strength from a regulator's point of view.</div> <div>(5) Retained earnings and Rabobank Certificates as a percentage of the risk-weighted assets. An important capital measure for Rabobank because certain of its loss-absorbing instruments are tied to this ratio.</div>			
There has been no significant change in the financial or trading position of the Group, and there has been no material adverse change in the financial position or prospects of the Group, since 30 June 2016.				
B.8	Selected key pro forma financial information	Not applicable; no pro forma financial information has been included.		
B.9	Profit forecast	Not applicable; Rabobank has not issued a profit forecast.		
B.10	Historical audit report qualifications	Not applicable; there are no qualifications in the independent auditor's report on the Audited Consolidated Financial Statements.		
B.11	Explanation if insufficient working capital	Not applicable; in the opinion of the Group, its working capital is sufficient for its present requirements, that is for at least 12 months following the date of the Prospectus. The Group currently complies with the applicable own funds and liquidity requirements as set out in Directive 2013/36/EU of the European Parliament and the Council of 26 June 2013 on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD IV Directive"), as implemented in the FMSA, and Regulation 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("CRR").		
Section C – Securities				
C.1	Type and class, security identification number	<p>Rabobank Participations are registered participation rights issued by Rabobank pursuant to Article 47 of the Rabobank Articles. Pursuant to the Stichting Articles and the Terms and Conditions, Stichting AK Rabobank issues Rabobank Certificates for the Rabobank Participations it acquires from Rabobank and manages by way of administration (<i>ten titel van beheer</i>). Stichting AK Rabobank issues one Rabobank Certificate for each Rabobank Participation it acquires. The Rabobank Certificates are, and the Offer Certificates are expected to be, listed on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("<b>Euronext Amsterdam</b>"), with ISIN code XS1002121454 and common code 100212145.</p> <p>The resolution to issue any new Rabobank Participations will be adopted by the Executive Board of Rabobank subject to the consent of the Supervisory Board. If new Rabobank Participations are issued at a nominal value of €25.00, they will form part of the same class as the current outstanding Rabobank Participations, unless the Executive Board of Rabobank determines at the time of issue that they will constitute a separate class of Rabobank Participations. If Rabobank Participations are issued at a nominal value that is different from that of Rabobank Participations already issued, the newly-issued Rabobank Participations will constitute a different class. No participation receipts (<i>participatiebewijzen</i>) will be issued for any newly-issued Rabobank Participations. When new Rabobank Participations and Rabobank Certificates</p>		

		are issued, the competent supervisory authorities evaluate whether these meet the criteria for Common Equity Tier 1 instruments within the meaning of the CRR. Rabobank is only permitted to classify the issued instruments as Common Equity Tier 1 instruments within the meaning of the CRR after having received permission from the competent supervisory authorities to do so.
<b>C.2</b>	Currency	The Rabobank Participations are denominated in euro. The Rabobank Certificates are, and the Offer Certificates will be, denominated in and trade in euro.
<b>C.3</b>	Number of Rabobank Participations and Rabobank Certificates and nominal value	As at the date of the Prospectus, 237,961,365 Rabobank Participations, with a nominal value of €25.00 each, and 237,961,365 Rabobank Certificates with a nominal amount of €25.00 each, are issued and outstanding. The Rabobank Participations have been paid in full.
<b>C.4</b>	Rights attached to the Rabobank Participations and Rabobank Certificates	<p><b>Rabobank Certificates</b></p> <p>As the Rabobank Certificates are derived from the Rabobank Participations (as described in Element C.1 above), the features of the Rabobank Participations and the rights of the holders of the Rabobank Participations, particularly any rights to payments, extend to the Rabobank Certificates and the rights of the holders of the Rabobank Certificates, respectively.</p> <p><b>Term</b></p> <p>The Rabobank Certificates are perpetual and have no fixed maturity date.</p> <p><b>Ranking</b></p> <p>The Offer Certificates will, upon issue, rank equally in all respects amongst themselves and with the existing Rabobank Certificates.</p> <p><b>Payments</b></p> <p>Stichting AK Rabobank will distribute any payments received by it on the Rabobank Participations to the Listing and Amsterdam Paying Agent for the account of the nominee of the Common Depositary who will distribute the relevant amounts to Euroclear Bank S.A/N.V. (“<b>Euroclear</b>”) and Clearstream Banking, <i>société anonyme</i> (“<b>Clearstream</b>”) for their participants in accordance with Euroclear and Clearstream’s customary procedures. Each such payment will be made to, or to the order of, the person whose name is entered on the register at the close of business on the record date, which will be the Clearing System Business Day immediately prior to the date of payment, where “<b>Clearing System Business Day</b>” means Monday to Friday inclusive, except for 25 December and 1 January. The participants of Euroclear and Clearstream will thereafter credit the accounts of the ultimate holders of Rabobank Certificates in accordance with their customary procedures. Any claim for payment of distributions in respect of the Rabobank Certificates will become due in the same amount and on the same dates as payments of distributions on the underlying Rabobank Participations. Stichting AK Rabobank will instruct payments of distributions on the Rabobank Certificates upon receipt of the distributions on the underlying Rabobank Participations.</p> <p><b>Voting rights</b></p> <p>The Rabobank Certificates do not confer upon holders the right to vote at a meeting of the General Members’ Council of Rabobank, nor do they confer the right to attend any such meeting of the General Members’ Council of Rabobank. They do, however, confer the right to vote at the meeting of holders of Rabobank Certificates. A meeting of holders of Rabobank Certificates will be held each year within six months after the end of the financial year of Rabobank. At this meeting, Stichting AK Rabobank will give a presentation summarising the report given to it by Rabobank regarding its management during the last financial year and, in particular, its policy regarding the distributions on the Rabobank Participations. Stichting AK Rabobank may furthermore convene a meeting of holders of Rabobank Certificates as frequently as it considers to be necessary or desirable.</p> <p><b>Amendment of the Terms and Conditions</b></p>

		<p>Stichting AK Rabobank may amend the Terms and Conditions subject to the prior approval of Rabobank and the meeting of holders of Rabobank Certificates. A resolution of the meeting of holders of Rabobank Certificates approving an amendment to the Terms and Conditions may only be validly adopted at a meeting at which at least two-thirds of the nominal amount of the Rabobank Certificates outstanding is represented and with a majority of at least two-thirds of the votes cast. If at such a meeting the requisite nominal amount of Rabobank Certificates is not represented, a second meeting will be convened and held, at which resolutions may be passed with a majority of at least two-thirds of the votes cast, irrespective of the nominal amount of Rabobank Certificates represented.</p> <p>The approval of the meeting of holders of Rabobank Certificates is not required for an amendment to the Rabobank Articles or the Participation Rules.</p> <p><b>Rabobank Participations</b></p> <p><b><i>Meeting rights and voting rights</i></b></p> <p>Rabobank Participations do not confer upon holders the right to attend a meeting of the General Members' Council of Rabobank, nor do they confer the right to vote at such meeting of the General Members' Council of Rabobank.</p> <p><b><i>Term; right to repayment</i></b></p> <p>The Rabobank Participations are perpetual and have no fixed maturity date. The Rabobank Participations may be cancelled in case (a) of dissolution of Rabobank without its business being continued, (b) Rabobank holds any Rabobank Certificates and the Executive Board of Rabobank resolves to cancel the related Rabobank Participations, subject to the approval of the Supervisory Board, and (c) the Executive Board of Rabobank resolves to cancel (part of) (a class of) the Rabobank Participations, subject to the prior consent of the Supervisory Board and provided that Rabobank has sufficient own funds to effect such cancellation. A cancellation as referred to under (b) or (c) may only be effected with the permission of the ECB, the DNB or any other relevant competent authority at such time and subject to any conditions which the ECB, the DNB or any other such competent authority at such time may attach to such permission. In the event of cancellation as referred to under (c), the nominal value of the relevant class of Rabobank Participations must be repaid on each Rabobank Participation in that class.</p> <p>The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank. If Rabobank is dissolved, the nominal value of each Rabobank Participation may be repaid on each Rabobank Participation only after all creditors are paid in full. If the remaining capital of Rabobank is insufficient to repay all Rabobank Participations, an amount will be repaid on each Rabobank Participation <i>pro rata</i> to the total nominal amount of the outstanding Rabobank Participations. Any amount received on the Rabobank Participations will be distributed by Stichting AK Rabobank to the holders of Rabobank Certificates. The effectuation of such dissolution of Rabobank may be subject to the permission of the ECB, the DNB, the Single Resolution Board or any other competent authority at such time.</p> <p><b><i>Rabobank Participations and corresponding claims cannot be validated (geverifieerd) and are not subject to set-off</i></b></p> <p>The Rabobank Participations and corresponding claims may not be submitted or validated (<i>geverifieerd</i>) in a judicial or extra-judicial liquidation, insolvency, an emergency scheme as referred to in Section 3:160 FMSA or in similar situations in a jurisdiction other than the Netherlands and may not be set-off.</p>
C.5	Restrictions on transferability of the Rabobank Participations and Rabobank Certificates	<p><b>Rabobank Participations</b></p> <p>The Rabobank Participations are in registered form and are registered in the name of Stichting AK Rabobank. The transfer of the Rabobank Participations is subject to the prior consent of the Executive Board of Rabobank. In the absence of such approval any purported transfer of Rabobank Participations</p>

		<p>does not have legal effect. The Rabobank Participations may be transferred by a private or notarial deed and notification thereof must be given to Rabobank. No right of pledge or usufruct may be established on Rabobank Participations. These restrictions do not prevent the Rabobank Certificates from being transferred or encumbered.</p> <p><b>Rabobank Certificates</b></p> <p>The Rabobank Certificates are in registered form. The Rabobank Certificates are registered in the name of a nominee of the Common Depositary, and are represented by a global proof of ownership held in custody by the Common Depositary on behalf of Euroclear and Clearstream. Stichting AK Rabobank keeps a register of the Rabobank Certificates. The nominee of the Common Depositary is the sole registered holder named in the register.</p> <p>The Rabobank Certificates are included in the book-entry systems of Euroclear and Clearstream. The Rabobank Certificates are freely transferable in accordance with the Terms and Conditions. Transfers can be made through Euroclear and Clearstream via book-entry transfers. The same applies to the establishment or transfer of a right of pledge or usufruct on the Rabobank Certificates. The Rabobank Certificates can only be transferred in positive integral numbers, with a minimum transfer amount of one Rabobank Certificate.</p> <p>Furthermore, the Offering to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands and Switzerland, and the transfer of Offer Certificates into jurisdictions other than the Netherlands and Switzerland may be subject to specific regulations or restrictions.</p>
<b>C.6</b>	Listing and admission to trading of the Offer Certificates	<p>Application has been made for admission to listing and trading of all Offer Certificates on Euronext Amsterdam. The Offer Certificates will be traded as a percentage of their nominal amount. Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Certificates is expected to commence on or about 24 January 2017. Rabobank, Stichting AK Rabobank, Euronext Amsterdam, Coöperatieve Rabobank U.A. as Listing and Amsterdam Paying Agent, Deutsche Bank AG, London Branch as paying agent or any other financial institution appointed as paying agent (the “<b>Paying Agent</b>”) and Deutsche Bank AG, London Branch as Common Depositary do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Certificates. The Rabobank Certificates are, and the Offer Certificates are expected to be, listed on Euronext Amsterdam with ISIN code XS1002121454 and common code 100212145.</p>
<b>C.7</b>	Payments	<p><b>Provisions in the Rabobank Articles, Stichting Articles and the Participation Rules</b></p> <p>The decision on whether or not payments will be made on the Rabobank Participations (and therefore on the Rabobank Certificates), the amount of any such payments, and the date of the payments is made at the full discretion of the Executive Board of Rabobank. Notwithstanding the foregoing, Rabobank intends to pursue a payment policy, which it publishes on its website. Rabobank’s payment policy as at the date of the Prospectus is summarised below. Rabobank’s payment policy is only a statement of intention: the holders of the Rabobank Participations and the holders of Rabobank Certificates may not derive any rights from any statement made by Rabobank that it intends to make payments on the Rabobank Participations as described below.</p> <p>The Participation Rules and Rabobank’s payment policy may be adopted and amended by the Executive Board of Rabobank at its discretion, subject to the approval of the Supervisory Board. Adoption and amendment of the Participation Rules and Rabobank’s payment policy does not require the approval from the holders of the Rabobank Participations or the holders of Rabobank Certificates. Under the Stichting Articles, Stichting AK Rabobank is</p>

		<p>obliged to pay the payments it receives in respect of the Rabobank Participations to the holders of the Rabobank Certificates.</p> <p><b>Current Payment Policy</b></p> <p>Without prejudice to the discretion of the Executive Board of Rabobank to elect not to make payments in respect of the Rabobank Participations, Rabobank intends to make payments on each Rabobank Participation on every Payment Date (as defined below) of an amount equal to the higher of:</p> <ul style="list-style-type: none"> <li>• €0.40625; and</li> <li>• the three-month arithmetical average (rounded to two decimal places) on an annual basis of the effective return on the most recent Reference Loan (as defined below) (or, if there is no Reference Loan, the most recent Alternative Reference Loan (as defined below)) for the Calculation Period (as defined below) immediately preceding the Payment Period (as defined below), plus 1.5%, calculated based on a nominal value of €25 divided by four.</li> </ul> <p>To the extent that one or more of the circumstances set out below arises, Rabobank may not make a payment (in full or in part) on a Payment Date.</p> <p>The three-month arithmetical average of the effective return of the Reference Loan will be determined on a daily basis and will be published on a weekly basis on <a href="http://www.rabobank.com">www.rabobank.com</a>. The calculation will be based on the information provided on the website of the DNB or, if this website contains no relevant information, based on information from another source selected by Rabobank. Notification will be made on the websites mentioned above if an Alternative Reference Loan is used to calculate the payment. The use of an Alternative Reference Loan may increase or decrease the amount of any payment.</p> <p><b>“Alternative Reference Loan”</b> means one or more loans which, in the view of the Executive Board of Rabobank, coincide(s) as closely as possible with the yield, nature, remaining term and creditworthiness of the debtor(s) with a Dutch State loan having a remaining term between 9.5 and 10.5 years.</p> <p><b>“Calculation Period”</b> means each period running (i) from and including 26 March to and including 25 June, (ii) from and including 26 June to and including 25 September, (iii) from and including 26 September to and including 25 December, and (iv) from and including 26 December to and including 25 March in each year.</p> <p><b>“Payment Date”</b> means, if a payment is made, 29 March, 29 June, 29 September and 29 December in each year (or, if the date is not a day on which both (i) TARGET2 (Trans-European Automated Real-Time Gross Settlement Express Transfer 2) and (ii) banks in the Netherlands are open for payments in euro (a <b>“Business Day”</b>), the next following Business Day or, if this next following Business Day occurs in a subsequent month, the final Business Day before the day in question (<i>i.e.</i>, the modified following business day convention)).</p> <p><b>“Payment Period”</b> means each period of three months in respect of which payments (if any) on the Rabobank Participations are determined, running (i) from and including 30 December to and including 29 March, (ii) from and including 30 March to and including 29 June, (iii) from and including 30 June to and including 29 September, and (iv) from and including 30 September to and including 29 December in each year.</p> <p><b>“Reference Loan”</b> means a Dutch State loan with a remaining term between 9.5 and 10.5 years or, if there is no such loan, a Dutch State loan with a remaining term between nine and eleven years.</p> <p><b>Non-Payment and Incomplete Payment</b></p> <p>The Executive Board of Rabobank may, at its discretion, elect not to make payments on the Rabobank Participations at all, or only to make partial payments. The Executive Board of Rabobank may also, at its discretion, decide on which dates Rabobank makes payments on the Rabobank Participations.</p>
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		<p>Payments not made are non-cumulative and will not be made or compensated on a subsequent Payment Date or on any other date. To the extent that no payments or other distributions on the Rabobank Participations are made, no payments or other distributions will be made on the Rabobank Certificates.</p> <p>Rabobank may not make any payment (in full or in part) in respect of the Rabobank Participations if (i) it has no ‘distributable items’, within the meaning of the CRR, (ii) payment would cause the ‘Combined Buffer Requirement’ within the meaning of CRD IV to no longer be met or, when aggregated with distributions on other instruments, the ‘Maximum Distributable Amount’ within the meaning of CRD IV (if any) to be exceeded, or (iii) payment is otherwise prohibited by the ECB, the DNB or any other authority charged with supervision of the liquidity and solvency of credit institutions, all in accordance with the legislation then applicable to Rabobank.</p> <p><b>Taxation on Payments</b></p> <p>All payments on the Rabobank Participations will be made without retention, deduction or withholding for or on account of existing or future taxes or levies of any nature whatsoever imposed or levied by or on behalf of the State of the Netherlands or any competent tax authority thereof or therein, unless Rabobank is obliged to make such retention, deduction or withholding for such taxes or levies. In that event, Rabobank will make the required retention, deduction or withholding of such taxes or levies, as the case may be, and, at the same time, additional amounts will be paid to the holders of the Rabobank Participations and to the holders of the Rabobank Certificates in order for such holders to receive an amount equal to the amount which would have been received in the absence of the retention, deduction or withholding of such taxes or levies.</p>
<b>Section D – Risks</b>		
<b>D.1</b>	Selection of key risks	<p>The following is a selection of key risks that relate to the Group’s industry, business and operations. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group’s business, financial condition, results of operations and prospects, and the attention that management of the Group would (on the basis of current expectations) have to devote to these risks if they were to materialise. Investors should read, understand and consider all risk factors, which risk factors are material and should be read in their entirety, in “Risk Factors” beginning on page 41 of the Prospectus before making an investment decision to invest in the Offer Certificates.</p> <ul style="list-style-type: none"> <li>• The Group is particularly exposed to changes in general economic conditions in the Netherlands and globally. 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 prospects, business, financial condition and results of operations.</li> <li>• The Group is exposed to credit risk. Materialisation of the credit risk due to an economic downturn could have a material adverse effect on the Group’s business, financial condition and results of operations.</li> <li>• The Group is exposed to interest rate and inflation risk. Sudden and substantial changes in interest rates could have a material adverse effect on the Group’s results of operations. Inflation and expected inflation can influence interest rates.</li> <li>• The Group is exposed to funding and liquidity risk. If clients or other professional counterparties suddenly withdraw more funding than expected, this could have a material adverse effect on the Group’s business, financial condition and results of operations.</li> <li>• The Group is exposed to operational risk. The occurrence of any operational incidents or additional cost of complying with new regulation</li> </ul>

		<p>could have a material adverse effect on the Group's business, financial condition and results of operations.</p> <ul style="list-style-type: none"> <li>• The Group is exposed to legal risk. Legal and arbitration proceedings in which the Group is involved or may become involved in the future 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.</li> <li>• The Group is exposed to systemic risk. The weakness and the perceived weakness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions and counterparties, could have an adverse effect on the Group's ability to raise new funding, its business, financial condition and results of operations.</li> <li>• A material change in governmental or regulatory policies, applicable laws and regulations, or in their interpretation or enforcement or other governmental or regulatory actions could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• The impact of the new accounting standard IFRS 9 on financial instruments could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• Regulators may in the future impose requirements on the Group comparable to the TLAC requirements applicable for G-SIBs. The Group may consequently have to reduce its lending or investments in other operations, which could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• If the Group were to experience difficulties in raising minimum requirement for own funds and 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.</li> <li>• If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• The Group's success depends to a great extent on the ability and experience of its senior management and other key employees, and a loss of these individuals or the failure to recruit suitable managers and other key personnel, could have a material adverse effect on the Group's business, financial condition and results of operations.</li> </ul>
	Risks that relate to the Group's industry, business and operations	<p>The following is a summary of all other key risks that relate to the Group's industry, business and operations, the Offer Certificates or the Rabobank Certificates. Investors should read, understand and consider all risk factors, which risk factors are material and should be read in their entirety, in "Risk Factors" beginning on page 41 of the Prospectus before making an investment decision to invest in the Offer Certificates.</p> <p><b>Risks Relating to the Group's Industry, Business and Operations</b></p> <ul style="list-style-type: none"> <li>• The Group is exposed to country risk. Unpredictable and unexpected events which increase country risk could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• The Group is exposed to market risk. Any future worsening of the situation in the financial markets could have a material adverse effect on the Group's business, financial condition and results of operations.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Group is exposed to currency risk. Sudden and substantial changes in the exchange rates of currencies could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• The Group is exposed to tax risk. If a tax risk materialises, this 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.</li> <li>• A downgrading in its credit ratings or a withdrawal of its credit rating, could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.</li> <li>• Any failure by the Group to maintain its competitive position could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.</li> <li>• A deterioration of the geopolitical developments could have a material adverse effect on the Group's business, financial condition and results of operations.</li> <li>• The occurrence of terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events could have a material adverse effect on the Group's business, financial condition and results of operations.</li> </ul>
<b>D.3</b>	Risks that relate to the Offer Certificates or the Rabobank Certificates	<p><b>Risks relating to the Offer Certificates or the Rabobank Certificates</b></p> <ul style="list-style-type: none"> <li>• Offer Certificates may not be a suitable investment for all investors.</li> <li>• Legal investment considerations may restrict certain investments.</li> <li>• The decision whether payments or other distributions are made on the Rabobank Participations (and consequently on the Offer Certificates), the amount of any such payments and the date of payments is at the discretion of the Executive Board of Rabobank and subject to certain conditions. In the case of non- or partial payment, holders of Offer Certificates have no compensation rights, cannot petition for bankruptcy and do not have a right to repayment of the nominal amount of the Offer Certificates.</li> <li>• The level of Rabobank's Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict Rabobank's ability to make payments on the Rabobank Participations and consequently, the Issuer's ability to make payments on the Rabobank Certificates.</li> <li>• CRD IV includes capital requirements that are in addition to the minimum capital requirements. Any failure to comply with conditions of these additional capital requirements will restrict Rabobank from making payments on the Rabobank Participations in certain circumstances, in which case Rabobank will automatically cancel such payments in whole or, as applicable, in part. Any such cancellations of payments will also apply to the Rabobank Certificates.</li> <li>• In case of non- or partial payment of the distributions, holders of Offer Certificates have no compensation rights, cannot petition for bankruptcy and do not have a right to repayment of the nominal amount of the Offer Certificates.</li> <li>• Rabobank may in the future seek to raise capital by conducting Common Equity Tier 1 Capital offerings, which may result in lower or no payments or other distributions on the Offer Certificates. In addition, the issue of any such additional Common Equity Tier 1 securities may reduce the amount recoverable by holders of the Offer Certificates on a winding-up of Rabobank.</li> <li>• An amendment to the Rabobank Articles or the Participation Rules, which may affect the position of the holders of Offer Certificates, does not require the consent of the holders of Rabobank Certificates, including holders of the Offer Certificates, as the holders of Rabobank Certificates carry no</li> </ul>



		<p>right to attend or vote at the meeting of the General Members' Council of Rabobank.</p> <ul style="list-style-type: none"> <li>• An amendment to the Terms and Conditions having the effect of making the Offer Certificates convertible into the underlying Rabobank Participations does not require the consent of the holders of Offer Certificates.</li> <li>• The Rabobank Participations and corresponding claims and the Offer Certificates cannot be validated (<i>geverifieerd</i>) and are not subject to set-off.</li> <li>• The Offer Certificates are perpetual and have no fixed maturity date. The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank. Upon dissolution of Rabobank, holders of Offer Certificates could receive less than they have invested in the Offer Certificates.</li> <li>• Current and future Dutch, European or any other applicable legislation may result in the Rabobank Participations and, consequently, the Offer Certificates, being written-down, cancelled or expropriated without any compensation for the holders of Rabobank Certificates.</li> <li>• Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates.</li> <li>• Application of the Intervention Act may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates.</li> <li>• A significant number of Rabobank Certificates and the voting rights in the meeting of holders of Rabobank Certificates could be concentrated in the hands of one or more major holder(s) of Rabobank Certificates. Such major holders of Rabobank Certificates may have significant influence over the outcome of matters at the meeting of holders of Rabobank Certificates to the detriment of other holders of Rabobank Certificates and such holders' interests may not always be aligned with the interests of the other holders of Rabobank Certificates. Future sales of Rabobank Certificates, or the possibility thereof, by such major holders of Rabobank Certificates could further have a material adverse effect on the market price and volatility of the Rabobank Certificates.</li> <li>• No assurance can be given with respect to a change of law after the date of the Prospectus.</li> <li>• Investors are exposed to exchange rate risks and exchange controls if their financial investment's principal currency is not the euro.</li> <li>• The market price of the Rabobank Certificates, including the Offer Certificates, may fluctuate and may decline below the nominal amount and trading in the Rabobank Certificates, including the Offer Certificates, may be very limited which might lead to holders of Offer Certificates not being able to sell their Offer Certificates at or above the initial market price or at all.</li> <li>• Holders of Offer Certificates may be confronted with unknown costs charged by investment firms for their service provision.</li> </ul>
<b>Section E – Offering</b>		
<b>E.1</b>	Net proceeds and estimated expenses	<p>After deducting the estimated expenses related to the Offering, the Group expects to receive, depending on investor interest, a minimum of €1 billion in net proceeds from the Offering. With every additional 40 million Offer Certificates offered, the net proceeds is expected to increase by approximately €1.11 billion (based on the Maximum Offer Price).</p> <p><b>Expenses of the Offering</b></p>

		<p>The expenses related to the Offering are estimated at approximately €15 million (based on net proceeds of €1 billion) and include, among other items, the fees due to the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the “AFM”) and Euronext Amsterdam N.V., the commission for the Joint Lead Managers, legal and administrative expenses, publication costs and applicable taxes (if any). These expenses will be borne by Rabobank.</p>
<b>E.2a</b>	Reasons for the Offering and use of proceeds	<p><b>Reasons for the Offering</b></p> <p>As part of its Strategic Framework 2016-2020, in anticipation of the expected impact of new rules on capital requirements, Rabobank aims to increase its CET1 Ratio to a minimum of 14% by the end of 2020, including by way of a balance sheet reduction. The Offer Certificates, together with any premium above the nominal value, qualify as Common Equity Tier 1 capital and their issue can accelerate the realisation of Rabobank’s objective. Rabobank expects that the issue of the Offer Certificates will strengthen Rabobank’s CET1 Ratio by approximately 0.5% in case of €1 billion in net proceeds from the Offering, based on Rabobank’s Risk Weighted Assets as per 30 June 2016. For every additional €100 million in net proceeds, Rabobank’s CET1 Ratio is expected to increase by 0.05%, based on Rabobank’s Risk Weighted Assets as at 30 June 2016.</p> <p><b>Use of Proceeds</b></p> <p>The Group will use the full net proceeds of the Offering to fund the general banking business and commercial activities of the Group, and to strengthen its capital base.</p>
<b>E.3</b>	Terms and conditions of the Offering	<p><b>Offer Certificates</b></p> <p>Stichting AK Rabobank is offering newly-issued Offer Certificates. The Offer Certificates represent interests in a corresponding number of Rabobank Participations to be issued by Rabobank to Stichting AK Rabobank on the date of Settlement, which is expected to be 24 January 2017 (the “<b>Settlement Date</b>”). If Settlement does not take place, no Rabobank Participations will be issued by Rabobank to Stichting AK Rabobank and consequently no Offer Certificates will be issued. The Offering consists of (i) a public offering in the Netherlands and Switzerland to institutional and retail investors and (ii) an offering in various other jurisdictions to institutional investors. The Offer Certificates are being offered outside the U.S. in offshore transactions as defined in, and in accordance with Regulation S under the U.S. Securities Act. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions included in the Prospectus. If in doubt, investors should consult their professional advisers.</p> <p><b>Stabilisation</b></p> <p>In connection with the Offering, Merrill Lynch International as stabilising manager, or any other person acting for it may, over-allot and effect other transactions with a view to supporting the market price of the Rabobank Certificates at a higher level than that which might otherwise prevail for a period of 30 days after the announcement of the Offer Price. However, there may be no obligation on Merrill Lynch International, or any agent of Merrill Lynch International, to do this. Such transactions may be effected on Euronext Amsterdam and any other securities market, over the counter market, stock exchange or otherwise. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end no later than 30 days after the announcement of the Offer Price. Save as required by law, neither Merrill Lynch International nor any of its agents intends to disclose the extent of any over-allotment and/or stabilisation transactions under the Offering or the amount of any long or short positions.</p> <p><b>Timetable</b></p>

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Expected Date	Time CET
Start of Offering Period	11 January 2017	9:00
End of Offering Period for Retail Investors	16 January 2017	17:30
End of the Offering Period for institutional investors	17 January 2017	11:00-16:00
Pricing and allocation	17 January 2017	
Settlement (payment and delivery)	24 January 2017	
Commencement of trading of the Offer Certificates on Euronext Amsterdam	24 January 2017	9:00

#### Offering Period

Subject to acceleration or extension of the timetable for the Offering, prospective institutional investors may subscribe for Offer Certificates during the period commencing at 09:00 CET on 11 January 2017 and ending at a time between 11:00 CET and 16:00 CET (exact time to be published through Bloomberg or other similar forms of communication) on 17 January 2017 and prospective retail investors may subscribe for the Offer Certificates during the period commencing at 09:00 CET on 11 January 2017 and ending at 17:30 CET on 16 January 2017 (the “**Offering Period**”). In the event of an acceleration or extension of the Offering Period, pricing, allocation, admission and first trading of the Offer Certificates, as well as payment (in euro) for and delivery of the Offer Certificates, may be advanced or extended accordingly.

#### Offer Price and Number of Offer Certificates

The price of the Offer Certificates (the “**Offer Price**”) will, subject to the below, not exceed 115.040% of €25, being the closing trading price of the Rabobank Certificates on Euronext Amsterdam on 10 January 2017 (the “**Maximum Offer Price**”). The Offer Price and the exact number of Offer Certificates offered will be determined by Rabobank after the end of the Offering Period, including any acceleration or extension, taking into account the quoted trading price of the Rabobank Certificates that are already listed on the business day immediately preceding the date of this Prospectus, the book building process and economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Certificates, and other factors deemed appropriate. The Offer Price and the exact numbers of Offer Certificates to be sold will be stated in a pricing statement which will be published through a press release that will also be posted on Rabobank’s website and filed with the AFM.

Prior to the Allocation, the Offer Price may be set above the Maximum Offer Price. Investors who have already agreed to purchase or subscribe for the Offer Certificates during the Offering Period prior to the announcement of the determination of the Offer Price above the Maximum Offer Price, shall have the right, exercisable within two business days following the publication of such announcement, to withdraw their acceptances. Any determination of an Offer Price above the Maximum Offer Price, on the last day of the Offering Period will result in the Offering Period being extended by at least two business days. Any determination of an Offer Price above the Maximum Offer Price, on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. Accordingly, all investors, including retail investors from the Netherlands and Switzerland (“**Retail Investors**”) will have at least two business days to reconsider their

		<p>subscriptions. Any determination of an Offer Price above the Maximum Offer Price will be announced in a press release that will be posted on Rabobank's website.</p> <p><b>Subscription and Allocation</b></p> <p>Allocation is expected to take place after closing of the Offering Period on or about 17 January 2017, subject to acceleration or extension of the timetable for the Offering. Allocation to investors who subscribed for Offer Certificates will be made by Rabobank and full discretion will be exercised by Rabobank as to whether or not and how to allocate the Offer Certificates subscribed for. There is no maximum or minimum number of Offer Certificates for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. If the Offering is over-subscribed, investors may receive fewer Offer Certificates than they applied to subscribe. Stichting AK Rabobank and Rabobank may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. Rabobank retains full flexibility to change the intended allocation.</p> <p>The Joint Lead Managers will communicate to institutional investors the number of Offer Certificates allocated to them on the date that Allocation occurs.</p> <p>Dutch Retail Investors can only subscribe on a market order (<i>bestens</i>) basis. This means that Dutch Retail Investors will be bound to purchase and pay for the Offer Certificates indicated in their share application, to the extent allocated to them, at the Offer Price.</p> <p>Rabobank as the Retail Coordinator will communicate to the financial intermediaries the aggregate number of Offer Certificates allocated to their respective Dutch Retail Investors. It is up to the financial intermediaries to notify Dutch Retail Investors of their individual allocations.</p> <p><b>Payment</b></p> <p>Payment (in euro) for, and delivery of, the Offer Certificates will take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor. Retail Investors may be charged expenses by their financial intermediary. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early settlement of the Offering Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement).</p> <p><b>Delivery, Clearing and Settlement</b></p> <p>The Offer Certificates will be delivered in book-entry form through the facilities of Euroclear and Clearstream. Delivery of the Offer Certificates is expected to take place on the Settlement Date, through the book-entry facilities of Euroclear and Clearstream, in accordance with their normal settlement procedures.</p> <p>If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Certificates will be disregarded, any allotments will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Offer Certificates prior to Settlement are at the sole risk of the parties concerned. Neither Stichting AK Rabobank, Rabobank, the Managers, the Listing and Amsterdam Paying Agent, the Paying Agent nor Euronext Amsterdam N.V. accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer Certificates on Euronext Amsterdam.</p> <p><b>Subscription Agreement</b></p>
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<b>E.4</b>	Interests material to the Offering (including conflicts of interests)	<p>Some of the Managers or their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with Rabobank or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.</p> <p>In addition, in the ordinary course of its business activities, the Managers or their respective 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 Rabobank or its affiliates. Certain of the Managers or their respective affiliates that have a lending relationship with Rabobank routinely hedge their credit exposure to Rabobank consistent with their customary risk management policies. Typically, such Manager or their respective 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 Rabobank's securities, including potentially the Rabobank Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Offer Certificates. The Managers or their respective 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.</p> <p>As a result of acting in the capacities described above, the Managers may have interests that may not be aligned, or could potentially conflict, with investors' and the Group's interests.</p>
<b>E.5</b>	Person or entity offering to sell the Rabobank Certificates	Rabobank will be issuing Rabobank Participations and Stichting AK Rabobank will be issuing the corresponding Offer Certificates.
<b>E.6</b>	Dilution	Not applicable; the holders of Rabobank Certificates do not have the right to vote at meetings of the General Members' Council of Rabobank.
<b>E.7</b>	Estimated expenses charged to the investors by Rabobank, Stichting AK Rabobank or the Joint Lead Managers	No expenses will be charged to investors by Rabobank, Stichting AK Rabobank or the Joint Lead Managers in relation to the Offering. Retail Investors may be charged expenses by their financial intermediary.

## SAMENVATTING

Samenvattingen van prospectussen zijn opgebouwd uit verschillende informatievereisten die ‘Elementen’ worden genoemd. Deze Elementen zijn genummerd als Afdelingen A – E (A.1 – E.7).

Deze samenvatting bevat alle Elementen die in een samenvatting van een prospectus voor dit type effecten en uitgevende instelling dienen te worden opgenomen. Omdat sommige Elementen niet verplicht zijn, is het mogelijk dat de nummering van de Elementen niet volledig is.

Hoewel een Element verplicht opgenomen dient te worden in een samenvatting voor dit type effecten en voor deze uitgevende instelling, is het mogelijk dat er geen relevante informatie kan worden gegeven voor een bepaald Element. In dat geval is er een korte beschrijving van het Element opgenomen in de samenvatting met vermelding ‘niet van toepassing’.

### Afdeling A – Inleiding en waarschuwingen

<b>A.1</b>	Inleiding en waarschuwingen	Deze samenvatting dient te worden gelezen als inleiding op het prospectus (het “ <b>Prospectus</b> ”) met betrekking tot de aanbieding (de “ <b>Aanbieding</b> ”) door de Stichting AK Rabobank Certificaten (“ <b>Stichting AK Rabobank</b> ”) van nieuw uit te geven Rabobank Certificaten (“ <b>Rabobank Certificaten</b> ”) met een nominale waarde van €25,00 per certificaat (de “ <b>Aangeboden Certificaten</b> ”). De Aangeboden Certificaten vertegenwoordigen belangen in een overeenkomstig aantal deelnemingen met een nominale waarde van €25,00 per deelneming, uitgegeven door Coöperatieve Rabobank U.A. (“ <b>Rabobank</b> ”) aan Stichting AK Rabobank (de “ <b>Rabobank Participaties</b> ”). Een beslissing om te beleggen in de Aangeboden Certificaten dient pas te worden genomen na beoordeling door de belegger van het gehele Prospectus. Op grond van het nationale recht van de lidstaten kan in geval van een rechtsvordering in verband met de in het Prospectus opgenomen informatie worden bepaald dat het gehele Prospectus op kosten van de eiser/belegger moet worden vertaald alvorens de vordering in behandeling wordt genomen. Wettelijke aansprakelijkheid rust uitsluitend op die personen die de samenvatting hebben ingediend – inclusief de vertaling daarvan – maar uitsluitend voor zover de samenvatting misleidend, onjuist, of inconsistent is indien gelezen in samenhang met de overige delen van het Prospectus, of indien deze, gelezen in samenhang met de overige gedeelten van het Prospectus, geen essentiële informatie bevat die de belegger behulpzaam kan zijn bij zijn overweging al dan niet in de Aangeboden Certificaten te investeren.
<b>A.2</b>	Toestemming, aanduiding, voorwaarden en aankondiging	Niet van toepassing; Stichting AK Rabobank en Rabobank verlenen geen toestemming voor het gebruik van het Prospectus voor de verdere wederverkoop of definitieve plaatsing van de Aangeboden Certificaten door financiële tussenpersonen.

### Afdeling B – De Uitgevende Instelling

<b>B.1</b>	Statutaire en handelsnaam van Rabobank	Coöperatieve Rabobank U.A. Rabobank gebruikt onder meer de handelsnamen Rabobank Nederland en Rabobank.
<b>B.2</b>	Vestigingsplaats, rechtsvorm, toepasselijk recht en land van oprichting	Rabobank is een in Nederland opgerichte coöperatie U.A. naar Nederlands recht, statutair gevestigd in Amsterdam en kantoorhoudend aan de Croeselaan 18, 3521 CB Utrecht.  Stichting AK Rabobank Certificaten is een stichting naar Nederlands recht, statutair gevestigd in Utrecht en kantoorhoudend aan de Croeselaan 18, 3521 CB Utrecht.
<b>B.3</b>	Kerngegevens betreffende de aard van de huidige werkzaamheden en belangrijkste bedrijfsactiviteiten van de Groep	De groep (in de zin van artikel 2:24b Burgerlijke Wetboek), waarvan Rabobank aan het hoofd staat (de “ <b>Groep</b> ”), is een internationale financiële dienstverlener die opereert op basis van coöperatieve beginselen. De Groep omvat Rabobank en haar dochtermaatschappijen. Rabobank is de houdstermaatschappij van een aantal gespecialiseerde dochtermaatschappijen in Nederland en in het buitenland. De Groep is in ongeveer 40 landen actief. Haar activiteiten omvatten het binnenlandse retailbankbedrijf, wholesalebankbedrijf en het internationale rural- en retailbankbedrijf, leasing en vastgoed. De Groep heeft wereldwijd ca. 8,6 miljoen cliënten. In Nederland richt de Groep zich op behoud van haar positie op de Nederlandse markt en, internationaal gezien, op voedsel en landbouw. De Groep meent dat haar entiteiten sterk met elkaar verbonden zijn dankzij de coöperatieve structuur van de Groep.

		<p>De coöperatieve kernactiviteiten van de Groep worden uitgevoerd door de lokale Rabobanken. Met 488 vestigingen en 2.192 geldautomaten per 30 juni 2016, vormen de lokale Rabobanken een dicht netwerk van bancaire diensten in Nederland. In Nederland bieden de lokale Rabobanken een totaalpakket van financiële diensten aan ongeveer 6,5 miljoen particuliere cliënten en ongeveer 800.000 zakelijke cliënten. Cliënten kunnen lid worden van Rabobank.</p> <p>Vroeger hield de Groep zich vooral bezig met het verstrekken van leningen aan de Nederlandse landbouw en tuinbouw. Sinds de jaren 1990 biedt de Groep daarnaast een breed scala aan zakelijke bankdiensten en andere financiële diensten, zowel in Nederland als daarbuiten. Als onderdeel van een lopend programma heeft de Groep zowel het aantal als het type producten en diensten voor haar klanten uitgebreid, om van een traditionele spaarbank en hypotheekverstrekker uit te groeien tot een dienstverlener die een compleet pakket aan financiële producten en diensten aanbiedt, zowel in Nederland als internationaal. De Groep biedt een geïntegreerde reeks van financiële diensten waaronder op de eerste plaats het binnenlandse retailbankbedrijf, wholesalebankbedrijf en het internationale rural- en retailbankbedrijf, leasing, vastgoed en de verspreiding van verzekeringsproducten aan een gevarieerde groep particuliere en zakelijke cliënten.</p> <p>Per 30 juni 2016 bedroegen de totale activa van de Groep €86,6 miljard, had de Groep een private kredietportefeuille van €427,3 miljard, €342,9 miljard aan toevertrouwde middelen (waarvan in totaal €139,4 miljard aan spaartegoeden) en een eigen vermogen van €40,8 miljard. Van de private kredietportefeuille, bestond €204,3 miljard (voornamelijk hypotheekleningen) uit leningen aan particulieren, €124,8 miljard uit leningen aan het bedrijfsleven en de zakelijke dienstverlening en €78,2 miljard uit leningen aan de voedings- en landbouwsector. Per 30 juni 2016, was de common equity tier 1-ratio van de Groep, d.w.z. de verhouding tussen het common equity tier 1-kapitaal en de totale risico-gewogen activa, 13,4% en was de kapitaalratio, d.w.z. de verhouding tussen het toetsingsvermogen en het totale risico-gewogen activa, 23,5%. Voor het halfjaar eindigend op 30 juni 2016, was de efficiëncyratio van de Groep, d.w.z. de verhouding tussen de totale bedrijfslasten (met uitzondering van toezichtsheffingen) en de totale baten 73,7%. De efficiëncyratio is een financiële indicator voor de efficiency waarmee Rabobank wordt gerund. Voor het de halfjaar periode eindigend op 30 juni 2016 heeft de Groep een nettowinst behaald van €24 miljoen. Per 30 juni 2016 heeft de Groep 49.971 werknemers in dienst (interne en externe voltijdswerknemers).</p> <p>Het rendement op geïnvesteerd vermogen is een indicator voor de rentabiliteit en wordt berekend door de gerealiseerde nettowinst na belangen van derden te delen door het kernkapitaal (aanwezig Tier 1-vermogen plus de goodwill op de balans aan het eind van de verslagperiode), onder aftrek van belangen van derden in het eigen vermogen van Rabobank. Voor de halfjaarperiode eindigend op 30 juni 2016 bedroeg het rendement op geïnvesteerd vermogen van Rabobank 5,0%. Per 31 december 2015 was dit 6,0% en per 30 juni 2015 8,3%.</p> <p>Voor de halfjaarperiode eindigend op 30 juni 2016 bedroeg het rendement op het tier 1-vermogen van Rabobank 5,3%. Per 31 december 2015 was dit 6,5% en per 30 juni 2015 was dit 9,0%.</p>
<b>B.4a</b>	Belangrijke recente trends	De operationele resultaten van de Groep worden beïnvloed door veel verschillende marktontwikkelingen, waaronder begrepen economische cycli, schommelingen op de aandelenmarkten, rentekoersen en wisselkoersen en toegenomen concurrentie. Een verslechtering van de economische ontwikkelingen of het onvermogen van de Groep om die ontwikkelingen nauwkeurig te voorspellen of daarop te reageren kan substantiële negatieve gevolgen hebben voor de vooruitzichten, de handelsactiviteiten, de financiële positie en het bedrijfsresultaat van de Groep.
<b>B.5</b>	Omschrijving van de Groep en de positie van Rabobank daarin	De Groep bestaat uit Rabobank als top-houdstermaatschappij samen met haar dochtermaatschappijen in Nederland en daarbuiten. De coöperatieve kernactiviteiten van de Groep worden uitgevoerd door de lokale Rabobanken.
<b>B.6</b>	Personen die een direct of indirect belang hebben in het kapitaal van Rabobank waarvoor een	Niet van toepassing; er bestaat op grond van Nederlands recht of de statuten van Rabobank geen verplichting voor de houders van Rabobank Certificaten tot bekendmaking van hun belangen in het kapitaal van Rabobank of hun stemrechten.



	meldingsplicht bestaat, dan wel stemrechten, en het bedrag	
	Andere stemrechten	Niet van toepassing; Stichting AK Rabobank en de houders van Rabobank Certificaten hebben geen stemrecht in de algemene ledenraad van Rabobank.
	Directe en indirecte eigendom van of zeggenschap over Rabobank	Rabobank is geen direct of indirect eigendom van, of onderworpen aan de zeggenschap van, een andere onderneming of een buitenlandse overheid. Rabobank is een coöperatie met leden. Haar leden zijn ongeveer twee miljoen klanten van Rabobank. De leden worden in de vergadering van de algemene ledenraad van Rabobank vertegenwoordigd door ongeveer 100 voorzitters van plaatselijke raden van commissarissen. De algemene ledenraad van Rabobank heeft een belangrijke invloed op de besluitvorming van de Groep; het is het hoogste besluitvormende orgaan van Rabobank. Rabobank is niet bekend met afspraken die op enig moment in de toekomst kunnen leiden tot een wijziging in de zeggenschap.
<b>B.7</b>	Geselecteerde belangrijke historische financiële informatie	<p>De volgende geselecteerde financiële gegevens voor de jaren eindigend op 31 december 2014 en 2013 zijn ontleend aan de gecontroleerde en geconsolideerde jaarrekening van de Groep voor het jaar eindigend op 31 december 2015 en 31 december 2014, waarvan de controle is uitgevoerd door Ernst &amp; Young Accountants LLP. De volgende gegevens van de geconsolideerde winst-en-verliesrekening voor het jaar eindigend op 31 december 2015 zijn ontleend aan de gecontroleerde geconsolideerde jaarrekening van de Groep voor het jaar eindigend op 31 december 2015, waarvan de controle is uitgevoerd door Ernst &amp; Young Accountants LLP. Het volgende geconsolideerde overzicht van gegevens over de balans voor het jaar eindigend op 31 december 2015 is ontleend aan de niet-gecontroleerde verkorte geconsolideerde tussentijdse financiële informatie van de Groep voor het halfjaar eindigend op 30 juni 2016, waarvan de beoordeling is uitgevoerd door PricewaterhouseCoopers Accountants N.V. Daarnaast zijn de geselecteerde financiële gegevens voor het halfjaar eindigend op 30 juni 2016 en 30 juni 2015 ontleend aan de niet-gecontroleerde verkorte geconsolideerde tussentijdse financiële informatie van de Groep voor het halfjaar eindigend op 30 juni 2016. De financiële ratio's zijn ontleend aan de gecontroleerde en geconsolideerde jaarrekening van de Groep voor het jaar eindigend op 31 december 2015 en 2014, met uitzondering van de financiële ratio's voor het halfjaar eindigend op 30 juni 2016, die zijn ontleend aan pagina 2 ( "Kerncijfers") van het tussentijds verslag van de Groep over het halfjaar eindigend op 30 juni 2016 dat door verwijzing is opgenomen in dit Prospectus.</p> <p>De gecontroleerde en geconsolideerde jaarrekening van de Groep is opgesteld in overeenstemming met de internationale standaarden voor financiële verslaglegging (IFRS), zoals goedgekeurd door de Europese Unie, en voldoet aan Titel 9, Boek 2, van het Burgerlijk wetboek. De niet-gecontroleerde en verkorte geconsolideerde tussentijdse financiële informatie is opgesteld in overeenstemming met IAS 34 'Tussentijdse financiële verslaggeving', zoals goedgekeurd door de Europese Unie.</p> <p>De met een sterretje (*) gemarkeerde financiële gegevens zijn niet rechtstreeks uit de gecontroleerde en geconsolideerde jaarrekening voor de jaren eindigend op 31 december 2013, 2014 en 2015 gehaald, maar zijn in plaats daarvan afkomstig uit de niet-gecontroleerde en verkorte geconsolideerde tussentijdse financiële informatie voor het halfjaar eindigend op 30 juni 2016 en 30 juni 2015, de (half)jaarverslagen of andere boekhoudkundige overzichten van Rabobank.</p>

#### Geconsolideerde balans

	Per 30 juni*		Per 31 december		
	2016	2015	2015*	2014	2013
(in miljoenen euro's)	(aangepast) (aangepast) (aangepast) (aangepast) (aangepast)				
<b>Activa</b>					
Geldmiddelen en saldi bij centrale banken	73.219	43.066	64.943	43.409	43.039
Vorderingen op andere banken	24.378	41.611	31.210	45.962	40.787
Voor handelsdoeleinden aangehouden financiële activa	3.867	3.776	3.472	4.279	5.289

Financiële activa tegen reële waarde	1.567	3.593	2.196	4.325	4.939
Derivaten	57.339	50.210	48.113	56.489	39.703
Kredieten aan cliënten <sup>(1)</sup>	463.686	477.454	466.799	461.787	455.909
Voor verkoop beschikbare financiële activa	35.838	38.476	37.773	39.770	46.552
Investerings in geassocieerde deelnemingen en joint ventures	3.567	3.776	3.672	3.807	3.747
Goodwill en overige immateriële activa	1.127	1.508	1.493	2.059	1.991
Onroerende zaken en bedrijfsmiddelen	4.512	7.363	7.765	7.148	6.901
Vastgoedbeleggingen	334	440	381	452	1.055
Actuele belastingvorderingen	184	150	193	211	170
Uitgestelde belastingvorderingen	2.398	2.268	2.390	2.501	1.910
Overige activa	10.223	11.234	7.999	8.560	8.030
Vaste activa aangehouden voor verkoop en beëindigde bedrijfsactiviteiten	4.354	164	155	327	9.073
<b>Totaal activa<sup>(1)</sup></b>	<b>686.593</b>	<b>685.089</b>	<b>678.554</b>	<b>681.086</b>	<b>669.095</b>

Trust Preferred Securities III tot en met VI	1.062	1.145	1.131	1.043	1.269
	<b>1.241</b>	<b>1.315</b>	<b>1.307</b>	<b>1.224</b>	<b>1.505</b>
Overige minderheidsbelangen	527	534	492	473	446
<b>Totaal eigen vermogen<sup>(2)</sup></b>	<b>40.759</b>	<b>41.319</b>	<b>41.197</b>	<b>38.871</b>	<b>38.534</b>
<b>Totaal eigen vermogen en verplichtingen<sup>(1)</sup></b>	<b>686.593</b>	<b>685.089</b>	<b>678.554</b>	<b>681.086</b>	<b>669.095</b>

- Notes:
- (1) Ingevolge een in maart 2016 genomen geagendeerd besluit van de IFRS Interpretations Committee heeft Rabobank haar waarderingsgrondslagen voor het salderen van cash pool-regelingen gewijzigd. Deze wijziging van de waarderingsgrondslagen is met terugwerkende kracht verantwoord in de niet-gecontroleerde verkorte geconsolideerde tussentijdse financiële informatie voor het halfjaar eindigend op 30 juni 2016 door de verrekening die in 2015 heeft plaatsgevonden terug te draaien. In 2016 zijn de salderingsprocedures aangepast als gevolg waarvan de cash pools per juni 2016 zijn gesaldeerd.
- (2) De vorderingen zijn €10 miljoen te hoog gesteld. Dit bedrag is opgevoerd als inkomsten voor de jaren vóór 2013. In overeenstemming met IAS 8 is het eigen vermogen op de beginbalans per 1 januari 2015 met terugwerkende kracht aangepast van €24.894 miljoen naar €24.811 miljoen. De post 'Kredieten aan cliënten' is met €10 miljoen verminderd en de post 'Actuele belastingverplichtingen' is voor juni 2015 en december 2015 met €27 miljoen verminderd.

### Verkorte geconsolideerde winst en- verliesrekening

	Halfjaar eindigend op 30 juni*		Jaar eindigend op 31 december		
	2016	2015	2015	2014	2013
<i>(in miljoenen euro's)</i>				<i>(aangepast)</i>	<i>(aangepast)</i>
Rente	4.375	4.482	9.139	9.118	9.095
Provisies	982	962	1.892	1.879	2.001
Overige baten	446	1.483	1.983	1.892	1.976
<b>Baten</b>	<b>5.803</b>	<b>6.927</b>	<b>13.014</b>	<b>12.889</b>	<b>13.072</b>
Personeelskosten	2.264	2.407	4.786	5.086	5.322
Overige beheerskosten	1.803	1.214	2.916	2.532	3.910
Afschrijvingen	209	212	443	437	528
<b>Bedrijfslasten</b>	<b>4.276</b>	<b>3.833</b>	<b>8.145</b>	<b>8.055</b>	<b>9.760</b>
Bijzonder waardevermindering van goodwill	0	600	623	32	42
Kosten kredietverliezen	148	356	1.033	2.633	2.643
Toezihtsheffingen	246	121	344	488	197
<b>Bedrijfsresultaat vóór belastingen</b>	<b>1.133</b>	<b>2.017</b>	<b>2.869</b>	<b>1.681</b>	<b>430</b>
Vennootschapsbelasting	209	495	655	(161)	88
Nettowinst uit lopende bedrijfsactiviteiten	924	1.522	2.214	1.842	342
Nettowinst uit beëindigde bedrijfsactiviteiten	0	0	0	0	1.665
<b>Nettowinst</b>	<b>924</b>	<b>1.522</b>	<b>2.214</b>	<b>1.842</b>	<b>2.007</b>
Waarvan toekomend aan Rabobank	270	868	880	620	929
Waarvan toekomend aan houders Rabobank Certificaten	193	193	387	385	309
Waarvan toekomend aan Capital Securities	399	393	809	705	655
Waarvan toekomend aan Trust Preferred Securities III tot en met VI	30	31	63	74	67
Waarvan toekomend aan minderheidsbelangen	32	37	75	58	47

Nettowinst van de verslagperiode		924	1.522	2.214	1.842	2.007
		Per 30 juni*		Per 31 december		
		2016	2015	2014	2013	
Totaal kapitaalratio <sup>(1)</sup> .....		23,5%	23,2%	21,3%	19,8%	
Tier 1-ratio <sup>(2)</sup> .....		16,8%	16,4%	16,0%	16,6%	
Common Equity tier 1-ratio <sup>(3)</sup> .....		13,4%	13,5%	13,6%	13,5%	
Fully loaded common equity tier 1 ratio <sup>(4)</sup> .....		12,4%	12,0%	11,8%	11,1%	
Equity capital ratio <sup>(5)</sup> .....		14,9%	14,7%	14,4%	16,1%	
Leverage ratio* .....		5,1%	5,1%	4,9%	4,8%	
Kosten kredietverliezen (uitgedrukt in basispunten van de gemiddelde kredietportefeuille)* .....		7	24	60	59	
Notes:	<p>(1) Toetsingsvermogen als percentage van de risico-gewogen activa. Een belangrijke vermogensmaatstaf voor de financiële draagkracht van Rabobank vanuit het oogpunt van een toezichthouder. Door de uitgifte van \$1,5 miljard aan tier 2-schuld papier in juli 2016 wordt 0,6% procentpunt toegevoegd aan de totale pro forma kapitaalratio per 30 juni 2016.</p> <p>(2) Tier 1-kapitaal als percentage van de risico-gewogen activa. Een belangrijke vermogensmaatstaf voor de financiële draagkracht van Rabobank vanuit het oogpunt van een toezichthouder.</p> <p>(3) Common equity tier 1-kapitaal als percentage van de risico-gewogen activa. Een belangrijke vermogensmaatstaf voor de financiële draagkracht van Rabobank vanuit het oogpunt van een toezichthouder.</p> <p>(4) De fully loaded common equity tier 1-ratio is de common equity tier 1-ratio na de infaseringsperiode van het Bazels akkoord over de solvabiliteits- en liquiditeitsvereisten (Bazel III). Een belangrijke vermogensmaatstaf voor de financiële draagkracht van Rabobank vanuit het oogpunt van een toezichthouder.</p> <p>(5) Ingehouden winst en Rabobank Certificaten als percentage van de risico-gewogen activa. Een belangrijke vermogensmaatstaf voor Rabobank omdat sommige van haar verliesabsorberende instrumenten aan deze ratio zijn gekoppeld.</p>					
De financiële of handelspositie van de Groep is niet substantieel gewijzigd en de financiële positie en vooruitzichten van de Groep zijn niet substantieel verslechterd sinds 30 juni 2016.						
B.8	Geselecteerde belangrijke pro forma financiële informatie	Niet van toepassing; er is geen pro forma financiële informatie opgenomen.				
B.9	Winstprognose	Niet van toepassing; Rabobank heeft geen winstprognose afgegeven.				
B.10	Voorbehouden in de afgifte van verklaring van accountant betreffende de historisch financiële informatie	Niet van toepassing; de onafhankelijke accountantsverklaring bevat geen voorbehouden voor de geconsolideerde financiële informatie van de Groep van de jaren eindigend op 31 december 2013, 2014 en 2015.				
B.11	Verklaring in geval van onvoldoende werkkapitaal	Niet van toepassing; de Groep is van mening dat haar werkkapitaal voldoende is voor haar huidige verplichtingen, d.w.z. voor ten minste 12 maanden na de datum van het Prospectus. De Groep voldoet momenteel aan de toepasselijke vereisten van liquiditeit en eigen vermogen zoals vastgelegd in Richtlijn 2013/36/EU van het Europees Parlement en de Raad van 26 juni 2013 betreffende toegang tot het bedrijf van kredietinstellingen en het prudentieel toezicht op kredietinstellingen en beleggingsondernemingen (“CRD IV”), zoals geïmplementeerd in de Wet op het financieel toezicht, en Verordening 575/2013 van het Europees Parlement en de Raad van 26 juni 2013 betreffende prudentiële vereisten voor kredietinstellingen en beleggingsondernemingen (“CRR”).				
Afdeling C – Effecten						

<b>C.1</b>	Soort, klasse en security identification number	<p>Rabobank Participaties zijn participaties op naam, uitgegeven door Rabobank krachtens artikel 47 van de statuten van Rabobank. Op grond van de stichtingsstatuten en de administratievoorwaarden, geeft de Stichting AK Rabobank Rabobank Certificaten uit voor de Rabobank Participaties die de Stichting van Rabobank ten titel van beheer verkrijgt. Stichting AK Rabobank geeft voor elke Rabobank Participatie die zij verkrijgt één Rabobank Certificaat uit. De Rabobank Certificaten worden genoteerd aan Euronext in Amsterdam, een gereguleerde markt van Euronext Amsterdam N.V. (“<b>Euronext Amsterdam</b>”) en de Aangeboden Certificaten worden naar verwachting ook daaraan genoteerd, met ISIN code XS1002121454 en de gewone code 100212145.</p> <p>Een besluit om nieuwe Rabobank Participaties uit te geven wordt genomen door de raad van bestuur van Rabobank onder goedkeuring van de raad van commissarissen. Indien nieuwe Rabobank Participaties worden uitgegeven tegen een nominale waarde van €25,00, zijn deze van dezelfde soort participaties als de reeds uitstaande Rabobank Participaties, tenzij de raad van bestuur van Rabobank op het moment van uitgifte besluit dat zij een afzonderlijke soort Rabobank Participaties vormen. Indien Rabobank Participaties worden uitgegeven tegen een nominale waarde die afwijkt van de waarde van reeds uitgegeven Rabobank Participaties, vormen de nieuw uitgegeven Rabobank Participaties een afzonderlijke soort. Er worden voor nieuw uitgegeven Rabobank Participaties geen participatiebewijzen uitgegeven. Bij een uitgifte van nieuwe Rabobank Participaties en Rabobank Certificaten gaat de bevoegde toezichthouder na of deze instrumenten voldoen aan de criteria voor Common Equity Tier 1-instrumenten in de zin van de CRR. Rabobank mag de uitgegeven instrumenten uitsluitend als Common Equity Tier 1-instrumenten aanduiden nadat zij daarvoor toestemming heeft gekregen van de bevoegde toezichthouder.</p>
<b>C.2</b>	Valuta	De Rabobank Participaties zijn uitgedrukt in euro. De Rabobank Certificaten zijn, en de Aangeboden Certificaten zullen worden, uitgedrukt en verhandeld in euro.
<b>C.3</b>	Aantal Rabobank Participaties en Rabobank Certificaten en nominale waarde	Per de datum van het Prospectus zijn er 237.961.365 uitgegeven en geplaatste Rabobank Participaties met ieder een nominale waarde van €25,00, en 237.961.365 uitgegeven en geplaatste Rabobank Certificaten met ieder een nominale waarde van €25,00. De Rabobank Participaties zijn volgestort.
<b>C.4</b>	Rechten verbonden aan Rabobank Participaties en Rabobank Certificaten	<p><b>Rabobank Certificaten</b></p> <p>Aangezien de Rabobank Certificaten afgeleiden zijn van de Rabobank Participaties (zoals uiteengezet in element C.1 hierboven), strekken de eigenschappen van de Rabobank Participaties en de rechten van de houders van de Rabobank Participaties, en met name eventuele rechten op vergoeding, zich uit tot de Rabobank Certificaten respectievelijk de rechten van de houders van de Rabobank Certificaten.</p> <p><b>Duur</b></p> <p>De Rabobank Certificaten zijn eeuwigdurend en hebben geen vaste looptijd.</p> <p><b>Betalingen</b></p> <p>Stichting AK Rabobank keert alle door haar op de Rabobank Participaties ontvangen betalingen uit aan de Listing and Amsterdam Paying Agent voor rekening van de bewaarder die de desbetreffende bedragen voor haar deelnemers betaalt aan Euroclear Bank S.A/N.V. (“<b>Euroclear</b>”) en Clearstream Banking, <i>société anonyme</i> (“<b>Clearstream</b>”) volgens de gebruikelijke procedures van Euroclear en Clearstream. Alle dergelijke betalingen worden gedaan aan of, in opdracht aan, de persoon wiens naam aan het eind van de werkdag op de record date in het register staat vermeld, welke datum de Clearing System Business Day onmiddellijk voorafgaand aan de uitkeringsdatum is, waarbij “<b>Clearing System Business Day</b>” maandag tot en met vrijdag met uitzondering van 25 december en 1 januari betekent. De deelnemers van Euroclear en Clearstream crediteren daarna de rekeningen van de uiteindelijke houders van Rabobank Certificaten volgens hun gebruikelijke procedures. Alle vorderingen op vergoedingen ter zake van de Rabobank Certificaten zijn tegen hetzelfde bedrag en op dezelfde datum verschuldigd als vergoedingen op de onderliggende Rabobank Participaties. Stichting AK Rabobank geeft opdracht tot betaling van vergoedingen op de Rabobank Certificaten op het moment van ontvangst van de vergoedingen op de onderliggende Rabobank Participaties.</p>

		<p><b><i>Stemrecht</i></b></p> <p>De Rabobank Certificaten geven de houders geen recht hun stem uit te brengen in een vergadering van de algemene ledenraad van Rabobank of een dergelijke vergadering bij te wonen. Aan de Rabobank Certificaten is echter wel een stemrecht verbonden voor de vergaderingen van houders van Rabobank Certificaten. Jaarlijks binnen zes maanden na het einde van het boekjaar van Rabobank wordt een vergadering gehouden van houders van Rabobank Certificaten. In deze vergadering geeft Stichting AK Rabobank een presentatie waarin zij een samenvatting geeft van het van Rabobank ontvangen verslag over haar bestuur gedurende het afgelopen boekjaar en met name haar beleid inzake de vergoedingen op de Rabobank Participaties. Stichting AK Rabobank kan daarnaast vergaderingen van houders van Rabobank Certificaten bijeenroepen wanneer zij dit noodzakelijk of wenselijk acht.</p> <p><b><i>Wijziging van de administratievoorwaarden</i></b></p> <p>Stichting AK Rabobank kan de administratievoorwaarden wijzigen met voorafgaande goedkeuring van Rabobank en de vergadering van houders van Rabobank Certificaten. Een besluit van de vergadering van houders van Rabobank Certificaten waarin een wijziging van de administratievoorwaarden wordt goedgekeurd kan uitsluitend rechtsgeldig worden genomen in een vergadering waarin ten minste twee derde van het nominale bedrag van de geplaatste Rabobank Certificaten vertegenwoordigd is, met een meerderheid van ten minste twee derde van de uitgebrachte stemmen. Indien in die vergadering het vereiste nominale bedrag aan Rabobank Certificaten niet vertegenwoordigd is, wordt een tweede vergadering bijeengeroepen en gehouden, waarin besluiten kunnen worden genomen met een meerderheid van ten minste twee derde van de uitgebrachte stemmen, ongeacht het vertegenwoordigde nominale bedrag aan Rabobank Certificaten.</p> <p>De goedkeuring van de vergadering van houders van Rabobank Certificaten is niet vereist voor wijzigingen van de statuten van Rabobank of het Participatiereglement.</p> <p><b>Rabobank Participaties</b></p> <p><b><i>Vergaderrecht en stemrecht</i></b></p> <p>Rabobank Participaties geven de houders niet het recht de vergaderingen van de algemene ledenraad van Rabobank bij te wonen of daarin een stem uit te brengen.</p> <p><b><i>Duur; recht op terugbetaling</i></b></p> <p>De Rabobank Participaties zijn eeuwigdurend en hebben geen vaste looptijd. De Rabobank Participaties kunnen worden ingetrokken (a) in geval van ontbinding van Rabobank zonder voortzetting van haar bedrijfsactiviteiten, (b) wanneer Rabobank houder is van Rabobank Certificaten en de raad van bestuur van Rabobank besluit de daarmee verbonden Rabobank Participaties in te trekken, onder goedkeuring van de raad van commissarissen, en (c) wanneer de raad van bestuur van Rabobank besluit (een deel van) (een soort) Rabobank Participaties in te trekken, onder voorafgaande toestemming van de raad van commissarissen, en mits Rabobank voldoende eigen vermogen heeft om een dergelijke intrekking uit te voeren. Een intrekking als bedoeld onder (b) of (c) kan uitsluitend tot stand worden gebracht met toestemming van de ECB, de DNB of een andere instantie die op dat moment daartoe bevoegd is, en met inachtneming van eventuele voorwaarden die de ECB, de DNB of een andere op dat moment bevoegde instantie aan die toestemming kan verbinden. In geval van een intrekking als bedoeld onder (c) dient de nominale waarde van de desbetreffende soort Rabobank Participaties op elke Rabobank Participatie van die soort te worden terugbetaald.</p> <p>De Rabobank Participaties en de Rabobank Certificaten, inclusief de Aangeboden Certificaten, vormen het meest achtergestelde kapitaal van Rabobank. Indien Rabobank wordt ontbonden kan de nominale waarde van elke Rabobank Participatie uitsluitend op elke Rabobank Participatie worden terugbetaald nadat alle schuldeisers volledig zijn betaald. Indien het resterende kapitaal van Rabobank ontoereikend is om alle Rabobank Participaties terug te betalen, wordt een bedrag op elke Rabobank Participatie terugbetaald dat evenredig is met het totale nominale bedrag van de geplaatste Rabobank Participaties. Alle op de Rabobank Participaties ontvangen bedragen worden door Stichting AK Rabobank uitgekeerd aan de houders van Rabobank Certificaten. Voor het effectueren van een dergelijke ontbinding van Rabobank kan de toestemming van de</p>
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		<p>ECB, de DNB, de Afwikkelingsautoriteit of een ander op dat moment bevoegd orgaan vereist zijn.</p> <p><b><i>Rabobank Participaties en daarmee samenhangende vorderingen mogen niet worden geverifieerd of verrekend</i></b></p> <p>De Rabobank Participaties en daarmee samenhangende vorderingen mogen niet worden ingebracht of geverifieerd in gerechtelijke of buitengerechtelijke vereffeningen, faillissementen, noodregelingen als bedoeld in artikel 3:160 Wft of in soortgelijke situaties in een ander rechtsgebied dan Nederland, en mogen niet worden verrekend.</p>
<b>C.5</b>	Beperkingen op de overdraagbaarheid van Rabobank Participaties en Rabobank Certificaten	<p><b>Rabobank Participaties</b></p> <p>De Rabobank Participaties zijn participaties op naam en zijn uitgegeven aan Stichting AK Rabobank. Voor de overdracht van de Rabobank Participaties is de voorafgaande goedkeuring van de raad van bestuur van Rabobank vereist. Indien geen goedkeuring is verleend, is de overdracht ongeldig. De Rabobank Participaties worden overgedragen door middel van een notariële of onderhandse akte met afschrift daarvan aan Rabobank. Op Rabobank Participaties kan geen pandrecht of vruchtgebruik worden gevestigd. Deze beperkingen vormen geen beletsel voor de overdracht of bezwaring van Rabobank Certificaten.</p> <p><b>Rabobank Certificaten</b></p> <p>De Rabobank Certificaten zijn certificaten op naam. De Rabobank Certificaten worden uitgegeven aan een door de bewaarder aangewezen persoon, en vertegenwoordigd door een eigendomsbewijs in de vorm van een global proof of ownership, die door de bewaarder namens Euroclear en Clearstream wordt bewaard. Stichting AK Rabobank houdt een register bij van de Rabobank Certificaten. De door de bewaarder aangewezen persoon is de enige in het register vermelde houder op naam.</p> <p>De Rabobank Certificaten zijn opgenomen in het girale systeem van Euroclear en Clearstream. De Rabobank Certificaten zijn vrij overdraagbaar, in overeenstemming met de administratievoorwaarden. De overdracht geschiedt giraal via Euroclear en Clearstream. Hetzelfde geldt voor de vestiging of overdracht van een pandrecht of vruchtgebruik op de Rabobank Certificaten. De Rabobank Certificaten kunnen uitsluitend worden overgedragen in positieve gehele bedragen met inachtneming van een minimum overdracht van één Rabobank Certificaat.</p> <p>Daarnaast kunnen specifieke regelingen of beperkingen van toepassing zijn op het aanbieden van Rabobank Certificaten aan personen die gevestigd of woonachtig zijn in, of ingezetenen zijn van, of die een vestigingsadres hebben in landen buiten Nederland en Zwitserland, en op de overdracht van Aangeboden Certificaten naar andere rechtsgebieden dan Nederland en Zwitserland.</p>
<b>C.6</b>	Notering en toelating tot de handel van de Aangeboden Certificaten	<p>Er is een aanvraag ingediend voor een notering en toelating tot de handel van alle Aangeboden Certificaten aan Euronext Amsterdam. De Aangeboden Certificaten worden verhandeld als een percentage van hun nominale waarde. Afhankelijk van eventuele inkorting of verlenging van het tijdschema van de Aanbieding wordt verwacht dat de handel in de Aangeboden Certificaten zal beginnen op of omstreeks 24 januari 2017. Rabobank, Stichting AK Rabobank, Euronext Amsterdam, Coöperatieve Rabobank U.A. als Listing en Amsterdam Paying Agent, Deutsche Bank AG, London Branch als Paying Agent of een andere financiële instelling benoemd tot Paying Agent en Deutsche Bank AG, London Branch als Bewaarder aanvaarden geen verantwoordelijkheid of aansprakelijkheid jegens wie dan ook als gevolg van het intrekken van de Aanbieding of de (daarmee samenhangende) vernietiging van eventuele transacties in Aangeboden Certificaten. De Rabobank Certificaten zijn aan Euronext Amsterdam genoteerd en de Aangeboden Certificaten worden naar verwachting ook daaraan genoteerd, met ISIN code XS1002121454 en de gewone code 100212145.</p>
<b>C.7</b>	Vergoedingenbeleid	<p><b>Bepalingen in de statuten van Rabobank, de Stichtingsstatuten en het Participatiereglement</b></p> <p>Besluiten over het al dan niet uitkeren van vergoeding op de Rabobank Participaties (en derhalve op de Rabobank Certificaten), over de hoogte van dergelijke vergoedingen en de uitkeringsdatum worden door de raad van bestuur van Rabobank geheel discretionaire genomen. In afwijking van het hiervoor bepaalde streeft Rabobank ernaar een vergoedingenbeleid te volgen dat op haar website wordt gepubliceerd. Het</p>

	<p>vergoedingenbeleid van Rabobank per de datum van het Prospectus wordt hieronder verkort weergegeven. Het vergoedingenbeleid van Rabobank is niet meer dan een intentieverklaring: de houders van de Rabobank Participaties en de houders van Rabobank Certificaten kunnen geen rechten ontleen aan enige verklaring van Rabobank dat zij vergoedingen wil uitkeren op de Rabobank Participaties zoals hieronder omschreven.</p> <p>Het Participatiereglement en het vergoedingenbeleid van Rabobank kunnen discretionaire worden vastgesteld en gewijzigd door de raad van bestuur van Rabobank, behoudens goedkeuring van de raad van commissarissen. Voor de vaststelling en wijziging van het Participatiereglement en het vergoedingenbeleid van Rabobank is geen goedkeuring van de houders van de Rabobank Participaties of van de houders van Rabobank Certificaten vereist. Op grond van de Stichtingsstatuten is Stichting AK Rabobank verplicht de betalingen die zij ter zake van de Rabobank Participaties ontvangt aan de houders van de Rabobank Certificaten uit te keren.</p> <p><b>Huidig vergoedingenbeleid</b></p> <p>Onverminderd de discretionaire bevoegdheid van de raad van bestuur van Rabobank om ervoor te kiezen geen vergoeding of slechts een gedeeltelijke vergoeding uit te keren ter zake van de Rabobank Participaties, streeft Rabobank ernaar vergoeding uit te keren op elke Rabobank Participatie op elke uitkeringsdatum (zoals hieronder omschreven) van een bedrag gelijk aan:</p> <ul style="list-style-type: none"> <li>• €0,40625, of, indien dit hoger is:</li> <li>• het over een kwartaal berekend rekenkundig gemiddelde (afgerond op twee decimalen) op jaarbasis van het effectieve rendement op de meest recente referentielening (zoals hieronder omschreven) (of, indien er geen referentielening is, de meest recente alternatieve referentielening (zoals hieronder omschreven)) voor de berekeningsperiode (zoals hieronder omschreven) onmiddellijk voorafgaand aan de uitkeringsperiode (zoals hieronder omschreven), plus 1,5%, berekend op basis van een nominale waarde van €25 gedeeld door vier.</li> </ul> <p>Voor zover een of meer van de hieronder vermelde situaties zich voordoen doet Rabobank in elk geval geen uitkering op de uitkeringsdatum.</p> <p>Het over een kwartaal berekend rekenkundig gemiddelde van het effectieve rendement op de referentielening wordt dagelijks vastgesteld en wekelijks gepubliceerd op <a href="http://www.rabobank.com">www.rabobank.com</a>. De berekening wordt gebaseerd op de via de DNB-website verstrekte informatie of, indien die website geen relevante informatie bevat, op basis van de informatie uit een andere door Rabobank gekozen bron. Berichten worden op de hierboven genoemde websites geplaatst indien voor de berekening van de uitkering gebruik wordt gemaakt van een alternatieve referentielening. Door gebruikmaking van een alternatieve referentielening kan het bedrag van de uitkering hoger of lager worden.</p> <p>Een “<b>alternatieve referentielening</b>” is een lening of een verzameling leningen die naar het oordeel van de raad van bestuur van Rabobank het rendement, de aard, de resterende termijn en de kredietwaardigheid van de schuldenaar(s) met een Nederlandse staatsobligatie met een resterende looptijd tussen 9,5 en 10,5 jaar zo dicht mogelijk benadert.</p> <p>De “<b>berekeningsperiode</b>” is elke periode (i) van 26 maart tot en met 25 juni, (ii) van 26 juni tot en met 25 september, (iii) van 26 september tot en met 25 december, en (iv) van 26 december tot en met 25 maart van elk jaar.</p> <p>De “<b>uitkeringsdatum</b>” is, indien een uitkering wordt gedaan, 29 maart, 29 juni, 29 september en 29 december van elk jaar (of, indien de datum niet een dag is waarop zowel (i) TARGET2 (Trans-European Automated Real-Time Gross Settlement Express Transfer 2) als (ii) de banken in Nederland geopend zijn voor betalingen in euro’s (een “<b>Werkdag</b>”), de eerstvolgende Werkdag of, indien die eerstvolgende Werkdag in de volgende maand valt, de laatste Werkdag voorafgaand aan de desbetreffende dag (de aangepaste eerstvolgende-werkdag-regel)).</p> <p>De “<b>uitkeringstermijn</b>” is elke termijn van drie maanden waarvoor (eventuele) uitkeringen op de Rabobank Participaties worden vastgesteld, (i) van 30 december tot</p>
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		<p>en met 29 maart, (ii) van 30 maart tot en met 29 juni, (iii) van 30 juni tot en met 29 september en (iv) van 30 september tot en met 29 december van elk jaar.</p> <p>Een “<b>referentielening</b>” is een Nederlandse staatsobligatie met een resterende looptijd tussen 9,5 en 10,5 jaar of, indien er geen sprake is van een dergelijke lening, een Nederlandse staatsobligatie met een resterende termijn tussen 9 en 11 jaar.</p> <p><b>Geen of gedeeltelijke vergoeding</b></p> <p>De raad van bestuur van Rabobank kan naar eigen goeddunken ervoor kiezen in het geheel geen vergoeding uit te keren op de Rabobank Participaties of slechts gedeeltelijke uitkeringen te doen. De raad van bestuur van Rabobank kan ook naar eigen goeddunken besluiten op welke data Rabobank vergoeding uit zal keren op de Rabobank Participaties. Niet-uitgekeerde vergoedingen zijn niet-cumulatief en worden niet alsnog op een volgende uitkeringsdatum of op een andere datum uitgekeerd of verrekend. Voor zover geen vergoeding of andere uitkeringen op de Rabobank Participaties zijn uitgekeerd of verricht, wordt geen vergoeding uitgekeerd en worden geen uitkeringen verricht op de Rabobank Certificaten.</p> <p>Rabobank mag geen vergoeding uitkeren ter zake van de Rabobank Participaties indien (i) zij geen ‘uitkeerbare middelen’ heeft in de zin van de CRR, (ii) een uitkering ertoe zou leiden dat niet meer wordt voldaan aan het gecombineerde buffervereiste in de zin van CRD IV of indien, in geval van gecombineerde uitkeringen op andere instrumenten, het maximaal uitkeerbare bedrag in de zin van CRD IV (voor zover van toepassing) wordt overschreden, of (iii) uitkering anderszins wordt verboden door de ECB, de DNB of een andere bevoegde instantie belast met het toezicht op de liquiditeit en solvabiliteit van kredietinstellingen, een en ander in overeenstemming met de op dat moment voor Rabobank geldende wetgeving.</p> <p><b>Belaste uitkeringen</b></p> <p>Alle op de Rabobank Participaties uitgekeerde vergoedingen worden gedaan zonder aftrek of inhouding voor of ter zake van bestaande of toekomstige belastingen of heffingen van enigerlei aard die door of namens de Nederlandse Staat of een bevoegde Nederlandse belastingdienst worden opgelegd, tenzij Rabobank verplicht is dergelijke belastingen of heffingen af te trekken of in te houden. In dat geval zal Rabobank, in voorkomend geval, de desbetreffende belastingen of heffingen aftrekken of inhouden en tegelijkertijd extra bedragen uitkeren aan de houders van de Rabobank Participaties en de houders van de Rabobank Certificaten, zodat die houders een bedrag ontvangen dat gelijk is aan het bedrag dat zij zouden hebben ontvangen indien geen aftrek of inhouding van belastingen of heffingen had plaatsgevonden.</p>
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<b>Afdeling D - Risico's</b>		
<b>D.1</b>	Selectie van belangrijkste risico's die betrekking hebben op de industrie, onderneming en bedrijfsactiviteiten van de Groep	<p>Het volgende is een selectie van de belangrijkste risico's die betrekking hebben op de industrie, onderneming en bedrijfsactiviteiten van de Groep. Bij het maken van de selectie heeft de Groep onder meer rekening gehouden met de waarschijnlijkheid naar huidige omstandigheden dat het risico zich verwezenlijkt, de mogelijke impact die een verwezenlijking van het risico zou kunnen hebben op de onderneming, de financiële situatie, het operationeel resultaat en vooruitzichten van de Groep, en de aandacht die deze risico's naar de huidige verwachting bij verwezenlijking behoeven van het management van de Groep. Beleggers dienen alle risico's te lezen, te begrijpen en te overwegen, welke risico's materieel zijn en in hun geheel gelezen dienen te worden in het hoofdstuk “Risk Factors” beginnend op pagina 41 van het Prospectus, voordat zij een beslissing nemen om in de Aangeboden Certificaten te beleggen.</p> <ul style="list-style-type: none"> <li>De Groep is met name blootgesteld aan veranderingen in de algemene economische omstandigheden in Nederland en wereldwijd. Aanhoudende volatiliteit op de financiële markten, een langdurige economische neergang in de belangrijkste markten van de Groep of het onvermogen van de Groep om dergelijke ontwikkelingen nauwkeurig te voorspellen of erop te reageren, kunnen een substantieel nadelig effect hebben op de vooruitzichten, activiteiten, financiële situatie en operationele resultaten van de Groep.</li> </ul>

	<ul style="list-style-type: none"> <li>• De Groep is blootgesteld aan kredietrisico. Het intreden van het kredietrisico als gevolg van een economische neergang kan een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan rente- en inflatierisico. Plotselinge en substantiële wijzigingen in de rentetarieven kunnen een substantieel nadelig effect hebben op de operationele resultaten van de Groep. De inflatie en de verwachte inflatie kunnen de rente beïnvloeden.</li> <li>• De Groep is blootgesteld aan financierings- en liquiditeitsrisico's. Als klanten of andere professionele tegenpartijen plotseling meer geld opvragen dan verwacht, kan dat een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan operationeel risico. Eventuele operationele incidenten of extra kosten in verband met de naleving van nieuwe regelgeving kunnen een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan juridische risico's. Juridische procedures en arbitrageprocedures waarin de Groep reeds betrokken is, in de toekomst betrokken raakt of kan worden betrokken, kunnen de reputatie van de Groep aantasten of bijkomende operationele kosten met zich meebrengen, en kunnen een substantieel nadelig effect hebben op de vooruitzichten, activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan systeemrisico. De zwakte of vermeende zwakte van andere financiële instellingen, die kan resulteren in aanzienlijke systemische liquiditeitsproblemen, verliezen of wanbetalingen door andere financiële instellingen en tegenpartijen, kan een nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep en haar vermogen om nieuwe financiering aan te trekken.</li> <li>• Een substantiële wijziging in overheidsbeleid of beleid ten aanzien van regels, toepasselijke wet- en regelgeving, of in hun interpretatie of tenuitvoerlegging, of andere overheids- of regelgevingsacties, kan een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Het effect van het nieuwe Internationale Verslaggevingsstandaard IFRS 9 kan een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Toezichthouders kunnen in de toekomst beperkingen opleggen aan de Groep vergelijkbaar met de vereisten inzake de totale verliesabsorberende capaciteit die van toepassing zijn op mondiaal systeemrelevante banken. Als gevolg daarvan zou de Groep mogelijk haar leningen of investeringen in andere activiteiten moeten terugschroeven, wat een substantieel nadelig effect kan hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Indien de Groep moeilijkheden zou ondervinden bij het verhogen van de minimale eis voor het eigen vermogen en reserveplichtige passiva, zou het mogelijk haar kredietverlening of investeringen in andere activiteiten moeten verminderen, wat een substantieel nadelig effect zou hebben op de activiteiten, financiële positie en operationele resultaten van de Groep.</li> <li>• Indien de Groep over onvoldoende kapitaal beschikt om aan de reglementaire minimumkapitaalvereisten, liquiditeitsbeperkingen of liquiditeitsratio's te voldoen, kan dit leiden tot administratieve maatregelen of sancties, wat een substantieel nadelig effect kan hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Het succes van de Groep hangt in grote mate af van de capaciteiten en ervaring van de leidinggevenden en andere belangrijke medewerkers, en het wegvallen van deze personen of het niet in staat zijn geschikte managers en andere belangrijke medewerkers te werven kan een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> </ul>
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	<p>Risico's die betrekking hebben op de industrie, onderneming en bedrijfsactiviteiten van de Groep</p>	<p>Het volgende is een samenvatting van alle andere belangrijkste risico's die betrekking hebben op de industrie, onderneming en bedrijfsactiviteiten van de Groep en risico's die samenhangen met de Rabobank Certificaten en Aangeboden Certificaten. Beleggers dienen alle risico's te lezen, te begrijpen en te overwegen, welke risico's materieel zijn en in hun geheel gelezen dienen te worden in het hoofdstuk "Risk Factors" beginnend op pagina 41 van het Prospectus, voordat zij een beslissing nemen om in de Aangeboden Certificaten te beleggen.</p> <p><b>Risico's voor de industrie, onderneming en bedrijfsactiviteiten van de Groep</b></p> <ul style="list-style-type: none"> <li>• De Groep is blootgesteld aan landenrisico. Onvoorspelbare en onverwachte gebeurtenissen die het landenrisico verhogen, kunnen een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan marktrisico. Een toekomstige verslechtering van de situatie op de financiële markten kan een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan valutarisico. Plotselinge en substantiële wijzigingen in de wisselkoersen van valuta's kunnen een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• De Groep is blootgesteld aan belastingrisico. Als er een belastingrisico ontstaat, kan dat een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep of leiden tot handhavingsmaatregelen, of de reputatie van de Groep aantasten.</li> <li>• Een verlaging van de kredietbeoordelingen kan een substantieel nadelig effect hebben op de vooruitzichten, activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Indien de Groep zijn concurrentiepositie niet weet te behouden, kan dat een substantieel nadelig effect hebben op de vooruitzichten, activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Een verslechtering van de geopolitieke ontwikkelingen kan een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> <li>• Terroristische daden, andere oorlogshandelingen of vijandelijkheden, burgerlijke onrust, geopolitieke ontwikkelingen, pandemieën of andere soortgelijke gebeurtenissen kunnen een substantieel nadelig effect hebben op de activiteiten, financiële situatie en operationele resultaten van de Groep.</li> </ul>
<b>D.3</b>	<p>Risico's die betrekking hebben op de Aangeboden Certificaten of de Rabobank Certificaten</p>	<p><b>Risico's verbonden aan de Aangeboden Certificaten of de Rabobank Certificaten</b></p> <ul style="list-style-type: none"> <li>• Aangeboden Certificaten zijn mogelijk niet voor alle beleggers een geschikte belegging.</li> <li>• Voor bepaalde beleggingen kunnen wettelijke beleggingsbeperkingen gelden.</li> <li>• De beslissing over het al dan niet doen van vergoedingen of andere uitkeringen op de Aangeboden Certificaten, het bedrag van dergelijke betalingen en de datum van betalingen is voorbehouden aan de raad van bestuur van Rabobank en dient aan bepaalde voorwaarden te voldoen. In geval van gehele of gedeeltelijke niet-betaling, hebben houders van Aangeboden Certificaten geen recht op compensatie, kunnen zij geen faillissementsaanvraag indienen en hebben zij geen recht op terugbetaling van het nominale bedrag van de Aangeboden Certificaten.</li> <li>• CRD IV bevat kapitaalvereisten bovenop het minimum kapitaalvereiste. Ieder verzuim te voldoen aan de voorwaarden van deze aanvullende vereisten kan Rabobank in bepaalde situaties beperken in het doen van uitkeringen op de Rabobank Participaties, in welk geval zij de uitkeringen geheel of, indien van toepassing, gedeeltelijk automatisch zal annuleren. Dergelijke annuleringen gelden ook voor de Rabobank Certificaten.</li> <li>• In het geval van geen of geen volledige betaling van vergoedingen, hebben houders van Aangeboden Certificaten geen recht op schadevergoeding, kunnen zij niet</li> </ul>

		<p>faillissement aanvragen en hebben zij geen recht op terugbetaling van het nominale bedrag van de Aangeboden Certificaten.</p> <ul style="list-style-type: none"> <li>• Rabobank kan in de toekomst besluiten kapitaal aan te trekken door uitgifte van common equity tier 1-kapitaal, wat tot gevolg kan hebben dat op de Aangeboden Certificaten geen betalingen of andere uitkeringen worden gedaan, of dat deze lager uitvallen. Bovendien kan de uitgifte van dergelijk aanvullend common equity tier 1-kapitaal ingeval van liquidatie van Rabobank resulteren in een vermindering van het realiseerbare bedrag voor houders van de Aangeboden Certificaten.</li> <li>• Een wijziging van de statuten of het Participatiereglement van Rabobank, die mogelijk van invloed is op de positie van de houders van Aangeboden Certificaten, behoeft geen toestemming van de houders van Rabobank Certificaten, inclusief de Aangeboden Certificaten, aangezien de houders van Rabobank Certificaten niet het recht hebben de vergadering van de algemene ledenraad van Rabobank bij te wonen of daarin een stem uit te brengen.</li> <li>• Voor een wijziging van de administratievoorwaarden waardoor de Aangeboden Certificaten converteerbaar worden naar de onderliggende Rabobank Participaties is geen goedkeuring van de houders van de Aangeboden Certificaten vereist.</li> <li>• De Rabobank Participaties en overeenkomstige vorderingen en Aangeboden Certificaten kunnen niet worden geverifieerd en zijn niet onderworpen aan verrekening.</li> <li>• De Aangeboden Certificaten zijn eeuwigdurend en hebben geen vaste looptijd. De Rabobank Participaties en de Rabobank Certificaten, inclusief de Aangeboden Certificaten, vormen het meest achtergestelde kapitaal van Rabobank. Bij ontbinding van Rabobank krijgen houders van Aangeboden Certificaten mogelijk minder dan zij hebben belegd in de Aangeboden Certificaten.</li> <li>• Huidige en toekomstige Nederlandse, Europese of andere toepasselijke wetgeving kan tot gevolg hebben dat de Rabobank Participaties en, als gevolg daarvan, de Aangeboden Certificaten worden afgewaardeerd, ingetrokken of onteigend zonder enige compensatie voor de houders van Rabobank Certificaten.</li> <li>• Herstel- en liquidatiemaatregelen kunnen gevolgen hebben voor de eigendomsrechten van houders van de Aangeboden Certificaten en voor de marktwaarde van de Aangeboden Certificaten.</li> <li>• Toepassing van de Interventiewet kan gevolgen hebben voor de eigendomsrechten van houders van de Aangeboden Certificaten en voor de marktwaarde van de Aangeboden Certificaten.</li> <li>• Een aanzienlijk aantal Rabobank Certificaten en de stemrechten in de vergadering van houders van Rabobank Certificaten kunnen geconcentreerd in handen zijn van één of meer houder(s) van Rabobank Certificaten. Dergelijke houders van Rabobank Certificaten kunnen aanzienlijke invloed hebben op uitkomsten tijdens de vergadering van houders van Rabobank Certificaten ten nadele van andere houders van Rabobank Certificaten, en de belangen van dergelijke houders komen mogelijk niet altijd overeen met de belangen van de andere houders van Rabobank Certificaten. Bovendien kan de toekomstige verkoop van Rabobank Certificaten, of de mogelijkheid van een dergelijke verkoop, door dergelijke houders van Rabobank Certificaten een substantieel nadelig effect hebben op de marktprijs en volatiliteit van de Rabobank Certificaten.</li> <li>• Er kan geen garantie worden gegeven met betrekking tot wetswijzigingen na de datum van het Prospectus.</li> <li>• Beleggers zijn blootgesteld aan wisselkoersrisico's en deviezenrestricties als hun voornaamste beleggingsvaluta een andere valuta is dan de euro.</li> <li>• De marktprijs van de Rabobank Certificaten, en de Aangeboden Certificaten, kan fluctueren en dalen tot onder de nominale waarde en de handel in de Rabobank Certificaten, en de Aangeboden Certificaten kan zeer beperkt zijn, wat ertoe kan leiden dat houders van Aangeboden Certificaten hun Aangeboden Certificaten niet tegen of boven de initiële marktkoers kunnen verkopen, of in het geheel niet kunnen verkopen.</li> </ul>
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		<ul style="list-style-type: none"> <li>Houders van Aangeboden Certificaten kunnen worden geconfronteerd met onbekende kosten die beleggingsondernemingen in rekening brengen voor hun dienstverlening.</li> </ul>
<b>Afdeling E - Aanbieding</b>		
<b>E.1</b>	Netto opbrengst en geschatte kosten	<p>Na aftrek van de geschatte kosten in verband met de Aanbieding, verwacht de Groep, afhankelijk van interesse van beleggers, een minimum van €1 miljard aan netto opbrengst uit de Aanbieding te ontvangen. Voor iedere 40 miljoen aan extra Aangeboden Certificaten, zal de netto opbrengst naar verwachting met ongeveer €1,11 miljard toenemen (gebaseerd op een Maximum Aanbiedingsprijs).</p> <p>De kosten in verband met de Aanbieding worden geschat op ongeveer €15 miljoen (gebaseerd op een netto opbrengst van €1 miljard) en omvatten onder andere de vergoedingen die zijn verschuldigd aan de Stichting Autoriteit Financiële Markten (de “AFM”) en Euronext Amsterdam N.V., de provisie voor de Joint Lead Managers, de juridische en administratieve kosten, de publicatiekosten en eventueel verschuldigde belastingen. Deze kosten komen voor rekening van Rabobank.</p>
<b>E.2a</b>	Redenen voor de Aanbieding en bestemming van de opbrengsten	<p><b>Redenen voor de Aanbieding</b></p> <p>Als onderdeel van haar Strategic Framework 2016-2020 en vooruitlopend op het verwachte effect van nieuwe regels inzake kapitaalvereisten, streeft Rabobank ernaar haar common equity tier 1-ratio tegen eind 2020 te verhogen tot minimaal 14%, onder meer door een verkorting van de balans. De Aangeboden Certificaten, samen met enige premie boven de nominale waarde, worden aangemerkt als common equity tier 1-kapitaal en de uitgifte ervan kan de verwezenlijking van de doelstelling van Rabobank versnellen. Rabobank verwacht dat de uitgifte van de Aangeboden Certificaten de common equity tier 1-ratio van Rabobank met ongeveer 0,5% zal versterken in het geval dat Rabobank €1 miljard aan netto opbrengst ontvangt, gebaseerd op de risicogewogen activa van Rabobank per 30 juni 2016. Voor elke aanvullende €100 miljoen aan netto opbrengst zal de CET1-ratio van Rabobank naar verwachting toenemen met ongeveer 0,05%, gebaseerd op de risicogewogen activa van Rabobank per 30 juni 2016.</p> <p><b>Bestemming van de opbrengsten</b></p> <p>De Groep zal de volledige netto-opbrengst uit de Aanbieding gebruiken om de algemene bedrijfsactiviteiten en commerciële activiteiten van de Groep te financieren, en om haar kapitaalpositie te versterken.</p>
<b>E.3</b>	Algemene voorwaarden van de Aanbieding	<p><b>Aangeboden Certificaten</b></p> <p>Stichting AK Rabobank biedt nieuw uitgegeven Aangeboden Certificaten aan. De Aangeboden Certificaten vertegenwoordigen belangen in een overeenkomstig aantal Rabobank Participaties, uit te geven door Rabobank aan Stichting AK Rabobank op de datum van Afwikkeling, die naar verwachting valt op 24 januari 2017 (de “Afwikkelingsdatum”). Indien geen Afwikkeling plaatsvindt, worden geen Rabobank Participaties door Rabobank uitgegeven aan Stichting AK Rabobank en worden diensgevolge geen Aangeboden Certificaten uitgegeven. De Aanbieding bestaat uit (i) een openbare aanbieding in Nederland en Zwitserland aan institutionele en particuliere beleggers en (ii) een aanbieding in diverse andere rechtsgebieden aan institutionele beleggers. De Aangeboden Certificaten worden buiten de VS aangeboden in offshore-transacties zoals gedefinieerd in, en in overeenstemming met, Regulation S van de VS Securities Act. De Aanbieding wordt uitsluitend gedaan in rechtsgebieden waarin, en uitsluitend aan personen aan wie, de Aanbieding rechtmatig kan worden gedaan. Beleggers die inschrijven op de Aanbieding worden geacht te hebben gecontroleerd of, en te hebben bevestigd dat, zij voldoen aan de eisen van de verkoop- en overdrachtsbeperkingen die zijn opgenomen in het Prospectus. In geval van twijfel dienen beleggers hun professionele adviseurs te raadplegen.</p> <p><b>Stabilisatie</b></p> <p>In verband met de Aanbieding kan Merrill Lynch International als stabilisatiemanager, of enig ander persoon die namens haar optreedt, gebruik maken van overinschrijving en andere transacties verrichten ter ondersteuning van de marktprijs van de Aangeboden Certificaten op een hoger niveau dan dat wat anders zou gelden, en wel voor een periode van 30 dagen na de aankondiging van de Aanbiedingsprijs. Merrill Lynch International, of een tussenpersoon van Merrill Lynch International, is echter niet verplicht om dit te</p>

doen. Dergelijke transacties mogen worden uitgevoerd via Euronext Amsterdam en andere effectenmarkten, de over-the-counter markt, de aandelenbeurs of anderszins. Stabilisatie-activiteiten kunnen, indien ermee is gestart, te allen tijde worden stopgezet en dienen uiterlijk 30 dagen na de aankondiging van de Aanbiedingsprijs te worden beëindigd. Tenzij wettelijk vereist, is noch Merrill Lynch International noch een van haar tussenpersonen voornemens om de omvang van een overinschrijving en/of stabilisatietransactie in het kader van de Aanbieding of het bedrag van een long- of shortpositie bekend te maken.

#### Tijdschema

Onder voorbehoud van inkorting of verlenging van het tijdschema voor, of intrekking van, de Aanbieding, staan in het onderstaande tijdschema bepaalde belangrijke data voor de Aanbieding aangegeven.

Gebeurtenis	Verwachte datum	Tijd MET
Begin van de Aanbiedingsperiode	11 januari 2017	9:00
Einde van de Aanbiedingsperiode voor Particuliere Beleggers	16 januari 2017	17:30
Einde van de Aanbiedingsperiode	17 januari 2017	11:00-16:00
Prijsvorming en toewijzing	17 januari 2017	
Afwikkeling (betaling en levering)	24 januari 2017	
Begin van de handel in Aangeboden Certificaten aan Euronext Amsterdam	24 januari 2017	9:00

#### Aanbiedingsperiode

Onder voorbehoud van inkorting of verlenging van het tijdschema voor de Aanbieding, kunnen toekomstige institutionele beleggers zich inschrijven op de Aangeboden Certificaten gedurende de periode vanaf 9:00 uur MET op 11 januari 2017 tot een tijdstip tussen 11:00 en 16:00 MET (exacte tijdstip zal worden bekendgemaakt via Bloomberg of andere vergelijkbare wijze van communicatie) op 17 januari 2017 en Particuliere Beleggers kunnen zich inschrijven op de Aangeboden Certificaten gedurende de periode vanaf 9:00 uur MET op 11 januari 2017 tot 17:30 MET op 16 januari 2017 (de “**Aanbiedingsperiode**”). Ingeval van een inkorting of verlenging van de Aanbiedingsperiode kan de prijsvorming, toewijzing en toelating van en eerste handel in Aangeboden Certificaten, alsmede betaling (in euro) voor en levering van de Aangeboden Certificaten, dienovereenkomstig worden ingekort of verlengd.

#### Aanbiedingsprijs en aantal Aangeboden Certificaten

De prijs van de Aangeboden Certificaten (de “**Aanbiedingsprijs**”) zal naar verwachting, met inachtneming van het onderstaande, niet meer bedragen dan 115,040% van €25, zijnde de slotkoers van Rabobank Certificaten aan Euronext Amsterdam op 10 januari 2017 (“**Maximum Aanbiedingsprijs**”). De Aanbiedingsprijs en het exacte aantal Aangeboden Certificaten zal door Rabobank worden bepaald na het einde van de Aanbiedingsperiode, met inbegrip van een eventuele inkorting of verlenging daarvan, op basis van de afgegeven koers van de Rabobank Certificaten die op de dag voorafgaand aan dit Prospectus al zijn genoteerd, het ‘book building’-proces, de economische en marktomstandigheden, een kwalitatieve en kwantitatieve beoordeling van de vraag naar de Aangeboden Certificaten en overige toepasselijk geachte factoren. De Aanbiedingsprijs en het daadwerkelijke aantal te verkopen Aangeboden Certificaten worden vermeld in een prijsverklaring die wordt bekendgemaakt in een persbericht dat tevens wordt gepubliceerd op de website van Rabobank en wordt gezonden aan de AFM.

Voorafgaand aan de Toewijzing kan de Aanbiedingsprijs boven de Maximum Aanbiedingsprijs worden vastgesteld. Beleggers die reeds hebben ingestemd met de aankoop van of inschrijving op de Aangeboden Certificaten gedurende de

		<p>Aanbiedingsperiode voorafgaand aan de aankondiging van de vaststelling van de Aanbiedingsprijs boven de Maximum Aanbiedingsprijs hebben het recht om binnen twee werkdagen na de publicatie van deze aankondiging hun instemming in te trekken. De vaststelling van een Aanbiedingsprijs boven de Maximum Aanbiedingsprijs op de laatste dag van de Aanbiedingsperiode heeft tot gevolg dat de Aanbiedingsperiode wordt verlengd met ten minste twee werkdagen. De vaststelling van een Aanbiedingsprijs boven de Maximum Aanbiedingsprijs op de dag voorafgaand aan de laatste dag van de Aanbiedingsperiode heeft tot gevolg dat de Aanbiedingsperiode wordt verlengd met ten minste één werkdag. Aldus hebben alle beleggers, ook de particuliere beleggers in Nederland en Zwitserland (“<b>Particuliere Beleggers</b>”), ten minste twee werkdagen om te beslissen over hun inschrijving. Een dergelijke vaststelling van een Aanbiedingsprijs boven de Maximum Aanbiedingsprijs zal worden bekendgemaakt in een persbericht dat op de website van Rabobank zal worden geplaatst.</p> <p><b>Inschrijvingen en toewijzing</b></p> <p>Toewijzing vindt naar verwachting plaats na afloop van de Aanbiedingsperiode, op of omstreeks 17 januari 2017, behoudens eventuele inkorting of verlenging van het tijdschema voor de Aanbieding. De toewijzing aan beleggers die hebben ingeschreven op Aangeboden Certificaten geschiedt door Rabobank en Rabobank kan geheel naar eigen inzicht bepalen of en hoe de Aangeboden Certificaten worden toegewezen. Er is geen minimum of maximum aantal Aangeboden Certificaten waarop toekomstige beleggers kunnen inschrijven en het is toegestaan om meerdere (aanvragen voor) inschrijvingen in te dienen. Ingeval op meer Certificaten wordt ingeschreven dan er worden aangeboden, kunnen beleggers minder Aangeboden Certificaten ontvangen dan waarop zij hebben ingeschreven. Stichting AK Rabobank en Rabobank mogen, geheel naar eigen inzicht en zonder opgaaf van redenen, inschrijvingen geheel of gedeeltelijk weigeren. Gelden die zijn ontvangen voor inschrijvingen die niet (volledig) worden geaccepteerd, zullen, zonder rente en voor risico van de belegger, worden geretourneerd. Rabobank behoudt volledige flexibiliteit om de beoogde toewijzing te veranderen.</p> <p>De Joint Lead Managers stellen de institutionele beleggers op de hoogte van het aantal Aangeboden Certificaten dat aan hen is toegewezen op de datum van Toewijzing.</p> <p>Nederlandse Particuliere Beleggers kunnen enkel inschrijven op basis van een bestensorder. Dit betekent dat Nederlandse Particuliere Beleggers verplicht zijn tot koop en betaling van Aangeboden Certificaten zoals vermeld in hun aanvraag, voor zover deze aan hen zijn toegewezen, voor de Aanbiedingsprijs.</p> <p>Rabobank, als Retail Coördinator, stelt de financiële tussenpersonen in kennis van het totale aantal Aangeboden Certificaten dat aan hun respectieve Particuliere Beleggers is toegewezen. Het is aan de financiële tussenpersonen om de Particuliere Beleggers in kennis te stellen van hun individuele toewijzingen.</p> <p><b>Betaling</b></p> <p>De betaling (in euro) voor, en levering van, de Aangeboden Certificaten zal plaatsvinden op de Afwikkelingsdatum. Belastingen en kosten, indien van toepassing, zijn voor rekening van de belegger. Aan Particuliere Beleggers kunnen kosten in rekening worden gebracht door hun financiële tussenpersonen. Beleggers moeten de Aanbiedingsprijs volledig in euro's betalen met terstond beschikbare financiële middelen op of voor de Afwikkelingsdatum (of eerder ingeval de Aanbiedingsperiode eerder sluit en dientengevolge de vaststelling van de prijs en toewijzing worden vervroegd en de handel en afwikkeling eerder beginnen).</p> <p><b>Levering, clearing en afwikkeling</b></p> <p>De Aangeboden Certificaten worden giraal geleverd met gebruikmaking van de faciliteiten van Euroclear en Clearstream. Levering van de Aangeboden Certificaten vindt plaats op de Afwikkelingsdatum, via de girale faciliteiten van Euroclear en Clearstream, in overeenstemming met de gebruikelijke afwikkelingsprocedures.</p> <p>Indien de Afwikkeling niet volgens planning op de Afwikkelingsdatum, of helemaal niet plaatsvindt, kan de Aanbieding worden ingetrokken. In dat geval worden alle inschrijvingen op Aangeboden Certificaten als niet gedaan beschouwd, worden alle toewijzingen geacht niet te hebben plaatsgevonden en worden eventueel bij de inschrijving betaalde gelden geretourneerd, zonder rente of andere vergoeding. Alle</p>
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	<p>handel in Aangeboden Certificaten voorafgaand aan de Afwikkeling vindt plaats voor het uitsluitende risico van de betrokken partijen. Noch Stichting AK Rabobank, Rabobank, de Managers, de Listing and Amsterdam Paying Agent, de Paying Agent, noch Euronext Amsterdam N.V. aanvaarden enige verantwoordelijkheid of aansprakelijkheid voor eventueel geleden schade door personen als gevolg van een intrekking van de Aanbieding of de daarmee verband houdende nietigverklaring van transacties in Aangeboden Certificaten aan Euronext Amsterdam.</p> <p><b>Inschrijvingsovereenkomst</b></p> <p>Rabobank, Stichting AK Rabobank, de Managers zijn op 11 januari 2017 een inschrijvingsovereenkomst (de “<b>Inschrijvingsovereenkomst</b>”) aangegaan met betrekking tot het uitgeven en aanbieden van de Aangeboden Certificaten.</p> <p>Op voorwaarde van het aangaan van het Pricing Memorandum door Rabobank, Stichting AK Rabobank en de Joint Lead Managers, dat naar verwachting op of omstreeks 17 januari 2017 zal worden ondertekend (het “<b>Pricing Memorandum</b>”) en dat een voorwaarde vormt voor de verplichtingen van de Joint Lead Managers ingevolge de Inschrijvingsovereenkomst, onder de voorwaarden zoals uiteengezet in de Inschrijvingsovereenkomst, zijn de Joint Lead Managers er hoofdelijk maar niet gezamenlijk mee akkoord gegaan een redelijke inspanning te verrichten om inschrijvers te werven voor de Aangeboden Certificaten of, indien een door een Joint Lead Manager geworven inschrijver verzuimt te betalen voor Aangeboden Certificaten, om in te schrijven op de Aangeboden Certificaten en daar de Aanbiedingsprijs voor te betalen in gelijke delen. Stichting AK Rabobank heeft ermee ingestemd de Aangeboden Certificaten uit te geven tegen de Aanbiedingsprijs aan inschrijvers die zijn geworven door de Joint Lead Managers of, indien een door een Joint Lead Manager geworven inschrijver verzuimt te betalen voor de Aangeboden Certificaten, aan de Joint Lead Managers.</p> <p>Onder de voorwaarden zoals uiteengezet in de Inschrijvingsovereenkomst, zijn de Co-Lead Managers er hoofdelijk maar niet gezamenlijk mee akkoord gegaan een uiterste inspanning te verrichten om inschrijvers te werven voor de Aangeboden Certificaten tegen de Aanbiedingsprijs. Stichting AK Rabobank heeft ermee ingestemd de Aangeboden Certificaten uit te geven tegen de Aanbiedingsprijs aan inschrijvers die zijn geworven door de Co-Lead Managers of, indien een door een Manager geworven inschrijver verzuimt te betalen voor de Aangeboden Certificaten, aan de Joint Lead Managers. De Co-Lead Managers zijn niet verplicht om in te schrijven en te betalen voor de Aangeboden Certificaten als een inschrijver, geworven door een Manager, verzuimt te betalen voor de Aangeboden Certificaten.</p> <p>In de Inschrijvingsovereenkomst hebben Rabobank en Stichting AK Rabobank bepaalde verklaringen gedaan en garanties verleend. Daarnaast heeft Rabobank zich verplicht de Managers vrij te stellen van bepaalde verplichtingen in verband met de Aanbieding.</p> <p>De Inschrijvingsovereenkomst voorziet erin dat voor de verplichtingen van de Managers om inschrijvers te werven voor de Aangeboden Certificaten tegen de Aanbiedingsprijs en in te schrijven op en te betalen voor de Aangeboden Certificaten, een aantal voorwaarden gelden ten behoeve van de Managers, waaronder: (i) het ontvangen van legal opinions van juridische adviseurs van Rabobank en de Managers betreffende bepaalde gebruikelijke juridische kwesties op de Afwikkelingsdatum; (ii) bevestiging dat Rabobank de Aangeboden Participaties heeft uitgegeven aan Stichting AK Rabobank; (iii) het aangaan van het Pricing Memorandum met daaraan gekoppeld het vaststellen van de Aanbiedingsprijs en het exacte aantal Aangeboden Certificaten en (iv) bepaalde andere gebruikelijke opschortende voorwaarden. De Joint Lead Managers hebben het recht afstand te doen van de vervulling van een of meer van die voorwaarden (behalve punt (ii) hierboven).</p> <p>Indien zich bepaalde omstandigheden voordoen, zoals wanneer niet wordt voldaan aan een van de opschortende voorwaarden of indien daarvan door de Joint Lead Managers afstand wordt gedaan, kunnen de Joint Lead Managers (met uitzondering van Rabobank in haar hoedanigheid als Joint Lead Manager) ervoor kiezen de Inschrijvingsovereenkomst te ontbinden op enig moment voorafgaand aan betaling van de netto inschrijvingsgelden voor de Aangeboden Certificaten aan Rabobank.</p> <p><b>Joint Lead Managers</b></p>
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		<p>Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International and Coöperatieve Rabobank U.A. treden op als joint lead managers voor de Aanbieding (de “<b>Joint Lead Managers</b>”).</p> <p><b>Co-Lead Managers</b></p> <p>ING Bank N.V. en ABN AMRO Bank N.V. treden op als co-lead managers voor de Aanbieding (de “<b>Co-Lead Managers</b>”).</p> <p><b>Retailcoördinator</b></p> <p>Coöperatieve Rabobank U.A. treedt op als retailcoördinator.</p> <p><b>Listing and Amsterdam Paying Agent</b></p> <p>Coöperatieve Rabobank U.A. treedt op als Listing en Amsterdam Paying Agent met betrekking tot de Rabobank Certificaten aan Euronext Amsterdam.</p> <p><b>Paying Agent</b></p> <p>Deutsche Bank AG, London Branche, of een andere financiële instelling treedt op als paying agent met betrekking tot de Rabobank Certificaten aan Euronext Amsterdam.</p>
<b>E.4</b>	Materiële belangen bij de Aanbieding (waaronder begrepen tegenstrijdige belangen)	<p>Bepaalde Managers en/of de met hen verbonden ondernemingen zijn in het verleden betrokken geweest bij, en kunnen in de toekomst betrokken worden bij, investeringsbankdiensten en andere commerciële bankdiensten in de normale bedrijfsvoering met Rabobank of aan haar verbonden ondernemingen. Zij hebben de gebruikelijke vergoedingen en provisies voor deze transacties en diensten ontvangen of zouden deze in de toekomst kunnen ontvangen.</p> <p>Naast de normale uitoefening van hun bedrijfsvoering, kunnen de Managers of aan hun verbonden ondernemingen voor eigen rekening en voor rekening van hun klanten een breed scala aan beleggingen aanhouden of doen, en actief handelen in obligaties en aandelen (of daarvan afgeleide effecten) en financiële instrumenten (waaronder bankleningen). Dergelijke beleggingsactiviteiten en handel in effecten kunnen effecten en/of instrumenten van Rabobank of aan haar verbonden ondernemingen omvatten. Bepaalde Managers of aan hen verbonden ondernemingen die een kredietrelatie hebben met Rabobank dekken hun kredietblootstelling aan Rabobank standaard af in overeenstemming met hun gebruikelijke risicobeheersbeleid. Deze Managers of aan hen verbonden ondernemingen dekken een dergelijke blootstelling gewoonlijk af door het aangaan van transacties die bestaan uit de aankoop van kredietverzuimswaps of het creëren van short-posities in effecten van Rabobank, waaronder mogelijk het hier aangeboden schuld papier. Dergelijke short-posities kunnen een nadelige invloed hebben op de toekomstige handelskoersen van het hier aangeboden schuld papier. De Managers of aan hen verbonden ondernemingen kunnen ook beleggingsadviezen geven en/of publiceren of onafhankelijke onderzoeksstandpunten kenbaar maken met betrekking tot dergelijke effecten of financiële instrumenten, en kunnen long- en/of short-posities in dergelijke effecten en instrumenten aanhouden of aanbevelen aan klanten die zij werven.</p> <p>Het handelen in de hoedanigheid zoals hiervoor omschreven kan betekenen dat de belangen van de Managers niet gelijk zijn aan of zelfs strijdig zijn met die van beleggers en van de Groep.</p>
<b>E.5</b>	Persoon of entiteit die de Rabobank Certificaten voor verkoop aanbiedt	Rabobank zal Rabobank Participaties uitgeven en Stichting AK Rabobank zal de daaraan corresponderende Aangeboden Certificaten uitgeven.
<b>E.6</b>	Verwatering	Niet van toepassing; de houders van Rabobank Certificaten hebben geen stemrecht bij vergaderingen van de algemene ledenraad van Rabobank.
<b>E.7</b>	Geraamde kosten die Rabobank, Stichting AK Rabobank of de Joint Lead Managers aan de	Rabobank, Stichting AK Rabobank of de Joint Lead Managers brengen de beleggers geen kosten in rekening in verband met de Aanbieding. Aan Particuliere Beleggers kunnen kosten in rekening worden gebracht door hun financiële tussenpersonen.

	beleggers in rekening brengen	
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## RISK FACTORS

*An investment in the Offer Certificates involves a high degree of risk and may result in the loss of all or part of investors' investment. Before investing in the Offer Certificates, prospective investors should consider carefully all of the information in this Prospectus, including the following specific risks and uncertainties in addition to the other information contained or incorporated by reference into this Prospectus as a whole. If any of the following risks actually occurs, the Group's (as defined below) business, results of operations, financial condition or prospects could be materially and adversely affected. In that event, the value of the Offer Certificates could decline and an investor might lose part or all of the investor's investment. In addition, if any of the following risks actually occur, the Group may not make any payments or other distributions on the Rabobank Participations and consequently Stichting AK Rabobank may not make any payments or other distributions on the Offer Certificates. Although the Group believes that the risks and uncertainties described below are the material risks and uncertainties facing the Group's business and the Offer Certificates, additional risks and uncertainties not presently known to the Group or that the Group currently deems immaterial could also have a material adverse effect on the Group's business, results of operations, financial condition or prospects and could negatively affect the price of the Offer Certificates. All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of the risks described below simultaneously and one or more of the risks described below may be interdependent. The risks and uncertainties described are not necessarily presented in the order of likelihood that a risk will materialise or seriousness of the consequences if a risk should materialise.*

*Prospective investors should read and carefully review the entire Prospectus and should reach their own views before making an investment decision with respect to any Offer Certificates. In addition, before making an investment decision with respect to any Offer Certificates, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Offer Certificates and consider such an investment decision in light of their personal circumstances.*

### **Risks Relating to the Group's Business, Operations and the Industry in which it Operates**

***The Group is particularly exposed to changes in general economic conditions in the Netherlands and globally. 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 prospects, business, financial condition and results of operations***

The profitability of the group (within the meaning of Section 2:24b of the Dutch Civil Code (the "DCC")) which is headed by Rabobank (the "**Group**") could be adversely affected by a worsening of general economic conditions in the Netherlands or globally. Banks are still facing persistent turmoil in financial markets following the European sovereign debt crisis that arose in the first half of 2010 and has continued since then. In 2015, the Dutch economy showed signs of a slight recovery. The still difficult economic circumstances have resulted in reduced borrowing and interest rates. 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. Interest rates have declined in 2016. Persistent low interest rates have negatively affected and continue to negatively affect the net interest income of the Group. Also, a prolonged 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 and worsening of the Dutch and global economy could reduce the value of the Group's assets and could cause the Group to incur further mark-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. See "Operating and Financial Review—Factors affecting Results of Operations—General market conditions".

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 prospects, business, financial condition and results of operations.

***The Group is exposed to credit risk. Materialisation of the credit risk due to an economic downturn could have a material adverse effect on the Group's business, financial condition and results of operations***

Credit risk is defined as the risk that a bank will suffer economic losses because a counterparty cannot fulfil its financial or other contractual obligations arising from a credit contract. A 'credit' is each legal relationship on the basis of which the Group, in its role as financial services provider, can or will obtain a claim on a debtor by providing a product. In addition to loans and facilities (with or without commitment), credit as a generic term also includes, among other things, guarantees, letters of credit and derivatives.

An economic downturn may result in an increase in credit risk and, consequently, loan losses that are above the Group's long-term average, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to country risk. Unpredictable and unexpected events which increase country risk could have a material adverse effect on the Group's business, financial condition and results of operations***

With respect to country risk, a distinction can be made between transfer risk and collective debtor risk. Transfer risk relates to the possibility of foreign governments placing restrictions on funds transfers from debtors in that country to creditors abroad. Collective debtor risk relates to the situation in which a large number of debtors in a country cannot meet their commitments for the same reason (e.g., war, political and social unrest or natural disasters, but also government policy that does not succeed in creating macro-economic and financial stability).

Unpredictable and unexpected events which increase transfer risk or collective debtor risk could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to interest rate and inflation risk. Sudden and substantial changes in interest rates could have a material adverse effect on the Group's results of operations. Inflation and expected inflation can influence interest rates***

Interest rate risk is the risk, outside the trading environment, of deviations in net interest income or the economic value of equity as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for the Group's liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of the Group's assets, such as mortgages, which have longer interest rate fixation periods. Sudden and substantial changes in interest rates or very low or negative interest rates could have a material adverse effect on the Group's results of operations.

Inflation and expected inflation can influence interest rates. An increase in inflation may: (i) decrease the value of certain fixed income instruments which the Group holds; (ii) result in surrenders (*afkoop*) of certain savings products with fixed rates below market rates by banking customers of the Group; (iii) require the Group to pay higher interest rates on the securities that it issues; and (iv) cause a general decline in financial markets.

***The Group is exposed to funding and liquidity risk. If clients or other professional counterparties suddenly withdraw more funding than expected, this could have a material adverse effect on the Group's business, financial condition and results of operations***

Liquidity risk is the risk that not all (re)payment commitments can be met. This could happen if clients or other professional counterparties suddenly withdraw more funding than expected, which cannot be met by the Group's cash resources, by selling or pledging assets or by borrowing funds from third parties. Important factors in preventing this are preserving the trust of customers for retail funding and maintaining access to financial markets for wholesale funding. If either of these would be seriously threatened, this could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to market risk. Any future worsening of the situation in the financial markets could have a material adverse effect on the Group's business, financial condition and results of operations***

The value of the Group's trading portfolio is affected by changes in market prices, such as interest rates, equities, currencies, certain commodities and derivatives. Any future worsening of the situation in the financial markets could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to currency risk. Sudden and substantial changes in the exchange rates of currencies could have a material adverse effect on the Group's business, financial condition and results of operations***

The Group is an internationally active financial services provider. As such, part of its capital is invested in foreign activities. This gives rise to currency risk, in the form of translation risk. In addition, the trading books are exposed to market risk, in that they can have positions that are affected by changes in the exchange rate of currencies. Sudden and substantial changes in the exchange rates of currencies could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to operational risk. The occurrence of any operational incidents or additional cost of complying with new regulation could have a material adverse effect on the Group's business, financial condition and results of operations***

As a risk type, operational risk has acquired its own distinct position in the banking world. It is defined by the Group as "the risk of losses resulting from inadequate or failed internal processes, people or systems or by external events". The Group operates within the current regulatory framework as regards measuring and managing operational risk, including holding capital for this risk. Events of recent decades in modern international banking have shown that operational risks can lead to substantial losses. Examples of operational risk incidents are highly diverse: fraud or other illegal conduct, failure of an institution to have policies and procedures and controls in place

to prevent, detect and report incidents of non-compliance with applicable laws or regulations, inadequate control processes to manage risks, ineffective implementation of internal controls, claims relating to inadequate products, inadequate documentation, losses due to poor occupational health and safety conditions, errors in transaction processing and system failures. Furthermore, organisational change to improve customer focus and performance may result in the creation of an operational risk, because the Group is currently undergoing a reorganisation, as well as undergoing a restructuring in respect of its control system. As a result of these changes, employees are leaving the Group. This may have a negative impact on existing work routines and projects and may consequently lead to operational incidents. The occurrence of any such incidents or additional cost of complying with new regulation could have a material adverse effect on the Group's reputation and could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to legal risk. Legal and arbitration proceedings in which the Group is involved or may become involved in the future 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***

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways. The Group faces risk where legal and arbitration proceedings, whether private litigation or regulatory enforcement action, are brought against it. The outcome of such proceedings is inherently uncertain and could result in financial loss. Defending or responding to such proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. Failure to manage these risks could have a negative impact on the Group's reputation and could have a material adverse effect on the Group's results of operations. In addition, banking entities generally, including the Group, are experiencing heightened regulatory oversight and scrutiny, which may lead to additional regulatory investigations or enforcement actions. These and other regulatory initiatives may result in judgements, settlements, fines or penalties, or cause the Group to restructure its operations and activities, any of which 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 results of operations.

A negative outcome of any such potentially significant claims (including proceedings, collective-actions and settlements), action taken by supervisory authorities or other authorities, legislation, sector-wide measures, and other arrangements for the benefit of clients and third parties could have a negative impact on the 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. The Group is exposed to regulatory scrutiny and potentially significant claims, in relation to, among other things, the sale of interest rate derivatives to SME clients. For further information, see "Business—Legal and Arbitration Proceedings." For relevant specific proceedings, reference is made to the Group's unaudited condensed consolidated interim financial information, including the notes thereto, for the six-month period ended 30 June 2016, incorporated by reference into this Prospectus.

***The Group is exposed to tax risk. If a tax risk materialises, this 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***

The Group is subject to the tax laws of all countries in which it operates. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions, which could have a material adverse effect on 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.

***The Group is exposed to systemic risk. The weakness and the perceived weakness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions and counterparties, could have an adverse effect on the Group's ability to raise new funding, its business, financial condition and results of operations***

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. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as 'systemic risk' and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Group interacts on a daily basis. Concerns about the creditworthiness of sovereigns and financial institutions in Europe and the U.S. remain. The large sovereign debts or fiscal deficits of a number of European countries, including those of Greece, and the U.S. go hand in hand with concerns regarding the financial condition of financial institutions. Any of the above-mentioned consequences of systemic risk could have

an adverse effect on the Group's ability to raise new funding, its business, financial condition and results of operations.

***A material change in governmental or regulatory policies, applicable laws and regulations, or in their interpretation or enforcement or other governmental or regulatory actions could have a material adverse effect on the Group's business, financial condition and results of operations***

The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the Netherlands, the European Union ("EU"), the U.S. and elsewhere. Areas where changes could have an impact include, but are not limited to: the monetary, interest rate, crisis management, asset quality review, recovery and resolution and other policies of central banks and regulatory authorities, changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates, increased capital requirements and changes relating to capital treatment, changes and rules in competition and pricing environments, developments in the financial reporting environment, stress-testing exercises to which financial institutions are subject, implementation of conflicting or incompatible regulatory requirements in different jurisdictions relating to the same products or transactions, or unfavourable developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

As of 1 October 2012, the Dutch government introduced a bank tax for all entities that are authorised to conduct banking activities in the Netherlands. The tax is based on the amount of the total liabilities on the balance sheet of the relevant bank as 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 €172 million in bank tax and bank levies in 2015.

On 1 February 2013, the Dutch state nationalised the Dutch banking and insurance group SNS Reaal. To finance this operation, a special, one-off resolution levy of €1 billion was imposed on banks based in the Netherlands. The Group's share of the resolution levy was €321 million and had an adverse effect on the Group's results of operations in 2014. Since 2015, the Group has been required to make yearly contributions to the resolution fund. In 2015, the contribution to the Dutch National Resolution Fund amounted to €172 million. On 1 January 2016 the European Single Resolution Fund was set up. The European Single Resolution Fund, in large part, replaces the Dutch National Resolution Fund and Rabobank is required to make contributions to it. 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.

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. The target level of the scheme is 0.8% of total guaranteed deposits in the Netherlands. Each bank is required to pay a base premium per quarter of its total guaranteed deposits in the Netherlands. A risk add-on may be charged depending on the risk-weighting of the bank. Furthermore the SRM (as defined below) (see "—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates") and other new European rules on deposit guarantee schemes will both 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 February 2013, the European Commission issued a proposal for a financial transactions tax. If the proposal is implemented in its current form, the financial transactions tax would generally be levied, in certain circumstances, on transactions involving certain financial instruments where at least one party is a financial institution and at least one party is established in a participating member state. These participating member states are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (however, Estonia has since stated that it will not participate). If the proposal is implemented, the Group may be required to pay the financial transactions tax on certain transactions in financial instruments. The proposal requires further approval by the Council of the EU, and will require consultation with other EU institutions before it may be implemented by the participating member states. Currently the proposal is still under discussion, given broad opposition in a number of countries as well as outstanding legal issues. The Dutch Parliament has not adopted the proposal, but may do so in the future. The financial transactions tax, if implemented, could have a material adverse effect on the Group's business, financial condition and results of operations.

Since 1 January 2013, the tax deductibility of mortgage loan interest payments for Dutch homeowners has been restricted; interest payments on new mortgage loans can only be deducted if the loan amortises within 30 years on a linear or annuity basis. Moreover, the maximum permissible amount of a residential mortgage has been reduced from 104% in 2014, to 103% in 2015, to 102% in 2016 of the value of the property. This maximum will be further reduced (by 1 percentage point each year) to 100% in 2018. In addition to these changes, further restrictions on tax

deductibility of mortgage loan interest payments entered into force as of 1 January 2014. The tax rate against which the mortgage interest payments may be deducted is being gradually reduced beginning 1 January 2014. For taxpayers previously deducting mortgage interest at the highest income tax rate (52%), the interest deductibility will decrease annually at a rate of 0.5 percentage points, from 52% to 38% in 2042. The maximum personal mortgage loan eligible for guarantee by the Dutch Homeownership Guarantee Fund (Stichting Waarborgfonds Eigen Woningen), an institution that was founded by the Dutch government in 1993, through the National Mortgage Guarantee Scheme (*Nationale Hypotheek Garantie*) was reduced to €265,000 in 2014 and €245,000 in 2015. 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.

On 21 July 2010, the U.S. enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which provides a broad framework for significant regulatory changes that extend to almost every area of U.S. financial regulation. Implementation of the Dodd-Frank Act requires detailed rulemaking by different U.S. regulators, including the Department of the Treasury, the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"), the Securities and Exchange Commission (the "**SEC**"), the Federal Deposit Insurance Corporation (the "**FDIC**"), the Office of the Comptroller of the Currency (the "**OCC**") and the U.S. Commodity Futures Trading Commission (the "**CFTC**"). The Dodd-Frank Act and other post-financial crisis regulatory reforms in the U.S. have increased costs, imposed limitations on activities and resulted in an increased intensity in regulatory enforcement.

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

On 10 December 2013, five U.S. federal financial regulatory agencies adopted final regulations to implement the Volcker Rule. The regulations impose limitations and significant costs across all of the Group's subsidiaries and affiliates and their activities in scope for the Volcker Rule. While the regulations contain a number of exceptions and exemptions that may permit the Group to maintain certain of its trading and fund businesses and operations, particularly those outside of the U.S., aspects of those businesses have been modified to comply with the Volcker Rule. Further, the Group has spent significant resources to develop a Volcker Rule compliance program mandated by the final regulations, and may continue to spend resources as it deems necessary or appropriate, which may be significant, to develop or further develop the Volcker Rule compliance program. The conformance period for the Volcker Rule generally ended on 21 July 2015 for all proprietary trading activities and for all investments in and relationships with "covered funds" (as defined in the Volcker Rule) that were not in place prior to 31 December 2013. For certain investments in and relationships with "covered funds" that were in place prior to 31 December 2013 ("legacy funds"), the Volcker Rule conformance period has been extended by the Federal Reserve to 21 July 2017. With respect to the activities subject to the conformance period that ended on 21 July 2015, the Group has put in place processes under the relevant Volcker Rule compliance program reasonably designed to conform such activities to the Volcker Rule. With respect to any legacy fund activities subject to the extended conformance period, the Group must conform any such activities to the Volcker Rule and implement the related compliance program by the end of such conformance period.

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

In addition, as part of the implementation of the enhanced prudential standards requirement under the Dodd-Frank Act, the Federal Reserve proposed a rule on 4 March 2016 that would implement single counterparty credit limits for large bank holding companies, large intermediate holding companies, and large FBOs with respect to their combined U.S. operations. The proposed rule would apply to the combined U.S. operations of the Group. The Federal Reserve has not finalised (but continues to consider) requirements relating to an "early remediation" framework under which the Federal Reserve would implement prescribed restrictions on and penalties against an FBO and its U.S. operations, if the FBO or its U.S. operations do not meet certain requirements.

In the United Kingdom ("**U.K.**"), the Banking Reform Act 2013 received Royal Assent on 18 December 2013. It is a key part of the U.K. 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 U.K. banking sector. Measures contained in the Banking Reform Act 2013 include the structural separation of the retail banking activities of banks in the U.K.

from wholesale banking and investment banking activities by the use of a “ring fence”. A similar recommendation was made at EU level in the final report (the “**Liikanen Report**”), published on 2 October 2012, of the High-level Expert Group on reforming the structure of the EU banking sector under the chair of Mr Erkki Liikanen. In November 2012, the Dutch government established a committee, the ‘Commissie Structuur Nederlandse banken’, chaired by Mr Herman Wijffels, to investigate the applicability of the Liikanen Report to the Dutch banking sector and the manner in which a defaulting bank might be split up and resolved. The committee delivered its final report on 28 June 2013 (the “**Wijffels Report**”). The Dutch Parliament still has to decide on how to implement the recommendations included in the Wijffels Report. Adopting the full recommendations in the Wijffels Report could have a material adverse effect on the Group’s business, financial condition and results of operations.

Pursuant to Regulation EU 1024/2013 conferring specific tasks on the European Central Bank (“**ECB**”) for the prudential supervision of credit institutions, the ECB assumed direct responsibility from national regulators for specific aspects of the supervision of approximately 120 major European credit institutions, including the Group, with effect from 4 November 2014. Under this “Single Supervisory Mechanism”, the ECB now has, in respect of the relevant banks, all the powers available to competent authorities under the CRD IV (as defined below) including (but not limited to) powers of early intervention if a bank breaches its regulatory requirements and powers to require a bank to increase its capital or to implement changes to its legal or corporate structures. All other tasks related to resolution remain with the relevant national authorities or the SRM (as defined below), as applicable (see “— Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates” below). The ECB may also carry out supervisory stress tests to support the supervisory review. Such stress tests do not replace the stress tests carried out by the European Banking Authority (the “**EBA**”) with a view to assessing the soundness of the banking sector in the EU as a whole.

The impact of future regulatory requirements, including the Basel III Reforms (as defined below), the BRRD (as defined below), sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**U.S. Internal Revenue Code**” and such sections of the U.S. Internal Revenue Code and the regulations thereunder being commonly referred to as FATCA), the framework recovery plan, the Banking Reform Act 2013 and the Dodd-Frank Act will have far-reaching implications and require implementation of new business processes and models and could have a material adverse effect on the Group’s business, financial condition and results of operations. Compliance with the rules and regulations places ever greater demands on the Group’s management, employees and information technology.

***The impact of the new accounting standard IFRS 9 on financial instruments could have a material adverse effect on the Group’s business, financial condition and results of operations***

The Group’s prospects, business, financial condition and results of operations could be affected by the new accounting standard IFRS 9 on financial instruments. On the one hand, the loan impairment allowance is expected to increase due to the IFRS 9 expected loss concept. On the other hand, a compensation of the internal ratings-based expected loss shortfall (a common equity tier 1 deduction item) is expected to decrease. The impact of IFRS 9 on the common equity tier 1 ratio (“**CET1 Ratio**”) depends on, amongst other things, the time of application, the interest levels at that time and the point in time of the economic cycle. Therefore, IFRS 9 could have a material adverse effect on the Group’s prospects, business, financial condition and results of operations.

***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 order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD (as defined below), the BRRD requires that with effect from 1 January 2016, all institutions 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. On 23 May 2016, the European Commission adopted regulatory technical standards (“**RTS**”) on the criteria for determining the MREL under the BRRD (as defined below). The RTS were published in the EU Official Journal on 3 September 2016. The RTS provide for resolution authorities to allow institutions an appropriate transitional period to reach the applicable MREL requirements.

Unlike the FSB’s TLAC (as defined below) principles, the RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each institution within its jurisdiction. The MREL requirement for each institution will be set on the basis of a number of key elements, including a loss absorption amount (which will generally as a minimum equate to the institution’s capital requirements under CRD IV and CRR, including applicable buffers), and, in the case of larger institutions, a recapitalisation amount, the amount of recapitalisation needed to implement the preferred resolution strategy identified in the resolution planning process (including to sustain sufficient market confidence in the institution). Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include the extent to which an institution’s liabilities are, or are reasonably likely to be, excluded from contributing to loss absorption or recapitalisation; the risk profile and



systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL include an institution's Tier 1 and Tier 2 capital (within the meaning of CRR), along with certain eligible liabilities, meaning liabilities which, inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), do not arise from derivatives and are not excluded from bail-in.

Whilst there are a number of similarities between the MREL requirements and the FSB's TLAC principles, there are also certain differences, including the express requirement that TLAC be subordinated to liabilities excluded from counting as TLAC including, among other things, insured deposits (which is not necessarily the case for all MREL eligible liabilities), and the timescales for implementation. In its final draft for the RTS, the EBA stated that it expects the RTS to be "broadly compatible" with the FSB's TLAC principles. While acknowledging some differences, the EBA considered "these differences do not prevent resolution authorities from implementing the MREL for G-SIBs (as defined below) consistently with the international framework". Further convergence in the detailed requirements of the two regimes is expected, as also proposed by the EBA in its final report on the implementation and design of the MREL framework of 14 December 2016 and by the European Commission in its Proposals (as defined below). However, it is still uncertain to what extent the regimes will converge and what the final requirements will look like.

The required level of MREL for the Group has yet to be set by the Single Resolution Board ("SRB"). On the basis of the RTS, 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. As part of the Proposals discussed below, systemically important banks in a member state, like Rabobank, will be subject to a firm-specific MREL regime under which they will be 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. Moreover, the MREL framework may be subject to substantial change over the coming years, amongst others, as a result of the changes envisaged in the Proposals. 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. The above requirements (and any actual, or perceived likelihood of any, breach of them) may also affect the market value of the Offer Certificates. See also "—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates" and "—CRD IV includes capital requirements that are in addition to the minimum capital requirements. Any failure to comply with conditions of these additional capital requirements will restrict Rabobank from making payments on the Rabobank Participations in certain circumstances, in which case Rabobank will automatically cancel such payments in whole or, as applicable, in part. Any such cancellations of payments will also apply to the Rabobank Certificates".

***Regulators may in the future impose requirements on the Group comparable to the TLAC requirements applicable for G-SIBs. The Group may consequently have to reduce its lending or investments in other operations, which could have a material adverse effect on the Group's business, financial condition and results of operations.***

On 9 November 2015, the Financial Stability Board (the "FSB") published its final principles regarding the total loss-absorbing capacity (or "TLAC") of global systemically important banks ("G-SIBs"). In order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss, resolution authorities may subject a failing bank to a resolution regime and may apply certain resolution tools. These resolution tools include the bail-in tool: the power to write down and/or convert into equity a bank's capital instruments or liabilities for the purpose of absorbing the bank's losses and recapitalising the bank. Application of the bail-in tool requires the availability of sufficient loss absorbing capacity: capital instruments and liabilities eligible for write-down and/or conversion into equity. The FSB's TLAC principles seek to ensure that G-SIBs will have sufficient loss absorbing capacity and include a specific term sheet for TLAC which attempts to define an internationally agreed standard.

The FSB's TLAC principles require all G-SIBs to maintain a minimum (Pillar 1) level of TLAC-eligible instruments of at least 16% of the resolution group's risk-weighted assets with effect from 1 January 2019 and at least 18% with effect from 1 January 2022. Minimum TLAC must also be at least 6% of the Basel III leverage ratio exposures with effect from 1 January 2019, and at least 6.75% with effect from 1 January 2022. The principles also require G-SIBs to pre-position such loss-absorbing capacity amongst material subsidiaries on an intra-group basis. The term sheet also provides the possibility for resolution authorities to impose an additional bank-specific (Pillar 2) TLAC requirement over and above the common (Pillar 1) minimum. Capital instruments counting towards the capital requirements pursuant to the Regulation 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "CRR") may also count towards the TLAC requirement. However, the FSB term sheet does not allow the double-counting of capital towards both the TLAC requirement and the CRD IV (as defined below) capital buffers, i.e., it requires that the TLAC requirement

should be satisfied before any surplus common equity tier 1 capital (“**Common Equity Tier 1 Capital**”) is available to satisfy CRD IV capital buffers.

Work is currently ongoing in the EU to implement the TLAC standard into EU legislation. In particular, the European Commission has proposed to incorporate TLAC into the capital requirements framework, as an extension to the own funds requirements and as part of the Proposals, as discussed and defined below (see “—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group’s business, financial condition and results of operations” below). Although TLAC only applies to G-SIBs, in the Proposals the European Commission has proposed that other systemically important banks in a member state, like Rabobank, be subject to a firm-specific MREL regime under which they could be 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.

Based on the most recently updated FSB list of G-SIBs published in November 2016, Rabobank is not a G-SIB. However, there can be no assurance that Rabobank will not become a G-SIB in the future or that relevant EU or Dutch regulators may not in the future impose comparable requirements on Rabobank or apply the requirements for MREL (see “—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” above) in a manner which is consistent with the TLAC requirements applicable for G-SIBs, which could have a material adverse effect on the Group’s business, financial condition and results of operations. Recommendations largely to that effect are included in the EBA’s final report on MREL of 14 December 2016.

The TLAC principles provide that TLAC may comprise Tier 1 and Tier 2 capital (within the meaning of CRR) along with other TLAC-eligible liabilities which can be effectively written down or converted into equity during the resolution of the G-SIB. All TLAC is in principle required to be subordinated to “excluded liabilities”, which includes insured deposits and any other liabilities that cannot be effectively written down or converted into equity by the relevant resolution authority.

***If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group’s business, financial condition and results of operations***

Under CRD IV, institutions are required to hold a minimum amount of regulatory capital equal to 8% of the aggregate Total Risk Exposure Amount (“**Risk Weighted Assets**”) (of which at least 4.5% must be Common Equity Tier 1 Capital). In addition to these so-called minimum or “Pillar 1” “own funds” requirements, CRD IV (for example, at Article 128 and following) also introduces capital buffer requirements that are in addition to the minimum “own funds” requirements and are required to be met with Common Equity Tier 1 Capital. It provides for five 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. Subject to transitional provisions, the capital conservation buffer (2.5% when fully phased-in) and systemic risk buffer 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 DNB or any other competent authority at such time.

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

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process (“**SREP**”), which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements and which were implemented with effect from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the additional own funds requirements to cover certain risks of at least 56% Common Equity Tier 1 Capital and at least 75% Tier 1 Capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements.

The interpretation of Article 104(1)(a) of the CRD IV Directive (as defined below) remains unresolved, in particular as to how any “Pillar 2” additional own funds requirements imposed thereunder should be considered to comprise part of an institution’s additional own funds requirements. Such uncertainty can be expected to subsist while the relevant authorities in the EU and in the Netherlands continue to develop their approach to the application of the relevant rules. In this regard, the EBA published an opinion on 16 December 2015 calling on the European

Commission to review Article 141 of the CRD IV Directive to ensure greater consistency in its operation and to ensure that Common Equity Tier 1 Capital held to meet the Combined Buffer Requirement (as defined below) must be in excess of that held to meet Pillar 1 and Pillar 2 requirements. In line with the approach recommended in this EBA opinion, the ECB published a presentation on its SREP methodology on 19 February 2016 in which it outlined that only Common Equity Tier 1 Capital in excess of that used to meet an institution's Pillar 1 and Pillar 2 Common Equity Tier 1 Capital requirements and Combined Buffer Requirements will be taken into account for determining the Maximum Distributable Amount (as defined below). During 2016, it was widely reported that, in the context of its wider review of the CRR and CRD IV, an expert group of the European Commission was considering, among other things, clarifications to the operation of automatic restrictions on earnings distributions such that if an institution meets the sum of its Pillar 1 capital requirements, Pillar 2 capital requirements and Combined Buffer Requirements but does not meet its Pillar 2 capital guidance, it shall not be subject to such automatic restriction. The Proposals contain a similar proposed approach. Until this uncertainty is resolved, there can be no assurance that any formal legislative or other clarification of these issues will be made. Further, the stress test results published by the EBA in July 2016 are being used by regulators as part of the 2017 SREP for European banks. In July 2016, the ECB confirmed that SREP will for the first time comprise two elements: Pillar 2 requirements (which are binding and breach of which can have direct legal consequences for banks) ("**P2R**") and Pillar 2 guidance (with which banks are expected to comply but breach of which does not automatically trigger any legal action) ("**P2G**"). Accordingly, in the capital stack of a bank, the P2G is in addition to (and "sits above") that bank's Pillar 1 capital requirement, its P2R and its Combined Buffer Requirement. It follows that if a bank does not meet its P2G, supervisors may specify supervisory measures but it is only if it fails to maintain its Combined Buffer Requirement that the mandatory restrictions on discretionary payments (including payments on the Rabobank Participations) based on the Maximum Distributable Amount (see further below) will apply. However, there can be no assurance as to the relationship between the "Pillar 2" additional own funds requirements and the restrictions on discretionary payments referred to below and as to how and when effect will be given to the EBA's minimum guidelines in the Netherlands, including as to the consequences for an institution of its capital levels falling below the minimum, buffer and additional requirements referred to above.

On 2 December 2016, Rabobank published its 2017 ECB capital requirements, determined pursuant to the SREP. The ECB decision requires that Rabobank maintains a total SREP capital requirement of 9.75% on a consolidated and unconsolidated basis. The requirement consists of an 8% minimum own funds requirement and a 1.75% P2R. The total CET1 capital minimum requirement is 6.25%, consisting of the minimum Pillar 1 requirement (4.5%) and the P2R (1.75%). In addition, Rabobank is required to comply with the phasing in combined buffer requirements consisting of a capital conservation buffer (1.25%) and a systemic risk buffer (the "**Systemic Risk Buffer**") that needs to be applied on top of these CET1 requirements imposed by the DNB of 1.5% in 2017. The Systemic Risk Buffer will be phased in up to an expected level of 3% on a fully loaded basis in 2019. This translates into an aggregate 9% CET1 capital requirement for 2017. The ECB decision also requires that Rabobank maintains a CET1 Ratio of 7.5% on an unconsolidated basis. This 7.5% capital requirement is comprised of the minimum Pillar 1 requirement (4.5%), the P2R (1.75%) and the capital conservation buffer (1.25%). Rabobank currently intends to maintain an internal management buffer (as described further below) comprising Common Equity Tier 1 Capital over the Combined Buffer Requirement applicable to the Group. As part of its Strategic Framework 2016-2020, in anticipation of the expected impact of new rules on capital requirements, Rabobank aims to increase its CET1 Ratio to a minimum of 14%, by the end of 2020, but there can be no assurance that this target ratio will be achieved. This target could be revised as a result of (regulatory) developments. As at 30 June 2016, the "phased-in" (meaning the CET1 ratio under the current stage of phase-in capital requirements under the CRR) CET1 Ratio of the Group was 13.4% (the fully loaded CET1 Ratio of the Group as at 30 June 2016 was 12.4%). 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 the Capital Securities. See further "—The decision whether payments or other distributions are made on Rabobank Participations (and consequently on the Offer Certificates), the amount of any such payments and the date of payments is at the discretion of the Executive Board and subject to certain conditions. In the case of non- or partial payment, holders of Offer Certificates have no compensation rights, cannot petition for bankruptcy and do not have a right to repayment of the nominal amount of the Offer Certificates" below.

Although, in the opinion of the Group, its working capital is sufficient for its present requirements, that is for at least 12 months following the date of this Prospectus (see "Operating and Financial Review—Working Capital"), 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.

Under the Basel III regime ("**Basel III**"), capital and liquidity requirements have increased. On 17 December 2009, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of

fundamental reforms to the regulatory capital framework in its consultative document entitled “Strengthening the resilience of the banking sector”. On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on a number of fundamental reforms to the regulatory capital framework (such reforms being commonly referred to as the “**Basel III Reforms**”), including new capital requirements, higher capital ratios, more stringent eligibility requirements for capital instruments, a new leverage ratio and liquidity requirements, which are intended to reinforce capital standards and to establish minimum liquidity standards for financial institutions, including building societies.

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

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

In December 2014, the Basel Committee announced its intention to revisit the system of capital floors for internal models for credit risk. The revised capital floor framework would be relevant for the revised standardised approaches for credit risk, market risk and operational risk. The current floor for internal models (in the EU framework) is required under Article 500 of CRR and is set at 80% of the requirement of own funds as calculated under the Basel I framework (“**Basel I**”). Thus, the floor does not impact the calculation of risk-weighted assets, but acting as a kind of “adjustment factor”, determines what capital is required to be held, which differs from the Basel I approach.

As a result of the 2014 consultation, the Basel Committee favours a capital floor related to the standardised approaches (which are currently being revised). On 10 December 2015, the Basel Committee issued a second consultation document entitled ‘Revisions to the Standardised Approach for Credit Risk’, and in March 2016 the Basel Committee published its proposed revisions to the IR-based approach for credit risk. For some asset classes, like wholesale, there will be limitations to use of the IR-based (advanced) approach and for retail assets classes Probability of Default and Loss Given Default input floors will be introduced.

On 11 January 2016, the Group of Central Bank Governors and Heads of Supervision (“**GHOS**”) at the Basel Committee agreed that the GHOS will review the Basel Committee’s proposals on the risk weighted framework and the design and calibration of capital floors. Finalisation of the proposals and approval by the GHOS are expected in March 2017. As described in the Strategic Framework 2016-2020 the risk weighting of assets and the subsequent required absolute amount of capital are expected to increase significantly.

Separately, on 11 January 2016, the Basel Committee announced that it would conduct a quantitative impact assessment during 2016. As a result of this assessment, the Basel Committee will focus on not significantly increasing overall capital requirements. It is expected that the Basel Committee’s quantitative impact assessment will therefore play a crucial role in determining the nature of the proposals.

On 11 September 2016, the GHOS reaffirmed that the Basel Committee should focus on not significantly increasing overall capital requirements.

On 23 November 2016, the European Commission published legislative proposals for amendments to the CRR, the CRD IV Directive, the BRRD, the SRM Regulation (as defined below) and a proposed new directive to facilitate the creation of a new asset class of “non-preferred” senior debt (the “**Proposals**”). The Proposals cover multiple areas, including the Pillar 2 framework, the leverage ratio, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of “non-preferred” senior debt, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above. The Proposals are to be considered by the European Parliament and the Council of the European Union and therefore remain subject to change; they are expected to enter into force no earlier than 2019 (or 2017 in the case of the proposal for a new asset class of “non-preferred” senior debt). The final new package of legislation may not include all elements of the Proposals and new or amended elements may be introduced throughout the course of the legislative process. Until the Proposals are in final form, it is uncertain how the Proposals will affect Rabobank or holders of the Rabobank Certificates.

Rabobank, N.A. is subject to U.S. capital adequacy standards. Further, under section 171 of the Dodd-Frank Act (the “**Collins Amendment**”), Utrecht-America Holdings, Inc., which holds Rabobank, N.A. and many of the Group’s U.S. non-bank subsidiaries, became subject to U.S. capital adequacy standards as of 21 July 2015. Those standards require the Group to maintain capital at the level of Utrecht-America Holdings, Inc. in accordance with U.S. regulatory capital requirements rather than relying on capital maintained at the Group’s top-level parent

company. Compliance with the Collins Amendment limits the Group's ability to deploy capital most efficiently in accordance with its subsidiaries' business needs, and potentially increases the costs of the Group's operations and may result in capital deficiencies elsewhere in the Group.

If the regulatory capital requirements, liquidity restrictions or ratios applied to the Group are increased in the future (including any amendments arising as a result of the Proposals or otherwise), 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 the Basel III Reforms and CRD IV, including their implementation in the Netherlands, please see "Regulation of the Group".

***A downgrading in its credit ratings or a withdrawal of its credit rating, could have a material adverse effect on the Group's prospects, business, financial condition and results of operations***

The Group's access to the unsecured funding markets is dependent on its credit ratings. A downgrading, an announcement of a potential downgrade in its credit ratings or a withdrawal of its credit rating, as a result of a change in a rating agency's view of the Group, industry outlook, sovereign rating, rating methodology or otherwise, could adversely affect the 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 the Group's prospects, business, financial condition and results of operations.

***Any failure by the Group to maintain its competitive position could have a material adverse effect on the Group's prospects, business, financial condition and results of operations***

All aspects of the Group's business are highly competitive. The Group's ability to compete effectively depends on many factors, including its ability to maintain its reputation, the quality of its services and advice, its intellectual capital, product innovation, execution ability, pricing, sales efforts and the talent of its employees. Any failure by the Group to maintain its competitive position could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.

***A deterioration of the geopolitical developments could have a material adverse effect on the Group's business, financial condition and results of operations***

Concerns about geopolitical developments (such as the U.K.'s expected exit from the EU or tensions surrounding North Korea or Iran's nuclear programmes), social unrest (such as the continuing turmoil in Ukraine which resulted in EU sanctions against Russia, and continuing turmoil in Syria), political crises (such as the Greek debt crisis), commodity supply shocks and natural disasters, among other things, can affect the global financial markets. Since the beginning of the 21<sup>st</sup> century, accounting and corporate governance scandals and financial crises have significantly undermined investor confidence from time to time. The occurrence of any such developments and events could have a material adverse effect on the Group's business, financial condition and results of operations.

***The occurrence of terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events could have a material adverse effect on the Group's business, financial condition and results of operations***

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events and responses to those acts or events may create economic and political uncertainties, which could have a negative impact on Dutch and international economic conditions generally, and more specifically on the business and results of the Group in ways that cannot necessarily be predicted. The occurrence of any such events could have a material adverse effect on the Group'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, and a loss of these individuals or the failure to recruit suitable managers and other key personnel, could have a material adverse effect on the Group'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.

**Risks Relating to the Offer Certificates or the Rabobank Certificates**

***Offer Certificates may not be a suitable investment for all investors***

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Certificates, the merits and risks of investing in the Offer Certificates and the information contained or incorporated by reference into this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Certificates and the impact the Offer Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Certificates;
- understand thoroughly the terms of the Offer Certificates and be familiar with the behaviour of any relevant financial markets; and
- 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.

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

***The decision whether payments or other distributions are made on Rabobank Participations (and consequently on the Offer Certificates), the amount of any such payments and the date of payments is at the discretion of the Executive Board and subject to certain conditions. In the case of non- or partial payment, holders of Offer Certificates have no compensation rights, cannot petition for bankruptcy and do not have a right to repayment of the nominal amount of the Offer Certificates***

The Executive Board of Rabobank (“**Executive Board**”) may, at its discretion, elect not to make payments on the Rabobank Participations at all, or only to make partial payments. The Executive Board may also, at its discretion, decide on which dates Rabobank makes payments on the Rabobank Participations. Payments not made are non-cumulative and will not be made on a subsequent Payment Date (as defined in “Payments”) or on any other date. To the extent that no payments or other distributions on the Rabobank Participations are made, no payments or other distributions will be made on the Offer Certificates.

Rabobank may not make any payment (in full or in part) in respect of the Rabobank Participations if (i) it has no ‘distributable items’ for the purpose of and within the meaning of CRR (“**Distributable Items**”, as also defined in “Definitions”), (ii) such payment would cause the ‘combined buffer requirement’ within the meaning of CRD IV (“**Combined Buffer Requirement**”, as also defined in “Definitions”) to no longer be met or, when aggregated with certain other discretionary payments (including payments on Additional Tier 1 instruments), the ‘maximum distributable amount’ within the meaning of CRD IV (“**Maximum Distributable Amount**”, as also defined in “Definitions”) (if any) to be exceeded, or (iii) payment is otherwise prohibited by the ECB or the Dutch Central Bank (De Nederlandsche Bank N.V.) (“**DNB**”) (or any other authority charged with supervision of the liquidity and solvency of credit institutions), all in accordance with the legislation then applicable to Rabobank.

The capacity of Rabobank to make payments in respect of the Rabobank Participations 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 Group, see “—CRD IV includes capital requirements that are in addition to the minimum capital requirements. Any failure to comply with conditions of these additional capital requirements will restrict Rabobank from making payments on the Rabobank Participations in certain circumstances, in which case Rabobank will automatically cancel such payments in whole or, as applicable, in part. Any such cancellations of payments will also apply to the Rabobank Certificates”. As a result of the diminishing effect of the transitional provisions under CRD IV over time, the Group will be required to meet more onerous capital requirements. In addition, there can be no assurance that additional new and more onerous requirements will not apply in the future and such requirements may also affect Rabobank’s capacity to make payments in respect of the Rabobank Participations. Further, even if the Group were to meet any such enhanced capital requirements, the ECB or the DNB may exercise its powers pursuant to Article 104 of CRD IV to restrict or distributions to holders of the Rabobank Participations. Furthermore, if the Proposals are adopted in their current form, Rabobank could become subject to restrictions on its ability to make payments in respect of the Participations following any failure by Rabobank or the Group to comply with its MREL requirement. See also “—CRD IV includes capital requirements that are in addition to the minimum capital requirements. Any failure to comply with conditions of these additional capital requirements will restrict Rabobank from making payments on the Rabobank Participations in certain circumstances, in which case Rabobank will automatically cancel such payments in whole or, as applicable, in part. Any such cancellations of payments will also apply to the Rabobank Certificates”.

Payments in respect of the Rabobank Participations may also be affected by any application of the legislation in the Netherlands implementing the BRRD. See “—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates”.

Any actual or anticipated cancellation or reduction of payments can be expected to have a significant adverse effect on the market price of the Rabobank Certificates and any trading market for the Rabobank Certificates could be severely restricted. In addition, as a result of the discretionary payment provisions of the Rabobank Certificates, the market price of the Rabobank Certificates may be more volatile than the market prices of other securities on which interest accrues that do not have such discretionary payment provisions and may be more sensitive generally to adverse changes in Rabobank’s financial condition.

***The level of Rabobank’s Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict Rabobank’s ability to make payments on the Rabobank Participations and consequently, the Issuer’s ability to make payments on the Rabobank Certificates***

The level of Rabobank’s Distributable Items is affected by a number of factors. Rabobank’s future Distributable Items, and therefore its ability to make payments or other distributions on the Rabobank Participations, are a function of its existing Distributable Items and its future profitability. In addition, Rabobank’s Distributable Items may also be adversely affected by the servicing of more senior ranking instruments.

The level of Rabobank’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 Rabobank’s Distributable Items in the future.

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

As at 30 June 2016, Rabobank’s Distributable Items were approximately €25.4 billion.

***CRD IV includes capital requirements that are in addition to the minimum capital requirements. Any failure to comply with conditions of these additional capital requirements will restrict Rabobank from making payments on the Rabobank Participations in certain circumstances, in which case Rabobank will automatically cancel such payments in whole or, as applicable, in part. Any such cancellations of payments will also apply to the Rabobank Certificates***

Under Article 141 of CRD IV, EU Member States must require that institutions that fail to meet the Combined Buffer Requirement 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 and payments of variable remuneration). The restrictions, which transition into effect starting from 1 January 2016, will be scaled according to the extent of the breach of the Combined Buffer Requirement and calculated as a percentage of the profits of the institution since the most recent decision on the distribution of profits or the making of any “discretionary payment”. Such calculation will result in a Maximum Distributable Amount in each relevant period, which may need to be calculated at each relevant 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) payments or other distributions on the Rabobank Participations. Further, there can be no assurance that the Group’s Combined Buffer Requirement specifically, or the Group’s other capital requirements more generally, will not be increased in the future, which may exacerbate the risk that “discretionary payments”, including payments or other distributions on Rabobank Participations, are cancelled.

As outlined in “—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group’s business, financial condition and results of operations” above, the regulatory framework around the MREL requirement, including its implementation in the Netherlands, is not yet in final form and is also the subject of the Proposals. If the Proposals are adopted in their current form, a failure by Rabobank or the Group to comply with the MREL requirement means that Rabobank could become subject to the restrictions on payments on Common Equity Tier 1 securities, including the Rabobank Participations (subject to a potential six-month grace period). If Rabobank becomes subject to these restrictions, the Proposals provide that any discretionary payments on Additional Tier 1 securities should be prioritised over distributions on Common Equity Tier 1 securities.

Separately, certain regulatory proposals of the FSB and the EBA currently in development may restrict Rabobank’s ability to make discretionary payments in certain circumstances, in which case Rabobank may reduce or cancel payments or other distributions on Rabobank Participations, see “—Recovery and resolution measures

may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates”.

The Group’s capital requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Holders of Rabobank Participations and holders of Offer Certificates may not be able to predict accurately the proximity of the risk of discretionary payments or other distributions on Rabobank Participations being prohibited from time to time as a result of the operation of Article 141 of CRD IV.

The implementation of Article 141 of CRD IV 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) and the effect of the Proposals, remains uncertain in many respects. Such uncertainty can be expected to subsist while the relevant authorities in the EU and the Netherlands continue to develop their approach to the application of the relevant rules.

In addition, CRD IV includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their tier 1 capital as a percentage of their total exposure measure. During the observation period for the introduction of the leverage ratio, the leverage ratio – using the Basel III standard – is required to be maintained at a level of at least 3%. This requirement will be harmonised at EU level from 1 January 2018, until which date regulators may apply such measures as they consider appropriate. The Dutch government has indicated that Dutch systemically important banks, including Rabobank, should have a leverage ratio of at least 4% by 2018 and the Proposals suggest that a binding 3% CET1 leverage ratio requirement is added to the CRR (to complement the RWA-based requirements) that would be applicable (subject to limited exceptions) to all institutions subject to the CRD. As at 30 June 2016, the leverage ratio of Rabobank was 5.1%.

There can be no assurance, however, that the leverage ratio specified above, or any of the minimum own funds requirements, additional own funds requirements or capital buffer requirements applicable to the Group will not be amended in the future to include new and more onerous capital requirements, which in turn may affect Rabobank’s capacity to make payments or other distributions on the Rabobank Participations.

***In case of non- or partial payment of the distributions, holders of Offer Certificates have no compensation rights, cannot petition for bankruptcy and do not have a right to repayment of the nominal amount of the Offer Certificates***

In the case of non- or partial payment of the distributions by Rabobank, holders of Rabobank Participations and holders of Offer Certificates have no recovery rights against either Rabobank or Stichting AK Rabobank. This means that holders of Rabobank Participations and Offer Certificates do not have any compensation rights, cannot petition for the bankruptcy of either Rabobank or Stichting AK Rabobank and do not have a right to repayment of the nominal amount of the Offer Certificates.

Because of Euronext Amsterdam’s settlement system, a trade of an Offer Certificate on Euronext Amsterdam is settled on the assumption that distributions shall be made on that Offer Certificate on the first Payment Date following settlement of that trade, as contemplated by the payment policy in force at the time of such settlement. Consequently, on Euronext Amsterdam, a purchaser shall pay to the seller of an Offer Certificate, in addition to the price for an Offer Certificate, an amount equal to the *pro rata* part of the distribution expected to be made on the next Payment Date that accrued between the last Payment Date and the date the trade of the Offer Certificate settles. As described above, it is possible that no payment or only a partial payment of the distribution may be made, in which case the purchaser of the Offer Certificate shall have no recourse against the relevant seller of the Offer Certificate, Euronext Amsterdam, Rabobank or Stichting AK Rabobank for repayment of, or for compensation for the paid amount relating to the distribution expected to be made on the next Payment Date.

***Rabobank may in the future seek to raise capital by conducting Common Equity Tier 1 Capital offerings, which may result in lower or no payments or other distributions on the Offer Certificates. In addition, the issue of any such additional Common Equity Tier 1 securities may reduce the amount recoverable by holders of the Offer Certificates on a winding-up of Rabobank***

Rabobank may in the future require additional capital to fund its business operations or its internal or external growth. The raising of additional Common Equity Tier 1 Capital could result in a larger number of holders of securities which share in the profits of Rabobank which could result in lower or no payments or other distributions on the Offer Certificates or could result in a decline of the market price of the Offer Certificates. In addition, the issue of any such additional Common Equity Tier 1 securities may reduce the amount recoverable by holders of the Offer Certificates on a winding-up of Rabobank and could make it more difficult for Rabobank to raise capital through the issuance of Common Equity Tier 1 securities in the future. Accordingly, in the event of a winding-up of Rabobank and after the payment of the claims of senior creditors and of depositors, there may be an insufficient amount to satisfy the claims of holders of Rabobank Participations, and consequently, of holders of Offer Certificates.



***An amendment to the Rabobank Articles or the Participation Rules, which may affect the position of the holders of Offer Certificates, does not require the consent of the holders of Rabobank Certificates, including holders of the Offer Certificates, as the holders of Rabobank Certificates carry no right to attend or vote at the meeting of the General Members' Council of Rabobank***

The rights associated with the Rabobank Participations are determined by the articles of association of Rabobank (the “**Rabobank Articles**”), in particular Article 47 of the Rabobank Articles, and the rules which describe the rights and conditions that apply to the Rabobank Participations (the “**Participation Rules**”). An amendment to the Rabobank Articles or the Participation Rules may involve a change to the rights and obligations associated with the Rabobank Participations or a change to the character of the Rabobank Participations. For example, any changes to legislation or any other interpretation thereof at a European or national level in relation to capital requirements for banks may result in amendment of the rules governing the Rabobank Participations.

The Rabobank Participations carry no rights for holders to attend or vote at the meeting of the council in which the members of Rabobank are represented (Algemene Ledenraad) (the “**General Members' Council of Rabobank**”). An amendment to the Rabobank Articles or the Participation Rules and thus a change to the rights and obligations associated with the Rabobank Participations, does not require the consent of the holders of Rabobank Participations or Rabobank Certificates, including the Offer Certificates. For the amendment of the Terms and Conditions, see “—An amendment to the Terms and Conditions having the effect of making the Offer Certificates convertible into the underlying Rabobank Participations does not require the consent of the holders of Offer Certificates.”

Any change to the character of the Rabobank Participations or the rights and obligations associated with them, may result in a corresponding change to the Offer Certificates, which could be detrimental to the holders thereof.

***An amendment to the Terms and Conditions having the effect of making the Offer Certificates convertible into the underlying Rabobank Participations does not require the consent of the holders of Offer Certificates***

The terms and conditions of administration of Stichting AK Rabobank (“**Terms and Conditions**”) contain provisions for calling meetings of holders of Offer Certificates. Though the meeting of holders of Offer Certificates is only entitled to vote on a limited number of matters, these provisions permit defined majorities to bind all holders of Offer Certificates, including holders of Offer Certificates who did not attend or vote at the relevant meeting and holders of Offer Certificates who voted in a manner contrary to the majority. See also “—A significant number of Rabobank Certificates and the voting rights in the meeting of holders of Rabobank Certificates could be concentrated in the hands of one or more major holder(s) of Rabobank Certificates. Such major holders of Rabobank Certificates may have significant influence over the outcome of matters at the meeting of holders of Rabobank Certificates to the detriment of other holders of Rabobank Certificates and such holders' interests may not always be aligned with the interests of the other holders of Rabobank Certificates. Future sales of Rabobank Certificates, or the possibility thereof, by such major holders of Rabobank Certificates could further have a material adverse effect on the market price and volatility of the Rabobank Certificates”.

The Terms and Conditions may be amended by Stichting AK Rabobank without the approval of the holders of Offer Certificates to the extent that the amendment has the effect to make the Offer Certificates convertible into the underlying Rabobank Participations.

***The Rabobank Participations and corresponding claims and the Offer Certificates cannot be validated (geverifieerd) and are not subject to set-off***

The Rabobank Participations and corresponding claims and the Offer Certificates cannot be submitted or validated (*geverifieerd*) in court settlements or out-of-court settlements, insolvency proceedings, emergency regulations as referred to in Section 3:160 FMSA or in similar situations in a jurisdiction other than the Netherlands and cannot be set-off.

***The Offer Certificates are perpetual and have no fixed maturity date. The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank. Upon dissolution of Rabobank, holders of Offer Certificates could receive less than they have invested in the Offer Certificates***

The Offer Certificates are perpetual and have no fixed maturity date. Subject to the exceptions mentioned below, any potential investor in the Offer Certificates has no claim for repayment of the nominal value of the Offer Certificates.

Subject to any amendment of the Rabobank Articles as referred to in “—An amendment to the Rabobank Articles or the Participation Rules, which may affect the position of the holders of Offer Certificates, does not require the consent of the holders of Rabobank Certificates, including holders of the Offer Certificates, as the holders of Rabobank Certificates carry no right to attend or vote at the meeting of the General Members' Council of Rabobank”, the nominal value of each Rabobank Participation will be repaid in respect of each Rabobank Participation in the event of (i) the dissolution of Rabobank, after all creditors have been paid, and (ii) cancellation

of the Rabobank Participations in accordance with Article 47(12)(b) of the Rabobank Articles, subject to the prior permission from the ECB, the DNB or any other competent authority at such time. The ECB, the DNB or any other competent authority at such time can attach conditions to such permission.

If Rabobank is dissolved, the nominal value of each Rabobank Participation may be repaid on every Rabobank Participation only after all creditors are paid. If the remaining capital of Rabobank is insufficient to repay all Rabobank Participations, an amount will be repaid on each Rabobank Participation *pro rata* to the total nominal amount of the outstanding Rabobank Participations. As a result, it is possible that, upon the dissolution of Rabobank, a holder of the Rabobank Participations (and consequently a holder of Offer Certificates) may receive nothing. Furthermore, as the Offer Certificates are issued by Stichting AK Rabobank and not directly by Rabobank itself, holders of the Offer Certificates will have no recourse against Rabobank. This does not change in case Rabobank is dissolved or subject to winding-up proceedings.

In addition, the Rabobank Participations or the Offer Certificates do not limit Rabobank's ability or the ability of any entity in the Group to incur additional indebtedness, including indebtedness that ranks ahead of, or *pari passu* with, the Rabobank Participations and the Offer Certificates in respect of priority of payment. The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank.

***Current and future Dutch, European or any other applicable legislation may result in the Rabobank Participations and, consequently, the Offer Certificates, being written-down, cancelled or expropriated without any compensation for the holders of Rabobank Certificates.***

Current and future Dutch, European or any other applicable legislation may result in the Rabobank Participations and, consequently, the Offer Certificates being written-down, cancelled or expropriated without any compensation for the holders of Rabobank Participations or Offer Certificates. See “—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates”, “—Application of the Intervention Act may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates” and “Regulation of the Group”.

***Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates***

On the basis of the European Bank Recovery and Resolution Directive (“BRRD”) and the Single Resolution Mechanism (“SRM”), a framework for the recovery and resolution of banks has been established which includes an extensive set of tools and powers available to the ECB, as the Group's competent authority, and the SRB, as the Group's resolution authority, allowing them to intervene sufficiently early and quickly in case the Group is unsound or failing so as to ensure the continuity of its critical financial and economic functions, while minimising the impact of the failure on the economy and the financial system. 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 the DNB in its capacity as national resolution authority.

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

The Group has drawn up a recovery plan. This plan provides for a wide range of measures that could be taken by the Group for restoring its financial condition in case it significantly deteriorates. The plan is subject to review by the ECB and must be updated annually or after changes in the legal or organisational structure, business or financial situation that could have a material effect on the plan. Keeping the recovery plan up to date requires monetary and management resources. Recovery measures could include the strengthening of the Group's capital by issuing capital instruments in a situation of financial stress.

The SRB, in cooperation with the DNB, is in the process of drawing up a resolution plan for the Group 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 will identify any material impediments to the resolvability. Where necessary, the SRB may require the removal of such impediments. This may lead to mandatory legal 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.

The Group is subject to a requirement at all times to meet a MREL expressed as a percentage of the total liabilities and own funds of the Group. The required level of MREL for the Group has yet to be set by the SRB. The SRB may require the Group to issue additional or other liabilities to meet the required MREL levels. This may result in higher capital and funding costs for the Group, and as a result materially and adversely affect the Group's profits and its ability to make payments. See also “—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, on 9 November 2015 the FSB issued final principles for TLAC for G-SIB's. TLAC is currently not applicable to the Group, however the final principles might indirectly extend to the required MREL levels or the eligibility of MREL instruments as to be determined by the SRB. Moreover, the rules on MREL are currently in the process of revision and may be significantly

amended. See further “—Regulators may in the future impose requirements on the Group comparable to the TLAC requirements applicable for G-SIBs. The Group may consequently have to reduce its lending or investments in other operations, which could have a material adverse effect on the Group’s business, financial condition and results of operations” and “—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group’s business, financial condition and results of operations”.

#### *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 will have the power to impose early intervention measures on the Group. A rapidly deteriorating financial condition could, for example, occur in case of a deterioration of the Group’s liquidity situation, increasing level of leverage, non-performing loans or concentration 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 Executive 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. The decisions to be considered for adoption may materially and adversely affect the position of holders of Offer Certificates.

#### *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 Common Equity Tier 1 Capital instruments, including the Offer Certificates, and to write down other capital instruments or convert them into Common Equity Tier 1 Capital instruments. A write-down or conversion of the Rabobank Participations could materially and adversely affect the ownership rights of holders of Offer Certificates. The taking of any such action or any perceived increased likelihood that such action will be taken may adversely affect the market value of the Offer Certificates.

#### *Resolution measures*

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, 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 into equity to strengthen the financial condition of the failing bank and allow it to continue as a going concern subject to appropriate restructuring. If the SRB were to take a resolution measure against the Group, it will have the power to take full control over the Group. As a result of a resolution measure being taken, holders of Offer Certificates could lose ownership over Offer Certificates or could become holders of Offer Certificates of an empty entity or a bad bank or their holdings could be severely diluted. The taking of any such action or any perceived increased likelihood that such action will be taken may adversely affect the market value of their Offer Certificates.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the SRB is not subject to (i) requirements to obtain approval or consent from any person either public or private, including but not limited to the holders of Rabobank Participations or Offer Certificates or from any creditors, and (ii) procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority, and including also any notification requirement set out in the terms and conditions governing the Rabobank Participations or Offer Certificates, that would otherwise apply by virtue of applicable law, contract, or otherwise. In particular, 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.

#### *The Single Resolution Fund*

If a resolution action is taken, the Group will be eligible for contribution by the Single Resolution Fund. The Group’s resolution will only be eligible for contribution if the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalisation equal to an amount not less than 8% of the Group’s total liabilities (including own funds and measured at the time of the resolution action). This means that the Group must maintain sufficient own funds and liabilities eligible for write-down and conversion in order to have access to the Single Resolution Fund in case of a resolution. This increases the likelihood that the SRB will set a high level of MREL for the Group, which may have an impact on the Group’s capital and funding costs. Use of resolution funds is also subject to EU state aid rules and requires approval by

the European Commission. Such approval generally also entails the implementation of adequate burden-sharing including absorption of losses in the first instance by holders of CET1 instruments (including holders of Offer Certificates).

***Application of the Intervention Act may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates***

Pursuant to the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) (the “**Intervention Act**”), the DNB has the power to take measures in respect of banks if it perceives a dangerous development regarding the entity’s own funds, solvency, liquidity or technical provisions and there is a reasonable probability that this development cannot be sufficiently or promptly reversed.

In addition, 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 the 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 may be entitled to compensation for damage that directly and necessarily results from the expropriation. However, there can be no assurance that such compensation will cover all losses of the relevant beneficiary. Holders of Offer Certificates may be affected by any such measure taken by the Ministry of Finance to expropriate Offer Certificates and suspend or terminate their listing.

The application of the Intervention Act may affect the ownership rights of holders of the Offer Certificates. The taking of any such action or any perceived increased likelihood that such action will be taken may adversely affect the market value of the Offer Certificates.

***A significant number of Rabobank Certificates and the voting rights in the meeting of holders of Rabobank Certificates could be concentrated in the hands of one or more major holder(s) of Rabobank Certificates. Such major holders of Rabobank Certificates may have significant influence over the outcome of matters at the meeting of holders of Rabobank Certificates to the detriment of other holders of Rabobank Certificates and such holders’ interests may not always be aligned with the interests of the other holders of Rabobank Certificates. Future sales of Rabobank Certificates, or the possibility thereof, by such major holders of Rabobank Certificates could further have a material adverse effect on the market price and volatility of the Rabobank Certificates***

It is possible that a significant number of Rabobank Certificates and the voting rights in the meeting of holders of Rabobank Certificates could be concentrated in the hands of one or more major holder(s) of Rabobank Certificates. Consequently, such major holders of Rabobank Certificates may be in a position to exert significant influence over or determine the outcome of all matters requiring approval of the meeting of holders of Rabobank Certificates, though the meeting of holders of Rabobank Certificates is only entitled to vote on a limited number of matters (see “Summary Description of Rabobank Certificates”). The interests of such major holders of Rabobank Certificates may differ from the interests of other holders of Rabobank Certificates. As a result, the major holders of Rabobank Certificates may effect certain transactions without the support of other holders of Rabobank Certificates, or delay or prevent certain transactions that are in the interests of other holders of Rabobank Certificates.

The market price of the Rabobank Certificates may decline if the major holders of Rabobank Certificates use their influence in the meeting of holders of Rabobank Certificates in ways that are adverse to other holders of Rabobank Certificates. In addition, securities with smaller free floats tend to be more volatile than those with larger free floats. Finally, if such major holders of Rabobank Certificates should decide to sell their Rabobank Certificates or a large portion thereof, or if there is a perception by the market that such a sale will or could occur, this could have a material adverse effect on the market price and volatility of the Rabobank Certificates.

***No assurance can be given with respect to a change of law after the date of this Prospectus***

The Terms and Conditions of the Offer Certificates are based on Dutch law in effect at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Dutch, European or any other applicable laws, regulations or administrative practices after the date of this Prospectus. Such changes in law may include, but are not limited to, the changes to and further development of the existing statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by Rabobank, including the Offer Certificates. Such tools may include the ability to write-off sums otherwise payable on such

securities at a time when Rabobank is no longer considered viable by its regulator or upon the occurrence of another trigger.

***Investors are exposed to exchange rate risks and exchange controls if their financial investment's principal currency is not the euro***

If payments are made on the Offer Certificates, they will be made in euro and at the discretion of the Executive Board. 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 the 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 Offer Certificates, (ii) the Investor's Currency-equivalent value of the principal payable on the Offer Certificates and (iii) the Investor's Currency-equivalent market value of the Offer Certificates. If the Offer Certificates are denominated in a currency other than the currency of the country in which the holder of Offer Certificates is resident, the holder of Offer Certificates is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The holder of Offer Certificates may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices, in a currency other than the currency in which the relevant Offer Certificates is denominated. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less or no payments.

***The market price of the Rabobank Certificates, including the Offer Certificates, may fluctuate and may decline below the nominal amount and trading in the Rabobank Certificates, including the Offer Certificates, may be very limited which might lead to holders of Offer Certificates not being able to sell their Offer Certificates at or above the initial market price or at all***

On the date of this Prospectus, the Rabobank Certificates are, but the Offer Certificates are not yet listed or admitted to trading on a regulated market. When the Offer Certificates are listed, there can be no assurance that an active trading market for the Rabobank Certificates, including the Offer Certificates, will be sustained or that it will be liquid. If such market fails to be sustained, this could negatively affect the liquidity and price of the Offer Certificates, as well as increase their price volatility. In addition, an illiquid market for the Rabobank Certificates, including the Offer Certificates, may result in lower market prices and increased volatility, which could adversely affect the value of an investment in the Offer Certificates.

The nominal amount of the Offer Certificates may not be indicative of their market price after the Offering has been completed. The market price of the Offer Certificates could also fluctuate substantially due to various factors, some of which could be specific to the Group and its operations and some of which could be related to the industry in which the Group operates and equity markets generally. As a result of these and other factors, the Offer Certificates may trade at prices significantly below their nominal amount, regardless of the Group's actual operating performance.

***Holders of Offer Certificates may be confronted with unknown costs charged by investment firms for their service provision***

Holders of Offer Certificates may be charged by their investment firms with costs relating to the services that are provided in respect of the Offer Certificates (and other securities). The actual costs are expected to vary across different investment firms and can be amended at the discretion of each investment firm. Holders of Offer Certificates may therefore be confronted with unknown costs charged by their investment firms for their service provision.

## IMPORTANT INFORMATION

### General

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of Rabobank, the members of its Supervisory Board (“**Supervisory Board**”) and Executive Board, Stichting AK Rabobank or any of the Managers or any of their respective representatives that any recipient of this Prospectus should subscribe for or purchase any Offer Certificates. Prior to making any decision whether to purchase the Offer Certificates, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. Each prospective investor should consult his or her own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Certificates, to among other things consider such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Certificates. In making an investment decision, prospective investors must rely on their own examination of Rabobank, Stichting AK Rabobank, the Rabobank Participations, the Offer Certificates and the terms of the Offering, including the merits and risks involved.

Prospective investors should rely only on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Section 5:23 FMSA. Rabobank does not undertake to update this Prospectus, unless required pursuant to Section 5:23 FMSA, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus, and, if given or made, any other such information or representations must not be relied upon as having been authorised by Rabobank, the members of the Executive Board or Supervisory Board, Stichting AK Rabobank, the Listing and Amsterdam Paying Agent, the Paying Agent, any of the Managers or any of their respective representatives. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group’s affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by the Paying Agent or the Managers or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Paying Agent, the Managers or any of their respective affiliates as to the past or future. Other than for information provided or reviewed by themselves, the Paying Agent and the Managers do not accept any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with Rabobank, the Group, Stichting AK Rabobank, the Offering or the Offer Certificates. Accordingly, the Paying Agent and the Managers (other than Rabobank) disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus or any such statement.

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Offer Certificates may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Persons who obtain this Prospectus are required to inform themselves about, and to observe, all such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions in “Selling and Transfer Restrictions”. If in doubt, investors should consult their professional advisers. None of Rabobank, Stichting AK Rabobank or the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offer Certificates, of any such restrictions. Rabobank and Stichting AK Rabobank reserve the right in their own absolute discretion to reject any offer to purchase Offer Certificates that Rabobank or Stichting AK Rabobank believe may give rise to a breach or violation of any laws, rules or regulations.

This Prospectus may not be used for, or in connection with, and does not constitute an offer to sell, or an invitation to purchase, any Offer Certificates in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations. Rabobank and Stichting AK Rabobank require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions.

## **Responsibility Statement**

This Prospectus is made available by Rabobank. Rabobank accepts responsibility for the information contained in this Prospectus. Rabobank declares that having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## **Presentation of Financial and Other Information**

The audited consolidated financial statements for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 (“**Audited Consolidated Financial Statements**”) incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as adopted by the EU pursuant to EU Regulation No 1606/2002 (IFRS) and comply with Part 9 of Book 2 of the Dutch Civil Code. The unaudited condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2016 and for the six-month period ended 30 June 2015 (the “**Unaudited Condensed Consolidated Interim Financial Information**”) has been prepared in accordance with IAS 34 ‘Interim financial reporting’, as adopted by the European Union.

The figures for the six-month periods ended 30 June 2016 and 30 June 2015, and for the restated figures for the year ended 31 December 2015, have been derived from the unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2016. The restated figures for the year ended 31 December 2014 have been derived from the audited consolidated financial statements for the year ended 31 December 2015, and the restated figures for the year ended 31 December 2013 have been derived from the audited consolidated financial statements for the year ended 31 December 2014.

## ***Unaudited information***

The financial data in the (sub) paragraphs in this Prospectus marked with an asterisk (\*) has not been directly extracted from the Audited Consolidated Financial Statements but instead is derived from the Unaudited Condensed Consolidated Interim Financial Information, the interim or annual reports or the accounting records of Rabobank.

## ***Change in accounting policies and presentation***

As a result of changes in accounting policies and presentation, and as a result of an adjustment in the opening balance of equity, certain figures at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 have been restated. See “Operating and Financial Review—Change in accounting policies and presentation” for more information. The restated numbers for the year ended 31 December 2015 have not been audited.

## ***Key performance indicators and non-IFRS measures***

This Prospectus presents certain financial measures that are not measures defined under IFRS, including operating results. These non-IFRS financial measures are not measures of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the above-mentioned non-IFRS financial measures are not defined under IFRS, other companies may calculate them in a different manner than the Group which limits their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group’s performance and capital position.

This Prospectus also presents certain financial measures that are not measures defined under EU IFRS, including regulatory capital, risk weighted assets and underlying results. As of 2014, capital metrics and risk exposures are reported under the Basel III framework. Comparative figures for 2013 are reported according to Basel II. Where applicable, pro forma figures are provided for comparative purposes. Some sections in the Prospectus contain information according to CRR (Pillar 3). These sections are labelled as “Pillar 3” in their headings.

## ***Rounding and negative amounts***

Certain figures contained in this Prospectus, including financial information, have been rounded. Accordingly, in certain instances the sum of the numbers in the text or a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by “-” or “negative” before the amount.

## ***Currency***

All references in this Prospectus to “euro”, “EUR” or “€” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time. All references to “\$” are to the lawful currency of the U.S.

## Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Group's own assessment of its sales and markets. Statements based on Rabobank's own proprietary information, insights, opinions or estimates contain words such as "the Group believes", "the Group expects", "the Group estimates", "the Group sees", "the Group perceives" and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Industry publications generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Prospectus, the source of such information has been identified.

In this Prospectus, the Group makes certain statements regarding its competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

## Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Certificates, arises or is noted between the date of this Prospectus and the later of the end of the Offering Period and the start of trading of the Offer Certificates on Euronext Amsterdam, a supplement to this Prospectus is required. Such a supplement will be subject to approval by the AFM in accordance with Section 5:23 FMSA and will be made public in accordance with the relevant provisions under the FMSA. The summary shall also be supplemented, if necessary to take into account the new information included in the supplement.

Investors who have already agreed to purchase or subscribe for the Offer Certificates before the supplement is published shall have the right, exercisable within two business days following the publication of a supplement, to withdraw their acceptances. See "The Offering—Offering Period". Investors are not allowed to withdraw their acceptance in any other circumstances.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by Rabobank do not include the Pricing Statement.

## Notice to Investors

None of Rabobank, the members of the Executive Board or Supervisory Board or Stichting AK Rabobank is making any representation to any offeree or purchaser of the Offer Certificates regarding the legality of an investment in the Offer Certificates by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Investors who purchase Offer Certificates will be deemed to have acknowledged that: (i) they have not relied on the Managers (other than Rabobank) or the Paying Agent in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning Rabobank or its subsidiaries, Stichting AK Rabobank or the Offer Certificates (other than as contained in this Prospectus) and, that if given or made, any such other information or representation has not been relied upon as having been authorised by Rabobank, Stichting AK Rabobank, the Managers or the Listing and Amsterdam Paying Agent and the Paying Agent.

**EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE U.S., AUSTRALIA OR JAPAN.**



This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire, Offer Certificates in any jurisdiction in which such an offer or solicitation is unlawful or would result in Rabobank becoming subject to public company reporting obligations outside the Netherlands.

No action has been or will be taken to permit a public offer or sale of Offer Certificates, or the possession or distribution of this Prospectus or any other material in relation to the Offering, in any jurisdiction outside the Netherlands and Switzerland where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. See “Selling and Transfer Restrictions”. Subject to certain exceptions, this Prospectus should not be forwarded or transmitted in or into the U.S., Australia or Japan.

The Offering consists of (i) a public offering in the Netherlands and Switzerland to institutional and retail investors and (ii) an offering in various other jurisdictions to institutional investors. The Offer Certificates are being offered outside the U.S. in offshore transactions as defined in, and in accordance with Regulation S under the U.S. Securities Act. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

**THE OFFER CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE U.S.**

### **Forward-Looking Statements**

This Prospectus contains forward-looking statements that reflect the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Group operates. Forward-looking statements involve all matters that are not historical facts. The Group has tried to identify forward-looking statements by using words as “may”, “will”, “would”, “should”, “expects”, “intends”, “estimates”, “anticipates”, “projects”, “believes”, “could”, “hopes”, “seeks”, “plans”, “aims”, “objective”, “potential”, “goal”, “strategy”, “target”, “continue”, “annualised” and similar expressions or negatives thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Forward-looking statements may be found principally in sections in this Prospectus entitled “Risk Factors”, “Payments”, “Business”, “Operating and Financial Review” and also elsewhere.

The forward-looking statements are based on the Group’s beliefs, assumptions and expectations regarding future events and trends that affect the Group’s future performance, taking into account all information currently available to the Group, and are not guarantees of future performance. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Group or are within the Group’s control. If a change occurs, the Group’s business, financial condition, liquidity, results of operations, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward-looking statements. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party reports could prove to be inaccurate. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Rabobank and the Group. Such risks, uncertainties and other important factors include, but are not limited to those listed in the section entitled “Risk Factors”.

Investors or potential investors should not place undue reliance on the forward-looking statements in this Prospectus. The Group urges investors to read the sections of this Prospectus entitled “Risk Factors”, “Operating and Financial Review” and “Business” for a more complete discussion of the factors that could affect the Group’s future performance and the markets in which the Group operates. In light of the possible changes to the Group’s beliefs, assumptions and expectations, the forward-looking events described in this Prospectus may not occur. Additional risks currently not known to the Group or that the Group has not considered material as at the date of this Prospectus could also cause the forward-looking events discussed in this Prospectus not to occur. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Group undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

### **Stabilisation**

In connection with the Offering, Merrill Lynch International as stabilising manager, or any other person acting for it may, over-allot and effect other transactions with a view to supporting the market price of the Rabobank Certificates at a higher level than that which might otherwise prevail for a period of 30 days after the announcement of the Offer Price. However, there may be no obligation on Merrill Lynch International, or any agent of Merrill Lynch International, to do this. Such transactions may be effected on Euronext Amsterdam and any other securities market, over the counter market, stock exchange or otherwise. Such stabilising, if commenced, may be discontinued at any time and must be

brought to an end no later than 30 days after the announcement of the Offer Price. Save as required by law, neither Merrill Lynch International nor any of its agents intends to disclose the extent of any over-allotment and/or stabilisation transactions under the Offering or the amount of any long or short positions.

**Definitions**

This Prospectus (other than the Dutch translation of the Summary) is published in English only. Definitions used in this Prospectus are defined in “Definitions”.

## **REASONS FOR THE OFFERING AND USE OF PROCEEDS**

### **Reasons for the Offering**

As part of its Strategic Framework 2016-2020, in anticipation of the expected impact of new rules on capital requirements, Rabobank aims to increase its CET1 Ratio to a minimum of 14% by the end of 2020, including by way of a balance sheet reduction; see “Business—Strategy of the Group—Banking for food- Financial Strategic Framework 2016-2020”. The Offer Certificates, together with any premium above the nominal value, qualify as Common Equity Tier 1 Capital and their issue can accelerate the realisation of Rabobank’s objective. Rabobank expects that the issue of the Offer Certificates will strengthen Rabobank’s CET1 Ratio by approximately 0.5% in case of €1 billion in net proceeds from the Offering, based on Rabobank’s Risk Weighted Assets as at 30 June 2016. For every additional €100 million in net proceeds, Rabobank’s CET1 Ratio is expected to increase by approximately 0.05%, based on Rabobank’s Risk Weighted Assets as at 30 June 2016.

### **Use of Proceeds**

After deducting the estimated expenses related to the Offering, the Group expects to receive, depending on investor interest, a minimum of €1 billion in net proceeds from the Offering. With every additional 40 million Offer Certificates offered, the net proceeds is expected to increase by approximately €1.11 billion (based on the Maximum Offer Price).

The Group will use the full net proceeds of the Offering to fund the general banking business and commercial activities of the Group, and to strengthen its capital base.

### **Expenses of the Offering**

The expenses related to the Offering are estimated at approximately €15 million (based on net proceeds of €1 billion) and include, among other items, the fees due to the AFM and Euronext Amsterdam N.V., the commission for the Joint Lead Managers, the legal and administrative expenses, publication costs and applicable taxes (if any). These expenses will be borne by Rabobank.

## SUMMARY DESCRIPTION OF RABOBANK CERTIFICATES

This section summarises certain information concerning the Rabobank Certificates and certain material provisions of the Rabobank Articles, the articles of Stichting AK Rabobank dated 16 January 2014 (the “**Stichting Articles**”), the Participation Rules and the Terms and Conditions. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Rabobank Articles, the Stichting Articles, the Participation Rules, the Terms and Conditions and the relevant provisions of Dutch law as in force on the date of this Prospectus.

### Certification

All issued and outstanding Rabobank Participations are held by Stichting AK Rabobank. Pursuant to the Stichting Articles and the Terms and Conditions, Stichting AK Rabobank issues Rabobank Certificates for the Rabobank Participations it acquires from Rabobank and manages by way of administration (*ten titel van beheer*). Stichting AK Rabobank issues one Rabobank Certificate for each Rabobank Participation it acquires. Holders of Rabobank Certificates cannot exercise any rights against Rabobank.

As the Rabobank Certificates are derived from the Rabobank Participations, the features of the Rabobank Participations and the rights of the holders of the Rabobank Participations, particularly any rights to payments (see “Payments”), extend to the Rabobank Certificates and the rights of the holders of the Rabobank Certificates, respectively. For a description of the Rabobank Participations and the rights attached to the Rabobank Participations, see “—Rabobank Participations” below.

### Rabobank Certificates

As at the date of this Prospectus, 237,961,365 Rabobank Certificates are outstanding. Each Rabobank Certificate has a nominal amount of €25.00 each. The following table sets forth the number of Rabobank Certificates issued by Stichting AK Rabobank as at 31 December 2015, 2014 and 2013. No Rabobank Certificates are currently held by Rabobank.

	As at 31 December 2015		As at 31 December 2014		As at 31 December 2013	
	Number	Amount	Number	Amount	Number	Amount
	outstanding	outstanding (in €)	outstanding	outstanding (in €)	outstanding	outstanding (in €)
Rabobank		5,949		5,949		5,949
Certificates	237,961,365	million	237,961,365	million	237,961,365	million

### Term

The Rabobank Certificates are perpetual and have no fixed maturity date.

### Ranking

The existing Rabobank Certificates rank equally in all respects amongst themselves. The Offer Certificates will, upon issue, rank equally in all respects amongst themselves and with the existing Rabobank Certificates.

### Form and transfer

The Rabobank Certificates are in registered form. The Rabobank Certificates are registered in the name of a nominee of the Common Depositary, and are represented by a global proof of ownership held in custody by the Common Depositary on behalf of Euroclear and Clearstream. Stichting AK Rabobank keeps a register of the Rabobank Certificates. The nominee of the Common Depositary is the sole registered holder named in the register.

The Rabobank Certificates are included in the book-entry systems of Euroclear and Clearstream. The Rabobank Certificates are freely transferable in accordance with the Terms and Conditions. Transfers can be made through Euroclear and Clearstream via book-entry transfers. The same applies to the establishment or transfer of a right of pledge or usufruct on the Rabobank Certificates. The Rabobank Certificates can only be transferred in positive integral numbers, with a minimum transfer amount of one Rabobank Certificate.

### Payments

Stichting AK Rabobank will distribute any payments received by it on the Rabobank Participations to the Listing and Amsterdam Paying Agent for the account of the nominee of the Common Depositary who will distribute the relevant amounts to Euroclear and Clearstream for their participants in accordance with Euroclear and Clearstream’s customary procedures. Each such payment will be made to, or to the order of, the person whose name is entered on the register at the close of business on the record date, which will be the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means Monday to Friday

inclusive, except for 25 December and 1 January. The participants of Euroclear and Clearstream will thereafter credit the accounts of the ultimate holders of Rabobank Certificates in accordance with their customary procedures. See “Payments”.

Any claim for payment of distributions in respect of the Rabobank Certificates will become due in the same amount and on the same dates as payments of distributions on the underlying Rabobank Participations. Stichting AK Rabobank will instruct payments of distributions on the Rabobank Certificates upon receipt of the distributions on the underlying Rabobank Participations.

### ***Voting rights***

The Rabobank Certificates do not confer upon holders the right to vote at a meeting of the General Members’ Council of Rabobank, nor do they confer the right to attend any such meeting of the General Members’ Council of Rabobank. They do, however, confer the right to vote at the meeting of holders of Rabobank Certificates.

A meeting of holders of Rabobank Certificates will be held each year within six months after the end of the financial year of Rabobank. At this meeting, Stichting AK Rabobank will give a presentation summarising the report given to it by Rabobank regarding its management during the last financial year and, in particular, its policy regarding the distributions on the Rabobank Participations. Stichting AK Rabobank may furthermore convene a meeting of holders of Rabobank Certificates as frequently as it considers to be necessary or desirable.

### ***Amendment of the Terms and Conditions***

Stichting AK Rabobank may amend the Terms and Conditions subject to the prior approval of Rabobank and the meeting of holders of Rabobank Certificates. A resolution of the meeting of holders of Rabobank Certificates approving an amendment to the Terms and Conditions may only be validly adopted at a meeting at which at least two-thirds of the nominal amount of the Rabobank Certificates outstanding is represented and with a majority of at least two-thirds of the votes cast. If at such a meeting the requisite nominal amount of Rabobank Certificates is not represented, a second meeting will be convened and held, at which resolutions may be passed with a majority of at least two-thirds of the votes cast, irrespective of the nominal amount of Rabobank Certificates represented.

The approval of the meeting of holders of Rabobank Certificates is not required for an amendment to the Rabobank Articles or the Participation Rules.

### ***Rabobank Participations***

As at the date of this Prospectus, 237,961,365 Rabobank Participations are outstanding, with a nominal value of €25.00 each. All outstanding Rabobank Participations are held by Stichting AK Rabobank. No Rabobank Participations are currently held by Rabobank.

The following table sets forth the number of Rabobank Participations issued by Rabobank as at 31 December 2015, 2014 and 2013.

	As at 31 December 2015		As at 31 December 2014		As at 31 December 2013	
	Number outstanding	Amount outstanding (in €)	Number outstanding	Amount outstanding (in €)	Number outstanding	Amount outstanding (in €)
Rabobank Participations	237,961,365	5,949 million	237,961,365	5,949 million	237,961,365	5,949 million

The rights attached to the Rabobank Participations are determined by the Rabobank Articles – in particular Article 47 – and the Participation Rules. An amendment to the Rabobank Articles or the Participation Rules may alter the rights attached to the Rabobank Participations or the nature of the Rabobank Participations. Any such amendment to the Rabobank Articles or the Participation Rules is not subject to the consent of the holders of the Rabobank Participations.

### ***Nominal value; payment on issue; form***

The outstanding Rabobank Participations have a nominal value of €25.00 each. These Rabobank Participations have been paid in full. No participation receipts (*participatiebewijzen*) have been issued for the Rabobank Participations.

### ***Issuance of new Rabobank Participations; classes***

The resolution to issue any new Rabobank Participations will be adopted by the Executive Board subject to the consent of the Supervisory Board. If new Rabobank Participations are issued at a nominal value of €25.00, they will form part of the same class as the current outstanding Rabobank Participations, unless the Executive Board determines at the time of issue that they will constitute a separate class of Rabobank Participations. If Rabobank

Participations are issued at a nominal value that is different from that of Rabobank Participations already issued, the newly-issued Rabobank Participations will constitute a different class. No participation receipts (*participatiebewijzen*) will be issued for any newly-issued Rabobank Participations.

When new Rabobank Participations and Rabobank Certificates are issued, the competent supervisory authorities evaluate whether these meet the criteria for Common Equity Tier 1 instruments within the meaning of the CRR. Rabobank is only permitted to classify the issued instruments as Common Equity Tier 1 instruments within the meaning of the CRR after having received permission from the competent supervisory authorities to do so.

### ***Meeting rights and voting rights***

Rabobank Participations do not confer upon holders the right to attend a meeting of the General Members' Council of Rabobank, nor do they confer the right to vote at such meeting of the General Members' Council of Rabobank.

### ***Form and transfer***

The Rabobank Participations are in registered form and are registered in the name of Stichting AK Rabobank. The transfer of the Rabobank Participations is subject to the prior consent of the Executive Board. In the absence of such approval any purported transfer of Rabobank Participations does not have legal effect. The Rabobank Participations may be transferred by a private or notarial deed and notification thereof must be given to Rabobank. No right of pledge or usufruct may be established on Rabobank Participations. These restrictions do not prevent the Rabobank Certificates from being transferred or encumbered.

### ***Term; right to repayment***

The Rabobank Participations are perpetual and have no fixed maturity date. The Rabobank Participations may be cancelled in case:

- (i) of dissolution of Rabobank without its business being continued;
- (ii) Rabobank holds any Rabobank Certificates and the Executive Board resolves to cancel the related Rabobank Participations, subject to the approval of the Supervisory Board; and
- (iii) the Executive Board resolves to cancel (part of) (a class of) the Rabobank Participations, subject to the prior consent of the Supervisory Board and provided that Rabobank has sufficient own funds to effect such cancellation.

A cancellation as referred to under (ii) or (iii) may only be effected with the permission of the ECB, the DNB or any other relevant competent authority at such time and subject to any conditions which the ECB, the DNB or any other such competent authority at such time may attach to such permission. In the event of cancellation as referred to under (iii), the nominal value of the relevant class of Rabobank Participations must be repaid on each Rabobank Participation in that class.

The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank. If Rabobank is dissolved, the nominal value of each Rabobank Participation may be repaid on each Rabobank Participation only after all creditors are paid in full. If the remaining capital of Rabobank is insufficient to repay all Rabobank Participations, an amount will be repaid on each Rabobank Participation *pro rata* to the total nominal amount of the outstanding Rabobank Participations. Any amount received on the Rabobank Participations will be distributed by Stichting AK Rabobank to the holders of Rabobank Certificates. The dissolution of Rabobank may be subject to the permission of the ECB, the DNB, the SRB or any other competent authority at such time.

For further information, see “Risk Factors—The Offer Certificates are perpetual and have no fixed maturity date. The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank. Upon dissolution of Rabobank, holders of Offer Certificates could receive less than they have invested in the Offer Certificates” and “Regulation of the Group—European Union legislation—Bank Recovery and Resolution Directive”.

### ***Rabobank Participations and corresponding claims cannot be validated (geverifieerd) and are not subject to set-off***

The Rabobank Participations and corresponding claims cannot be submitted or validated (*geverifieerd*) in a judicial or extra-judicial liquidation, an insolvency, an emergency scheme as referred to in Section 3:160 FMSA or in similar situations in a jurisdiction other than the Netherlands and may not be set-off.

### ***Administration of Rabobank Participations***

Rabobank will keep detailed records of the issue, transfer (*overdracht*) and transmission (*overgang*) of the Rabobank Participations. Any such records will specifically include the nominal value and the dates of issue of the

Rabobank Participations and will include details of any transfers and transmissions. The records will constitute conclusive evidence with regard to the Rabobank Participations.

## **Stichting AK Rabobank**

### ***Establishment and registration***

Stichting AK Rabobank is a foundation (*stichting*) established under Dutch law and was established on 29 September 2011. Stichting AK Rabobank has its registered office in Utrecht, the Netherlands. The office address of Stichting AK Rabobank is: Croeselaan 18, 3521 CB Utrecht, the Netherlands.

### ***Objects***

The objects of Stichting AK Rabobank are:

- (i) to acquire and to manage Rabobank Participations by way of administration (*ten titel van beheer*) and to issue Rabobank Certificates that correspond to the Rabobank Participations thus acquired;
- (ii) to exercise all rights associated to the Rabobank Participations referred to under subparagraph a), including exercising the rights to acquire Rabobank Participations and to receive payments including distributions upon liquidation (subject to the obligation to pay any distributions received on the Rabobank Participations to the holders of the Rabobank Certificates without delay, save that in the event of a distribution in kind in the form of Rabobank Participations, further Rabobank Certificates will be issued by Stichting AK Rabobank to the holders of the Rabobank Certificates); and
- (iii) to perform any acts that relate and may be conducive to the above.

Other than in accordance with the Terms and Conditions, Stichting AK Rabobank may not dispose of, pledge or otherwise encumber the Rabobank Participations managed by it.

### ***Management***

Stichting AK Rabobank is managed by a board composed of three board members, or such other number as determined by the board of Stichting AK Rabobank, subject to the approval of the Supervisory Board. If the board consists of three board members, two board members must be board member A and one must be a board member B. The number of board members A must always exceed the number of board members B.

Board members A may not be affiliated with Rabobank (as described in article 3.4 of the Stichting Articles). Board members A are appointed and dismissed by the board itself, subject to the approval of the Supervisory Board. Board members B are appointed and dismissed by Rabobank.

As at the date of this Prospectus, the board of Stichting AK Rabobank is comprised of the following five board members:

- Mr Bert Trienen (board member A);
- Mr Gerrit van Dijk (board member A);
- Ms Lineke Jonkers-Kuiper (board member A);
- Mr Rogier Everwijn (board member B); and
- Mr Ronald Hein (board member B).

The office address of the board members of the board of Stichting AK Rabobank is: Croeselaan 18, 3521 CB Utrecht, the Netherlands.

The board members of the board of Stichting AK Rabobank are not employed by Stichting AK Rabobank and do not receive any remuneration at the expense of Stichting AK Rabobank. Board members who are not employed by Rabobank receive an annual fixed remuneration at the expense of Rabobank.

As at the date of this Prospectus, Rabobank is not aware of any potential conflicts of interest between the private interests or other duties of the members of the board of Stichting AK Rabobank and their duties to Rabobank or Stichting AK Rabobank. There is no family relationship between any member of the board of Stichting AK Rabobank, the Executive Board or the Supervisory Board.

As at the date of this Prospectus and during the last five years, none of the members of the board of Stichting AK Rabobank (i) have been convicted of fraudulent offences, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, or (iii) has been subject to any official public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

As at the date of this Prospectus, Rabobank is not aware of any arrangement or understanding with major holders of Rabobank Certificates, customers or others pursuant to which any member of the board of Stichting AK Rabobank was selected as a member of the administrative or management bodies, or as a member of senior management.

#### **Rules Governing Obligations of Holders of Rabobank Certificates to Make a Public Takeover Bid**

Dutch law prohibits the launch of a public takeover bid for securities of a listed company, unless an offer document has been approved by the AFM. A public takeover bid may only be launched by way of publication of an approved offer document, unless a company makes an offer for its own securities. The public takeover bid rules are intended to ensure that in the event of a public takeover bid, among others, sufficient information will be made available to the holders of the securities, the holders of the securities will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.



## PAYMENTS

### Provisions in the Rabobank Articles, Stichting Articles and the Participation Rules

This section summarises certain information concerning the Rabobank Articles, Stichting Articles and Participation Rules.

The decision on whether or not payments will be made on the Rabobank Participations (and therefore on the Rabobank Certificates), the amount of any such payments, and the date of the payments is made at the full discretion of the Executive Board. Notwithstanding the foregoing, Rabobank intends to pursue a payment policy, which it publishes on its website. Rabobank's payment policy as at the date of this Prospectus is summarised below under "—Current Payment Policy". Rabobank's payment policy is only a statement of intention: the holders of the Rabobank Participations and the holders of Rabobank Certificates may not derive any rights from any statement made by Rabobank that it intends to make payments on the Rabobank Participations as described below.

The Participation Rules and Rabobank's payment policy may be adopted and amended by the Executive Board at its discretion, subject to the approval of the Supervisory Board. Adoption and amendment of the Participation Rules and Rabobank's payment policy does not require the approval from the holders of the Rabobank Participations or the holders of Rabobank Certificates. Under the Stichting Articles, Stichting AK Rabobank is obliged to pay the payments it receives in respect of the Rabobank Participations to the holders of the Rabobank Certificates.

### Current Payment Policy

Without prejudice to the discretion of the Executive Board to elect not to make payments in respect of the Rabobank Participations, Rabobank intends to make payments on each Rabobank Participation on every Payment Date (as defined below) of an amount equal to the higher of:

- €0.40625; and
- the three-month arithmetical average (rounded to two decimal places) on an annual basis of the effective return on the most recent Reference Loan (as defined below) (or, if there is no Reference Loan, the most recent Alternative Reference Loan (as defined below)) for the Calculation Period (as defined below) immediately preceding the Payment Period (as defined below), plus 1.5%, calculated based on a nominal value of €25 divided by four.

To the extent that one or more of the circumstances set out under "—Non-Payment and Incomplete Payment" arises, Rabobank may not make a payment (in full or in part) on a Payment Date.

The three-month arithmetical average of the effective return of the Reference Loan will be determined on a daily basis and will be published on a weekly basis on [www.rabobank.com](http://www.rabobank.com). The calculation will be based on the information provided on the website of the DNB or, if this website contains no relevant information, based on information from another source selected by Rabobank. Notification will be made on the websites mentioned above if an Alternative Reference Loan is used to calculate the payment. The use of an Alternative Reference Loan may increase or decrease the amount of any payment.

**"Alternative Reference Loan"** means one or more loans which, in the view of the Executive Board, coincide(s) as closely as possible with the yield, nature, remaining term and creditworthiness of the debtor(s) with a Dutch State loan having a remaining term between 9.5 and 10.5 years.

**"Calculation Period"** means each period running (i) from and including 26 March to and including 25 June, (ii) from and including 26 June to and including 25 September, (iii) from and including 26 September to and including 25 December, and (iv) from and including 26 December to and including 25 March in each year.

**"Payment Date"** means, if a payment is made, 29 March, 29 June, 29 September and 29 December in each year (or, if the date is not a day on which both (i) TARGET2 (Trans-European Automated Real-Time Gross Settlement Express Transfer 2) and (ii) banks in the Netherlands are open for payments in euro (a **"Business Day"**), the next following Business Day or, if this next following Business Day occurs in a subsequent month, the final Business Day before the day in question (*i.e.*, the modified following business day convention)).

**"Payment Period"** means each period of three months in respect of which payments (if any) on the Rabobank Participations are determined, running (i) from and including 30 December to and including 29 March, (ii) from and including 30 March to and including 29 June, (iii) from and including 30 June to and including 29 September, and (iv) from and including 30 September to and including 29 December in each year.

**"Reference Loan"** means a Dutch State loan with a remaining term between 9.5 and 10.5 years or, if there is no such loan, a Dutch State loan with a remaining term between nine and eleven years.

### Payment History

The following table sets forth the payments made by Rabobank to Stichting AK Rabobank with respect to the Rabobank Participations relating to the financial years indicated. Stichting AK Rabobank paid the payments it received in respect of the Rabobank Participations to the holders of the Rabobank Certificates.

Financial year	Number of Rabobank Participations for calculation of the payment	Payment in cash (in euro per Rabobank Participation)			
		Q1	Q2	Q3	Q4
2016	237,961,365	€0.40625	€0.40625	€0.40625	€0.40625
2015	237,961,365	€0.40625	€0.40625	€0.40625	€0.40625
2014	237,961,365	€0.40625	€0.40625	€0.40625	€0.40625
2013	277,961,365	€0.3125	€0.3125	€0.3250	€0.3250
2012	277,961,365	€0.3125	€0.3125	€0.3125	€0.3125
2011	268,961,365	-	-	-	€0.3125

The payment history is no indication of future payments by Rabobank on the Rabobank Participations.

#### **Manner and Time of Payments**

Any payment in cash will be made in euro. Any payments made to holders of Rabobank Certificates through Euroclear and Clearstream will be credited to the accounts of holders of Rabobank Certificates (or their direct participant) with Euroclear and Clearstream.

Payments in respect of Rabobank Certificates are, pursuant to Rabobank's payment policy, intended to be made four times in each year on the Payment Date. If the Executive Board has elected to make a payment in respect of the Rabobank Participations, Rabobank will publish such decision on [www.rabobank.com](http://www.rabobank.com). Payments become due and payable as from the thirtieth day after the payment date specified in the published decision.

#### **Non-Payment and Incomplete Payment**

The Executive Board may, at its discretion, elect not to make payments on the Rabobank Participations at all, or only to make partial payments. The Executive Board may also, at its discretion, decide on which dates Rabobank makes payments on the Rabobank Participations. Payments not made are non-cumulative and will not be made or compensated on a subsequent Payment Date or on any other date. To the extent that no payments or other distributions on the Rabobank Participations are made, no payments or other distributions will be made on the Rabobank Certificates.

Rabobank may not make any payment (in full or in part) in respect of the Rabobank Participations if (i) it has no Distributable Items (ii) payment would cause the Combined Buffer Requirement to no longer be met or, when aggregated with distributions on other instruments, the Maximum Distributable Amount (if any) to be exceeded, or (iii) payment is otherwise prohibited by the ECB, the DNB or any other authority charged with supervision of the liquidity and solvency of credit institutions, all in accordance with the legislation then applicable to Rabobank.

#### **Uncollected Payments**

Payments on the Rabobank Participations which have not been claimed within five years after the start of the second day on which they become payable will revert to Rabobank. Payments on the Rabobank Certificates which have not been claimed upon the expiry of 20 years and one day after the date on which they become payable will revert to Stichting AK Rabobank.

#### **Taxation on Payments**

All payments on the Rabobank Participations will be made without retention, deduction or withholding for or on account of existing or future taxes or levies of any nature whatsoever imposed or levied by or on behalf of the State of the Netherlands or any competent tax authority thereof or therein, unless Rabobank is obliged to make such retention, deduction or withholding for such taxes or levies. In that event, Rabobank will make the required retention, deduction or withholding of such taxes or levies, as the case may be, and, at the same time, additional amounts will be paid to the holders of the Rabobank Participations and to the holders of the Rabobank Certificates.

in order for such holders to receive an amount equal to the amount which would have been received in the absence of the retention, deduction or withholding of such taxes or levies.

## BUSINESS

### Overview

The Group is an international financial services provider operating on the basis of cooperative principles. The Group comprises Rabobank and its subsidiaries. Rabobank is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. The Group operates in approximately 40 countries. Its operations include domestic retail banking, wholesale banking and international rural and retail banking, leasing and real estate. It serves approximately 8.6 million clients around the world. In the Netherlands, its focus is on maintaining the Group's position in the Dutch market and, internationally, on food and agriculture. The Group believes that its entities have strong interrelationships due to the Group's cooperative structure.

The Group's cooperative core business is carried out by the local Rabobanks. With 488 branches and 2,192 cash-dispensing machines at 30 June 2016, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.5 million retail clients, and approximately 800,000 corporate clients, offering a comprehensive package of financial services. Clients can become members of Rabobank.

Historically, the Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, the Group has also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, the Group has increased both the number and type of products and services available to its customers in order to diversify from a traditional savings and mortgage-based business to become a provider of a full range of financial products and services, both in the Netherlands and internationally. The Group provides an integrated range of financial services comprising primarily domestic retail banking, wholesale banking and international rural and retail banking, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers.

As at 30 June 2016, the Group had total assets of €686.6 billion, a private sector loan portfolio of €427.3 billion, amounts due to customers of €342.9 billion (of which savings deposits total €139.4 billion) and equity of €40.8 billion. Of the private sector loan portfolio, €204.3 billion, virtually all of which were mortgages, consisted of loans to private individuals, €124.8 billion of loans to the trade, industry and services sector and €79.2 billion of loans to the food and agriculture sector. As at 30 June 2016, its CET1 Ratio, which is the ratio between Common Equity Tier 1 Capital and total risk-weighted assets, was 13.4% and its capital ratio, which is the ratio between qualifying capital and total risk-weighted assets, was 23.5%. For the six-month period ended 30 June 2016, the Group's cost/income ratio, which is the ratio between total operating expenses (regulatory levies excluded) and total income, was 73.7%. The cost/income ratio is a financial measure of how efficiently Rabobank is being run. For the six-month period ended 30 June 2016, the Group realised a net profit of €924 million. As at 30 June 2016, the Group employed 49,971 employees (internal and external full time employees ("FTEs")).

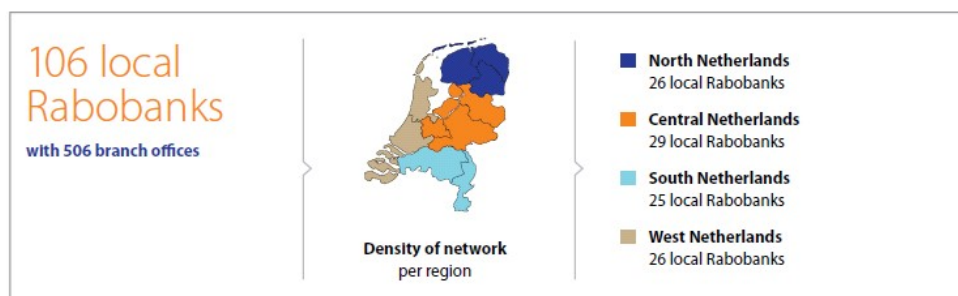
The return on invested capital ("ROIC") is a profitability measure and is calculated by dividing net profit realised after non-controlling interests by the core capital (actual Tier 1 capital plus the goodwill in the balance sheet at the end of the reporting period) minus deductions for non-controlling interests in Rabobank's equity. For the six-month period ended 30 June 2016, Rabobank's ROIC was 5.0%. As at 31 December 2015, it was 6.0% and at 30 June 2015 it was 8.3%.

For the six-month period ended 30 June 2016, Rabobank's return on Tier 1 capital was 5.3%. As at 31 December 2015, it was 6.5% and at 30 June 2015 it was 9.0%.

### The Group

#### *Group overview*

The overview below provides an overview of the business of the Group. The figures presented in the overview are provided as at 31 December 2015.



### Business activities of the Group

Through the local Rabobanks, Rabobank and its other subsidiaries, the Group provides services in the following core business areas: domestic retail banking, wholesale banking and international rural and retail banking, leasing and real estate.

#### Domestic retail banking

The domestic retail banking business comprises the local Rabobanks, Obvion N.V. (“**Obvion**”), Roparco and Rabohypotheekbank N.V. (“**Rabohypotheekbank**”). 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 30 June 2016, the Group’s domestic retail banking operations had total assets of €321.7 billion, a private sector loan portfolio of €278.5 billion, amounts due to customers of €219.4 billion (of which savings deposits total €118.6 billion). For the six-month period ended 30 June 2016, the Group’s domestic retail banking operations accounted for 61%, or €3.542 million, of the Group’s total income and 54%, or €502 million, of the Group’s net profit. As at 30 June 2016, the Group’s domestic retail banking operations employed 22,280 FTEs.

#### Local Rabobanks

Until 1 January 2016, the local Rabobanks were members of Rabobank and all of them separate legal entities. On 1 January 2016, a legal merger under universal title (*onder algemene titel*) took place between Rabobank and all 105 local Rabobanks. Rabobank being the one surviving legal entity. With 488 branches and 2,192 cash-dispensing machines at 30 June 2016, the local Rabobanks form a dense banking network in the Netherlands. Proximity and commitment to their clients enhances the local Rabobanks' responsiveness and speed of decision-making. Their commitment is reflected in their close ties with local associations and institutions. The local Rabobanks are committed to providing maximum service to their clients by making optimum use of different distribution channels, such as branch offices, the internet and mobile telephones. Together, the local Rabobanks serve approximately 6.5 million retail clients and approximately 800,000 corporate clients, offering a comprehensive package of financial services. 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 and, together, they are the largest insurance broker in the Netherlands (source: Insurance Magazine Yearbook 2015 (AM Jaarboek 2015)).

#### *Obvion N.V.*

Obvion is a provider of mortgages and a number of service products, including guarantees and bridging loans. Obvion focuses exclusively on collaboration with independent brokers.

#### *Rabohypotheekbank*

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the local Rabobanks and was owned 100% by Rabobank as at 31 December 2015.

Rabohypotheekbank also serves as a supplementary financing vehicle for the local Rabobanks in the event that they choose not to make certain mortgage loans to their customers entirely on their own, either for liquidity or lending-limit reasons or because of the nature of the required financing. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. As at 30 June 2016, Rabohypotheekbank had assets of €6.4 billion.

#### *Wholesale banking and international retail banking*

Wholesale banking and international rural and retail banking focuses its activities on the food and agri sector and is known as "Wholesale, Rural & Retail". Wholesale, Rural & Retail has a presence in 26 countries (at 30 June 2016). Its activities are subdivided into the following regions: the Netherlands, Europe outside the Netherlands, North and South America, Australia, New Zealand and Asia. Across these regions, Wholesale, Rural & Retail has created a number of units with global operations: Markets, Global Client Solutions, Acquisition Finance, Export & Project Finance, Direct Banking and Trade & Commodity Finance. For optimum service to their clients and markets, the various regions and the units with global operations work closely together. In addition to customer-focused activities, Markets manages the trade in money market products for the day-to-day management of the liquidity position, the credit risk and the market risk of the Group and its clients. Acquisition Finance is involved in financing acquisitions by private equity companies and has a significant market share in the agricultural market. Global Client Solutions offers client-tailored products aimed at both the asset and liability sides of the balance sheet. The Export & Project Finance Department operates in the sustainable sectors wind, solar, bio fuels and biomass. The Trade & Commodity Finance Department serves clients that operate in the market for agricultural products and, on a limited scale, other commodities as well. This Department also offers a large number of export finance products. Direct Banking services clients with saving products in Australia, Belgium, Germany, Ireland and New Zealand.

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

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

As at 30 June 2016, the Group's wholesale banking and international rural and retail banking operations had total assets of €475.7 billion and a private sector loan portfolio of €104.1 billion. For the six-month period ended 30 June 2016, the Group's wholesale banking and international rural and retail banking operations accounted for 30%, or €1,752 million, of the Group's total income and 42%, or €387 million of the Group's net profit. As at

30 June 2016, the Group's wholesale banking and international rural and retail banking operations had approximately 9,253 FTEs.

#### *Leasing*

DLL International B.V. ("**DLL**") is the subsidiary responsible for the Group's leasing business. It uses vendor finance to assist producers and distributors in their sales in 34 countries as at 30 June 2016. With its innovative finance programmes, DLL stands out in a competitive market. In the Netherlands, it offers a broad range of lease and trade finance products, which it markets both directly and through the local Rabobanks. Through international car lease company Athlon Car Lease, DLL operated in 11 countries in Europe as at 30 June 2016. On 30 June 2016, DLL signed a sale and purchase agreement with the intention to sell Athlon Car Lease to Daimler Financial Services. In the Netherlands, DLL strengthens the Group's position in the Dutch consumer credit market, in part through the Freo online brand.

Rabobank owned a 100% equity interest in DLL as at 31 December 2015. DLL has its statutory seat in Eindhoven, the Netherlands. Its issued share capital amounts to €98,470,307, all of which is owned by Rabobank. As at 31 December 2015, Rabobank's liabilities to DLL amounted to €1,127 million. As at 31 December 2015, Rabobank's claims on DLL amounted to €24,722 million (loans, current accounts, financial assets and derivatives). All liabilities of DLL are guaranteed (through a cross guarantee system) by Rabobank and the other participants of this system.

As at 30 June 2016, DLL had a private sector loan portfolio of €30.3 billion. For the six-month period ended 30 June 2016, DLL accounted for 15%, or €891 million, of the Group's total income and 31%, or €284 million, of the Group's net profit. As at 30 June 2016, the Group's leasing operations employed approximately 5,968 FTEs.

#### *Real estate*

Rabo Vastgoedgroep N.V. ("**Rabo Vastgoedgroep**") and FGH Bank form part of the real estate segment. Rabo Vastgoedgroep is active in real estate and area development and investment management. This division consists of Bouwfonds Property Development B.V., which is involved in the construction of housing and living environments, and Bouwfonds Investment Management ("**Bouwfonds IM**"), a manager of real estate funds. Rabo Vastgoedgroep is primarily active in the Netherlands, but also on a smaller scale in France and Germany.

Financing commercial real estate is carried out by FGH Bank N.V. ("**FGH Bank**"). FGH Bank specialises in financing commercial real estate. FGH Bank will be integrated into Rabobank. Preparations for this integration continued in the first half of 2016.

For the six-month period ended 30 June 2016, Rabo Vastgoedgroep sold 4,084 houses. As at 30 June 2016, Rabo Vastgoedgroep managed €6.2 billion of real estate assets. The private sector loan portfolio amounted to €14.1 billion. For the six-month period ended 30 June 2016, the real estate operations accounted for 6%, or €339 million, of the Group's total income and 13%, or €121 million, of the Group's net profit. As at 30 June 2016, the Group's real estate operations had approximately 1,625 FTEs.

#### *Participations*

On 31 December 2015, Rabobank has a 29% 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. As at 31 December 2015, Achmea had a workforce of approximately 15,400 FTEs. 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**

#### *Derivatives*

On 7 July 2016, Rabobank announced its decision to join the Dutch Derivatives Committee's Recovery Framework (as defined below). Implementation of the Final Recovery Framework (as defined below) is expected to last until and including (part of) 2018. The decision to take part in the framework means that Rabobank made an additional provision of €514 million in its interim figures for the six-month period ended 30 June 2016. For further information see "—Recent Developments—Interest rate derivatives in the SME-segment".

#### *Interest Rate Derivatives in the SME-segment*

Approximately 9,000 of Rabobank's 800,000 business customers have an interest rate derivative, with in total around 11,000 derivative contracts. During 2014 and 2015, these interest rate derivatives have been subject to a reassessment process. In 2014, Rabobank tightened the quality requirements of the reassessment of interest rate

derivatives, partly at the insistence of the AFM. The reassessment on a case by case basis was close to being finalised in December 2015, in accordance with an agreement with the AFM. Rabobank sent letters on the reassessment results to inform over 90% of its customers involved by the end of 2015, with the remainder following in January 2016. In December 2015, however, Rabobank received notice that in the AFM's opinion, the interest rate derivatives reassessment conducted by Rabobank had been insufficient and that the AFM had identified flaws in its own scrutiny of reassessments. In the first two months of 2016, Rabobank was in discussion with the AFM in order to achieve a suitable solution. In March 2016, the Minister of Finance appointed an independent committee, the Dutch Derivatives Committee, which on 5 July 2016, published its advice and recovery framework (the **"Recovery Framework"**) on the reassessment of SME interest rate derivatives. On 19 December 2016, the Dutch Derivatives Committee published its final recovery framework (the **"Final Recovery Framework"**). Implementation of the Final Recovery Framework is expected to last until and including (part of) 2018. Rabobank is involved in civil lawsuits regarding interest rate derivatives brought before Dutch courts, most of which are individual cases. Furthermore, a class action has been engaged against Rabobank, with claims regarding interest rate derivatives, which include EURIBOR related claims. Rabobank is defending itself against all these claims. Further, complaint procedures regarding interest rate derivatives have been entered against Rabobank before the Netherlands Financial Services Complaints Tribunal (Kifid), which opened a desk for SMEs with interest rate derivatives in January 2015. Rabobank's decision to take part in the Recovery Framework, which was announced by Rabobank on 7 July 2016, means that Rabobank made an additional provision of €14 million in its interim figures for the six-month period ended 30 June 2016.

### ***Tier 2 issuance***

On 21 July 2016, Rabobank, acting through its Utrecht branch, issued \$1.5 billion 3.750% subordinated notes due 2026.

### ***FGH Bank sells RNHB Hypotheekbank***

On 19 September 2016, FGH Bank entered into an agreement to sell the real estate financing activities of its subsidiary, RNHB Hypotheekbank, including its personnel and loan portfolio of approximately €1.7 billion. The transaction was completed on 29 December 2016.

### ***Sale of Athlon to Daimler Financial Services finalised***

On 1 December 2016, DLL confirmed the sale of its mobility solutions entity Athlon Car Lease International B.V. including all of its subsidiaries to Daimler Financial Services, a division of Daimler AG. The transaction will improve the CET1 Ratio of Rabobank by approximately 40 basis points.

### ***Publication of ECB capital requirements***

On 2 December 2016, Rabobank published its 2017 ECB capital requirements, determined pursuant to the SREP.

The ECB decision requires that Rabobank maintains a total SREP capital requirement of 9.75% on a consolidated and unconsolidated basis. The requirement consists of an 8% minimum own funds requirement and a 1.75% P2R. The total CET1 capital minimum requirement is 6.25%, consisting of the minimum Pillar 1 requirement (4.5%) and the P2R (1.75%). In addition, Rabobank is required to comply with the phasing in combined buffer requirements consisting of a capital conservation buffer (1.25%) and a Systemic Risk Buffer imposed by the Dutch Central Bank of 1.5% in 2017. This translates into an aggregate 9% CET1 capital requirement for 2017. The ECB decision also requires that Rabobank maintains a CET1 Ratio of 7.5% on an unconsolidated basis. This 7.5% capital requirement is comprised of the minimum Pillar 1 requirement (4.5%), the P2R (1.75%) and the capital conservation buffer (1.25%).

### ***Rabobank starts registration of covered bond programme***

On 13 December 2016, Rabobank started the process to register its inaugural covered bond programme with the DNB. Rabobank intends to incorporate covered bonds into its future funding mix. The covered bond programme is expected to further diversify and optimise Rabobank's funding composition.

### ***Publication of 2016 annual results***

On 16 February 2017, Rabobank will publish its 2016 annual results. The annual results will show that the Group's capital ratios at 31 December 2016 will be higher than the corresponding ratios as reported in the half year 2016 results. On 30 June 2016 the CET1 ratio was 13.4% and the total capital ratio amounted to 23.5%. Rabobank's strong capital ratios are well above the current regulatory requirements and the issuance of the Offer Certificates will further increase them.

The result for the second half of 2016 will be negatively impacted by a non-cash impairment of Rabobank's stake in Achmea of approximately €700 million due to developments in the insurance sector. This impairment will be more than offset by strong operational performance, low loan impairment charges and positive effects of the cost reduction programmes. Furthermore, this impairment has a very limited impact on the capital ratios.



## **Ratings**

On 10 November 2016, Standard & Poor's Ratings Services affirmed its long-term counterparty credit rating of Rabobank at "A+".

On 10 November 2016, DBRS Ratings Limited affirmed Rabobank's Long-Term Deposits & Senior Debt rating at "AA".

On 24 November 2016, Moody's Investors Service confirmed the "Aa2" long-term deposit and senior unsecured debt ratings of Rabobank. The outlook was revised from "stable" to "negative".

On 14 April 2016, Fitch Ratings affirmed the Long-Term Issuer Default Rating of Rabobank at "AA-".

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 Rabobank Certificates. There is no assurance that a rating will remain unchanged.

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 Offer Certificates. Any rating assigned to the long-term unsecured debt of Rabobank does not affect or address the likely performance of the Rabobank Certificates other than Rabobank's ability to meet its obligations.

The 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 the 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 the Group's results of operations.

## **Strategy of the Group**

### ***One Rabobank: stronger and closer***

Rabobank is a customer-focused bank and has been a cooperative bank for over 115 years. It is strongly involved with its customers and members and aims to have a responsive role, particularly in a world where customer needs, economic development, technological advances and increasingly stringent bank regulations are changing faster than ever. Rabobank's missions are to contribute to welfare and prosperity in the Netherlands and to feed the world sustainably. The Strategic Framework 2016-2020 describes how Rabobank expects to achieve this over the next five years. It also outlines how Rabobank will implement the new strategy and what specific financial goals Rabobank will pursue. The Strategic Framework 2016-2020 focuses on improving customer service and increasing Rabobank's performance.

### ***Ambitions***

Rabobank's ambition is to be the most customer-focused bank in the Netherlands and a leading food and agri bank worldwide. The visions outlined in Banking for the Netherlands and Banking for Food give substance to Rabobank's customer-focused cooperative. The Group's sustainability strategy 'Sustainably successful together' is an important building block within these visions.

### ***Banking for the Netherlands***

Rabobank is linked to the future of the Netherlands through its members and customers. If Rabobank customers do well, the bank is expected to do well. As a cooperative bank, Rabobank can differentiate itself by preparing itself and its customers to meet the challenges the Netherlands faces in the years ahead. With Banking for the Netherlands, Rabobank wants to strengthen the Netherlands of the future from three perspectives:

- (i) improving the earnings capacity of the Netherlands by supporting the growth of mobility, vitality, food and agri, raw materials, water and housing;
- (ii) supporting Dutch households by helping customers make confident financial choices; and
- (iii) strengthening the living environment of local communities through cooperative dividends and Rabobank's local participation agenda. Rabobank's local presence allows it to respond to important regional issues.

### ***Banking for food***

The Netherlands is a global leader in the food and agri sector and Rabobank will continue to have a significant focus on the global food and agri sector. With Banking for Food Rabobank wants to play a prominent role in the public debate on the broad issue of food. Rabobank also hopes to connect producers with consumers, and farmers with citizens.

Since Rabobank, according to its own surveys, is the market leader in the agriculture sector in the Netherlands, Banking for the Netherlands and Banking for Food are closely intertwined. Its knowledge and network in the Dutch food and agri sector are the roots of Rabobank.

*Core objectives: how does Rabobank achieve these ambitions?*

To fulfil its ambitions in the next four years, Rabobank has identified three core objectives in its Strategic Framework 2016-2020:

- (i) Excellent customer focus. Rabobank strives to be the most customer-focused bank in the Netherlands. Rabobank's aspirations to generate strong growth in customer satisfaction also extend beyond the Netherlands. Rabobank aims to fundamentally transform its working methods, culture, attitudes and conduct in the coming years to respond to changes in customer needs, the uncertain economic climate and the stricter requirements of regulators. Rabobank aspires to become the most customer-focused bank in the Netherlands by providing excellent basic service and, if required, by being the closest to its customers and fulfilling its role as a financial connection point;
- (ii) Increased flexibility and reduction of the balance sheet. In the years to come, Rabobank anticipates a further tightening of the regulatory environment. To maintain its position, it will therefore need to make its balance sheet more flexible and reduce it. Rabobank wants to achieve balance sheet optimisation by, among other things, placing parts of its loan portfolio with external parties and maintaining a correspondingly lower liquidity buffer in line with the reduced balance sheet total; and
- (iii) Performance improvement. In addition to excellent customer focus and balance sheet reduction, Rabobank aims to improve the Group's performance. Rabobank's aim for 2020 is a pre-tax profit improvement of more than €2 billion (excluding the effects of the reductions on the Group's balance sheet results) compared to 2014. Reaching this level of profit improvement is expected to improve the Group's cost/income ratio and the ROIC. The ROIC is a profitability measure and 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. The Group plans to achieve this improvement by both generating higher revenues and incurring lower costs. These plans are in addition to the ongoing Mars and Vision 2016 cost programmes. The Mars programme targets further cost reductions at the central level. The Vision 2016 programme aims to improve customer services without increasing costs. As at the date of this Prospectus, these programmes are running on schedule and are expected to be completed during 2016.

#### *Implementation accelerators*

The implementation of the aforementioned three core objectives requires an integrated approach towards new and existing programmes. These programmes come together in the implementation agenda of the Executive Board. This agenda forms the basis for the implementation of the strategy, which focuses on three accelerators:

- (i) Increasing innovation. Innovation is required to improve current processes, enable customers to increasingly arrange their financial affairs independently of a Rabobank branch and allow Rabobank to respond more quickly to technological advances with new products and services;
- (ii) Empowering employees. Employees make the ambitions of Rabobank's customers and Rabobank come true. In order to fulfil Rabobank's strategy, it is necessary that its employees are aware of the social role Rabobank has to play. It is essential that they embrace the strategy, know how to promote it and apply it to their daily work. Rabobank wants its employees to know how to connect their personal values with those of the bank, and vice versa. There is a continuous focus on personal development and training, as well as on building a diverse workforce. In this way, Rabobank strives to show its customers and society as a whole that it is a bank that is fully focused on its customers; and
- (iii) Creating a better cooperative organisation. Rabobank sees that the Group's governance structure, as implemented on 1 January 2016, increases member participation and their input in Rabobank as a whole. Rabobank expects that this structure will contribute to the transformation that its organisation must go through to fulfil its strategy. The Strategic Framework 2016-2020 builds on the current improvement agenda of Rabobank, the implementation agenda. To give substance to the three core objectives and their associated priorities and accelerators, Rabobank has drawn up a new implementation agenda designed along four axes: complete customer focus, rock-solid bank, meaningful cooperative, and empowered employees. The implementation agenda is expected, in the coming years, to enable Rabobank to regain its fundamental position as a cooperative, customer-focused bank in the Netherlands and as a leading food and agri bank worldwide.

#### *Financial Strategic Framework 2016-2020*

The Strategic Framework 2016-2020 provides direction to Rabobank up to 2020. The financial targets Rabobank sets to be and remain a bank with financial strength are in part determined by the expected impact of new

regulations. These regulations include Basel IV, MREL and TLAC. As a result of these new regulations, capital requirements will increase. In addition, the risk weighting of assets and the subsequent required absolute amount of capital are expected to increase significantly. The objective, in anticipation of these regulations, is for the CET1 Ratio to increase to a minimum of 14% and the capital ratio to increase to at least 25% by the end of 2020. The extent to which these minimum targets are met are expected to vary in accordance with the definition of the new regulations when they are officially adopted.

To facilitate the growth of the Common Equity Tier 1 Capital through retained earnings and allow for the future growth of Rabobank, an ROIC of at least 8% will be required. Rabobank is seeking this return in order to compensate its capital providers. To achieve this ROIC target, pre-tax profits by 2020 will need to be more than €2 billion higher compared to 2014 (excluding the effects of the reductions on Rabobank's balance sheet). With this performance improvement, the cost/income ratio excluding regulatory levies is expected to decrease to a level of approximately 50% and the cost/income ratio including regulatory levies is expected to decrease to a level of between 53% and 54% in 2020. The cost/income ratio is calculated by dividing total operating expenses by total income. Higher capital ratios are expected to be achieved by raising additional capital, retained earnings and reductions on the balance sheet (see "Risk Factors—Rabobank may in the future seek to raise capital by conducting core Tier 1 capital offerings, which may result in lower or no payments or other distributions on the Offer Certificates. In addition, the issue of any such additional core Tier 1 securities may reduce the amount recoverable by holders of the Offer Certificates on a winding-up of Rabobank"). Given the size of the expected capital requirements and expected future costs associated with Rabobank's funding, issuing additional equity or subordinated debt will not provide the solution for the cooperative. Rabobank aims to reduce its dependency on the financial markets. For this purpose, Rabobank seeks to reduce its wholesale funding for the group to below €150 billion by 2020.

Rabobank will seek to reduce the balance sheet through the sale of assets, by removing parts of the mortgage and corporate loans portfolios from the balance sheet, and by making choices in the sectors Rabobank serves. Balance sheet reductions will lead to lower risk-weighted assets, contributing to achieving Rabobank's solvency targets.

### **Competition**

The 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. The 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 with a weighted loan-to-value of approximately 73%. 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 the 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 the Group.

### **Market Shares in the Netherlands**

The Group offers a comprehensive package of financial products and services. Set forth below is information regarding the 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 30 June 2016, the Group had a market share of 19.7% of the total amount of new home mortgages in the Dutch mortgage market by value (16.6% by local Rabobanks and 3.1% by Obvion; source: Dutch Land Registry Office (*Kadaster*)). The Group is the largest mortgage-lending institution in the Netherlands (measured by Rabobank's own surveys).

#### ***Saving deposits of individuals***

As at 30 June 2016, the Group had a market share of 34.5% of the Dutch savings market (source: Statistics Netherlands (Centraal Bureau voor de Statistiek)). The Group is one of the largest savings institutions in the Netherlands measured as a percentage of the amount of saving deposits (source: Statistics Netherlands). Of the total saving deposits in the Netherlands, 33.7% are held by the local Rabobanks and 0.8% are held by Robeco Direct's savings bank, Roparco.

#### ***Lending to small and medium-sized enterprises***

As at 30 June 2016, the Group had a market share of 41% of domestic loans to the trade, industry and services sector (*i.e.*, enterprises with a turnover of less than €250 million; measured by the Group's own surveys).

#### **Agricultural loans**

As at 31 December 2015, the Group had a market share of 84% of loans and advances made by banks to the Dutch primary agricultural sector (measured by Rabobank's own surveys).

#### **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, the Group's investment portfolio includes investments in land and buildings. The Group believes that its facilities are adequate for its present needs in all material respects. The table below provides an overview of the Group's material owned facilities:

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

#### **Material Contracts**

There are no material contracts, other than contracts entered into in the ordinary course of business, to which Rabobank or any member of the Group is party, for the two years prior to the date of this Prospectus. There are no other contracts (not being contracts entered in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus.

#### **Insurance**

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

#### **Legal and Arbitration Proceedings**

The Group is active in a legal and regulatory environment that exposes it to substantial risk of litigation. As a result, the Group is involved in legal cases, arbitrations and regulatory proceedings in the Netherlands and in other countries, including the U.S. The most relevant specific legal and regulatory claims which could give rise to liability on the part of the Group are described in the Group's unaudited condensed consolidated interim financial information, including the notes thereto, for the six-month period ended 30 June 2016, incorporated by reference into this Prospectus. If it appears necessary on the basis of the applicable reporting criteria, provisions are made based on current information; similar types of case 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 the 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%) to lead to an outflow of funds, the 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; the 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 advisors 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 the Group (especially in the early stages of a case). In addition, assumptions made by the Group about the future rulings of legal or other instances or the likely actions or attitudes of supervisory bodies or the parties opposing the 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 the group needs to make judgements and estimates.

The group of cases for which the Group determines that the risk of future outflows of funds is higher than 50% 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. The 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.

The 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 management effort at this level, (ii) to avoid other adverse business consequences and (iii) to pre-empt the regulatory or reputational consequences of continuing with disputes relating to liability, even if the Group believes it has good arguments in its defence. The Group may also opt to settle when it considers the potential consequences of losing a case to be disproportionate to the costs of a settlement. Furthermore, the Group may, for the same reasons, compensate third parties for their losses, even in situations where the Group does not believe that it is legally required to do so. Therefore, the legal cases described under “Legal and arbitration proceedings” in the Group’s unaudited condensed consolidated interim financial information, including the notes thereto, for the six-month period ended 30 June 2016, incorporated by reference into this Prospectus, for which no provision was recognised are contingent liabilities.

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 Prospectus which may have, or have had in the past significant effects on Rabobank and the Group’s financial position or profitability are described under “Legal and arbitration proceedings” in the Group’s unaudited condensed consolidated interim financial information, including the notes thereto, for the six-month period ended 30 June 2016, incorporated by reference into this Prospectus.

## GROUP STRUCTURE

The Group is comprised of Rabobank as the top holding entity together with its subsidiaries in the Netherlands and abroad. The Group's cooperative core business is carried out by the local Rabobanks.

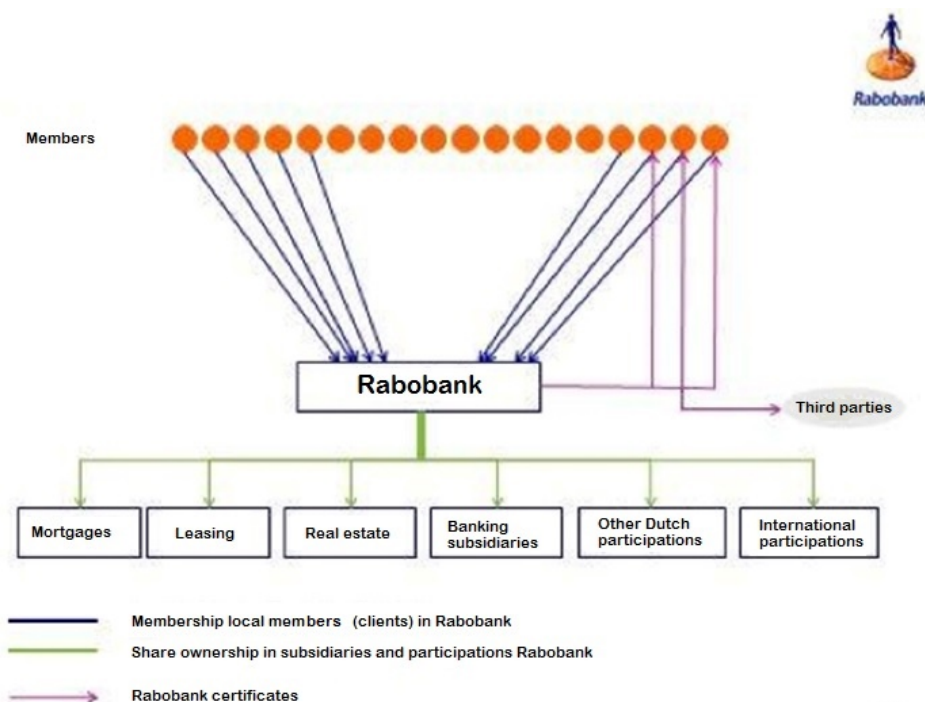
### Rabobank

#### General

The central institution of the Group is Rabobank. 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.

The Executive Board is responsible for the management of Rabobank and of the Group as a whole. Executive Board members are appointed by the Supervisory Board. The Supervisory Board is responsible for the supervision of the management by the Executive Board. Supervisory Board members are appointed by the General Members' Council of Rabobank. For further information regarding the governance of the Group, see "—Member influence within the Group" below and "Management, Employees and Corporate Governance".

Rabobank was formed as a result of the merger of the Coöperatieve Centrale Raiffeisenbank B.A. and the Coöperatieve Centrale Boerenleenbank, the two largest banking cooperative entities in the Netherlands. It was established with unlimited duration on 22 December 1970. The corporate seat of Rabobank is in Amsterdam, the Netherlands, and its registered office is at Croeselaan 18, 3521 CB Utrecht, the Netherlands (telephone number: +31 (0) 30 216 00 00). Rabobank is registered in the Commercial Register of the Chamber of Commerce (handelsregister van de Kamer van Koophandel under number 30046259. On 1 January 2016, a legal merger became effective between Rabobank and all former 105 local Rabobanks in the Netherlands, which were the members of Rabobank. Rabobank is the surviving entity. See "—Member influence within the Group" below for the governance structure.



Rabobank operates not only from the Netherlands, but also from branches and representative offices all over the world. These branches and offices all form part of the legal entity Rabobank and focus on wholesale banking. Rabobank branches are located in Sydney, Antwerp, Toronto, Beijing, Shanghai, Dublin, Frankfurt, Madrid, Paris, Mumbai, Milan, Labuan, Wellington, New York, Singapore, Hong Kong and London. Rabobank representative offices are located in Mexico City, Buenos Aires, Moscow, Istanbul, Kuala Lumpur, Tokyo, Atlanta, Chicago, Dallas, San Francisco, Nairobi and St. Louis.

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

For the avoidance of doubt, the cross guarantee scheme does not apply to the Rabobank Participations or the Rabobank Certificates (including the Offer Certificates). See also “Risk Factors—The Offer Certificates are perpetual and have no fixed maturity date. The Rabobank Participations and the Rabobank Certificates, including the Offer Certificates, are the most deeply subordinated capital of Rabobank. Upon dissolution of Rabobank, holders of Offer Certificates could receive less than they have invested in the Offer Certificates.”

### ***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 the 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 Prospectus, Rabobank has approximately 2 million members. Rabobank is a cooperative with excluded liability. 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.

Rabobank is a decentralised organisation with decision making powers at both a local and central level.

The members of Rabobank are organised, based on, amongst other things, geographical criteria, into about 100 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 have a basis in the local bank rules. Local members’ councils report to, and act as sparring partner of, 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 with a basis in the local bank rules and has various tasks and 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 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 Executive Board. The Supervisory Board also has an advisory role in respect to the Executive 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 "Management, Employees and Corporate Governance".

The local business is organised through about 100 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 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 **Executive Board** of Rabobank is responsible for the management of Rabobank including the local banks and, indirectly, its affiliated entities. The Executive 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 Executive Board is in charge of the Groups' compliance with relevant laws and regulations. Rabobank, represented by the Executive Board, is the hierarchical employer of the management team chairmen of the local banks. The Executive 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 Executive Board, see "Management, Employees and Corporate Governance".

The **directors' conference** has a basis in 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 Executive Board, management team chairmen of the local banks and directors of local banks participate in this meeting.

#### ***Employee Influence within the Group***

The Group attaches great value to consultations with the various employee representative bodies. Employee influence within the 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. Rabobank is the (ultimate) shareholder of about 700 subsidiaries and participations. These subsidiaries focus on retail banking (Rabobank Australia, Rabobank N.A.), vendor leasing (DLL) and real estate services (Rabo Vastgoedgroep and FGH Bank). Rabobank has assumed liability for debts arising from legal transactions for approximately 25 of its Dutch subsidiaries under Section 2:403 DCC.

The table below provides an overview of Rabobank's material subsidiaries or other interests as at the date of this Prospectus.

<b>Full legal name</b>	<b>Country</b>	<b>Share / voting rights</b>
<u><i>The Netherlands</i></u>		
DLL International B.V.	The Netherlands	100%
Rabo Vastgoedgroep N.V.	The Netherlands	100%
FGH Bank N.V.	The Netherlands	100%
Onderlinge Waarborgmaatschappij Rabobanken BA	The Netherlands	100%
Obvion N.V.	The Netherlands	100%
Rabohypotheekbank N.V.	The Netherlands	100%
Rabo Merchant Bank N.V.	The Netherlands	100%
Raiffeisenhypotheekbank N.V.	The Netherlands	100%



Other euro zone/EU countries

ACC Loan Management Limited	Ireland	100%
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North America

Rabobank Capital Funding LCC II to VI	U.S.	100%
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Rabobank Capital Funding Trust II to VI	U.S.	100%
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Utrecht America Holdings Inc.	U.S.	100%
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Australia and New Zealand

Rabobank Australia Limited	Australia	100%
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Rabobank New Zealand Limited	New Zealand	100%
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## RISK MANAGEMENT

The Group places a high priority on the management of risk and has extensive procedures in place for systematic risk management. Within the 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 (the “RMC”) in cooperation with the Risk Management Department. The RMC is responsible for financial and non-financial risk management, establishing risk policy, setting risk measurement standards, broadly determining limits and monitoring developments, and advising the Executive Board on all relevant issues regarding risk management. See pages 314 up to (and including) 318 of the Group’s annual report for the year ended 31 December 2015 (“Risk management organisation”, “Risk management framework”, “Risk Measurement” and “(Regulatory) Developments”) incorporated by reference into this Prospectus for more information on the risk management organisation, the risk management framework and risk measurement.

The Group maintains a robust risk management framework to identify, assess, manage, monitor and report risks. It makes decisions based on a conscious and careful risk-return trade-off in line with the bank’s strategy and within the formulated risk appetite. See page 40 of the Group’s interim report for the six-month period ended 30 June 2016 incorporated by reference into this Prospectus for more information under “Risk strategy”, “Risk culture” and “Risk appetite”.

The principal risks faced by the Group are credit risk, country risk, interest rate risk, liquidity risk, market risk, operational risk, legal risk and currency risk. Rabobank has implemented an economic capital framework to determine the amount of capital it should hold on the basis of its risk profile and desired credit rating. Economic capital represents the amount of capital needed to cover for all risks associated with a certain activity. The economic capital framework makes it possible to compare different risk categories with each other because all risks are analysed by using the same methodology. See also “Risk Factors”.

### Risk Adjusted Return on Capital

The risk adjusted return on capital (“RAROC”) is a ratio which shows the relationship between the profit achieved on a certain activity and the capital required for that activity. RAROC is calculated by dividing economic return by economic capital. The calculation and review of RAROC across the Group’s business activities and entities assists the Group in striking a balance between risk, returns and capital for both the Group and its constituent parts. This approach encourages each individual group entity to ensure appropriate compensation for the risks it runs. RAROC is therefore an essential instrument for positioning products in the market at the right price.

The use of the RAROC model to classify the Group’s activities also plays a role in the allocation of capital to the various group entities and the different risk categories. If the calculated RAROC lags behind a formulated minimum result to be achieved, which is a reflection of the costs of the capital employed, economic value is wasted. A higher RAROC implies the creation of economic value. For the year ended 31 December 2015, Rabobank realised a RAROC, which is the ratio between net profit and average economic capital, after tax of 8.3%.

From 2016 onwards Rabobank has decided to use the ROIC instead of the RAROC and therefore will no longer publish RAROC figures. An ROIC of at least 8% is one of the core objectives in Rabobank’s Strategic Framework 2016-2020. For the six-month period ended 30 June 2016, the ROIC was 5.0%.

### Credit Risk

The 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. As at 30 June 2016, 48% of the 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 (year-end 2015: 49%, year-end 2014: 49%, year-end 2013: 50%). The remaining 52% was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

Approval of larger credit applications is decided on by committees. A structure consisting of various committees has been established, with the total exposure including the requested financing determining the applicable committee level. The Executive Board itself decides on the largest credit applications. The RMC establishes the Group’s credit risk policy. The Group entities define and establish their own credit policies within this framework. In this context, the RMC Retail NL is responsible for domestic retail banking and the RMC WRR for wholesale banking and international rural and retail banking. For corporate loans, a key concept in the Group’s policy for accepting new clients is the “know your customer” principle, meaning that loans are granted only to corporate clients whose management, including their integrity and expertise, is known and considered acceptable by the Group. In addition, the Group is familiar with the industry in which a client operates and can assess its clients’ financial performance. Corporate social responsibility implies responsible financing; accordingly, corporate social responsibility guidelines apply to the lending process as well.

With respect to the management of the Group’s exposure to credit risk, Rabobank’s Credit Risk Management Department and overall Risk Management Department play a key role. Credit applications beyond

certain limits are subject to a thorough credit analysis by credit officers of Credit Risk Management. Risk Management monitors the 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.

The Group uses the Advanced Internal Rating-Based (“**IRB**”) approach for credit risk. This is the most risk-sensitive form of the CRD IV Credit Risk approaches. The Group has professionalised its risk management even further by combining Basel II (as defined in “Regulation of the Group”) compliance activities with the implementation of a best-practice framework for Economic Capital. The main Basel II parameters as far as credit risk is concerned are Exposure At Default, Probability of Default and Loss Given Default. It is partly on the basis of these parameters that the Group determines the economic capital and the RAROC. These CRD IV parameters are an important element of management information. A significant advantage associated with the use of economic capital is a streamlined and efficient approval process. The use of the CRD IV parameters and RAROC support credit analysts and the Credit Committees in making well-considered decisions. Every Group entity has established a RAROC target at customer level. Next to credit quality, this is an important factor in taking decisions on specific credit applications.

The Group believes it has a framework of policies and processes in place that is designed to measure, manage and mitigate credit risks. The Group's policy for accepting new clients is characterised by careful assessment of clients and their ability to make repayments on credit granted. The Group's objective is to enter into long-term relationships with clients which are beneficial for both the client and the Group.

Exposure At Default is the expected exposure to the client in the event of, and at the time of, a counterparty's default. As at 30 June 2016, the Exposure At Default of the total Advanced IRB loan portfolio was €601 billion (year-end 2015: €594 billion; year-end 2014: €582 billion, year-end 2013: €574 billion). This Exposure At Default includes the expected future usage of unused credit lines. As part of its approval process the Group uses the Rabobank Risk Rating system, which indicates the counterparty's Probability of Default 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. As at 30 June 2016, the weighted average Probability of Default of the total Advanced IRB loan portfolio was 0.92% (year-end 2015: 0.98%, year-end 2014: 1.05%, year-end 2013: 1.12%).

The table below shows the impaired loans (*i.e.*, the amount of loans for which an allowance has been taken) as at 31 December 2015, 2014 and 2013 per business unit as a percentage of private sector loans:

#### Impaired Loans/Private Sector Lending per Business Unit

	As at 31 December		
	2015	2014	2013
	<i>(in percentages)</i>		
Domestic retail banking .....	3.0	3.0	3.0
Wholesale banking and international retail banking	5.4	3.9	4.1
Leasing .....	2.3	2.3	2.9
Real estate.....	22.7	18.8	15.1
<b>The Group .....</b>	<b>4.2</b>	<b>3.8</b>	<b>3.7</b>

#### Loan Impairment Charges\*

Once a loan has been granted, ongoing credit management takes place as part of which new information, both financial and non-financial, is assessed. Rabobank monitors if the client meets all its obligations and whether it can be expected the client will continue to do so. If this is not the case, credit management is intensified, monitoring becomes more frequent and a closer eye is kept on credit terms. Guidance is provided by a special unit within the 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 loan impairment charges in basis points is a credit risk indicator which relates the annualised loan impairment charges to the average private sector loan portfolio in a certain period.

The table below sets forth the Group's loan impairment charges for the six-month periods ended 30 June 2016, 30 June 2015 and for the three years ended 31 December 2015, 2014 and 2013, for the Group and per business segment as a percentage of private sector lending (private sector lending calculated as the average of the month-end

balances), the loan impairment charges (in millions of euro) and the average private sector loan portfolio (in billions of euro):

	Six-month period ended 30 June	Six-month period ended 30 June	Year ended 31 December		
	2016	2015	2015	2014	2013
Domestic retail banking (in percentages)	0.01	0.00	0.12	0.48	0.45
Loan impairment charges (in millions of euro)	8	(6)	343	1,422	1,384
Average private sector loan portfolio (in billions of euro)	279.7	288.6	286.5	298.2	304.7
Wholesale banking and international retail banking (in percentages)	0.23	0.54	0.53	0.44	0.57
Loan impairment charges (in millions of euro)	117	273	526	420	568
Average private sector loan portfolio (in billions of euro)	100.3	100.7	99.9	88.8	99.5
Leasing (in percentages)	0.26	0.28	0.25	0.43	0.59
Loan impairment charges (in millions of euro)	44	48	85	131	170
Average private sector loan portfolio (in billions of euro)	34.5	33.7	33.9	30.4	28.8
Real estate (in percentages)	(0.16)	0.57	0.56	3.64	2.78
Loan impairment charges (in millions of euro)	(11)	47	90	656	513
Average private sector loan portfolio (in billions of euro)	14.6	16.4	16.1	18.0	18.5
The Group (in percentages)	0.07	0.16	0.24	0.60	0.59
Loan impairment charges (in millions of euro)	148	356	1,033	2,633	2,643
Average private sector loan portfolio (in billions of euro)	424.7	434.0	432.0	431.5	448.1

### Country Risk

The Group uses a country limit system to manage transfer risk and collective debtor risk. After careful review, relevant countries are given an internal country risk rating, after which transfer limits and general limits are established.

Transfer limits are determined according to the net transfer risk, which is defined as total loans granted, less loans granted in local currency, less guarantees and other collateral obtained to cover transfer risk, and less a reduced weighting of specific products. The limits are allocated to the offices, which are themselves responsible for the day-to-day monitoring of the loans granted by them and for reporting on this to Risk Management.

At the Group level, the country risk outstanding, including additional capital requirements for transfer risk, is reported every quarter to the Risk Management Committee and the Country Limit Committee. The calculations of additional capital requirements for transfer risk are made in accordance with internal guidelines and cover all countries where transfer risk is relevant. Special Basel II parameters, specifically Exposure at Transfer Event, Probability of Transfer Event and Loss Given Transfer Event, are used to calculate the additional capital requirement for transfer risk. These calculations are made in accordance with internal guidelines and cover all countries where risk is relevant.

As at 31 December 2015, the ultimate collective debtor risk for non-OECD countries was €24.7 billion (31 December 2014: €26.9 billion; 31 December 2013: €23.8 billion) and the net ultimate transfer risk before provisions for non-OECD countries was €15.4 billion (31 December 2014: €18.2 billion; 31 December 2013: €14.2 billion);

which corresponds to 2.3% of total assets (31 December 2014: 2.7%; 31 December 2013: 2.1%). 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 euro

Regions	31 December 2015					In % of total assets
	Europe	Africa	Latin America	Asia/Pacific	Total	
Ultimate country risk (excluding derivatives)	818	466	10,335	13,123	24,742	3.7%
- of which in local currency exposure	148	178	5,604	3,377	9,307	
<i>Net ultimate country risk before allowance</i>	670	288	4,731	9,746	15,435	2.3%
						In % of total allowance
<i>Total allowance for ultimate country risk</i>	10	—	144	191	346	4.1%

Since concerns about the euro increased, the outstanding country risk, including the sovereign risk for relevant countries, has been reported on a monthly basis. Compared to exposures to Dutch, German and French government bonds, exposures to government bonds issued by other European countries are relatively low.

**Interest Rate Risk**

The 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. The Group uses three indicators for managing, controlling and limiting short- and long-term interest rate risk: Basis Point Value (the “BPV”), Income at Risk and Equity at Risk. Based on the BPV, Income at Risk and Equity at Risk analyses, the Executive Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to the Group’s interest rate risk profile.

The Group’s short-term interest rate risk can be quantified by looking at the sensitivity of net interest income (interest income less interest expenses, before tax) for changes in interest rates. This Income at Risk figure represents the decline in net interest income for the coming 12 months, due to parallel increases/decreases in interest rates, assuming no management intervention. The Income at Risk calculation also takes account of changes in client savings behaviour in reaction to interest rate movements and changes in the pricing policy of savings products. In the past, the applied interest rate scenarios were based on the assumption that all money and capital market interest rates will show an even and parallel increase/decline by 200 basis points during the first 12 months. However, given the current low interest rate environment and the assumption that interest rates will not fall further sharply if they are already (partially) negative, the 200 basis points down scenario has been replaced by a scenario that envisages interest rates declining by only a smaller number of basis points. At the end of 2015, a decline of two basis points for euro loans was assumed. This assumption was the same as at 31 December 2014. However, in 2016 Rabobank adjusted its “Income at Risk” methodology in such a way that the size of the applied downward shock would be at least ten basis points, meaning that interest rates could go further into negative territory. 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.

The Group’s long-term interest rate risk is measured and controlled based on the concept of Equity at Risk, which is the sensitivity of the 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 Equity at Risk calculation, client behaviour and the bank’s pricing policy are supposed to show no changes, while all market interest rates are assumed to increase by 100 basis points at once. Just as in the Income at Risk calculation, the impact analysis of these scenarios is based on an internal interest rate risk model. In that model, balance sheet items without a contractual maturity, like demand savings deposits and current accounts, are included as a replicating portfolio. Equity at Risk is expressed as a percentage. This percentage represents the deviation from the economic value of equity at the reporting date.

At 30 June 2016, 31 December 2015 and 31 December 2014, the Income at Risk and Equity at Risk for the Group were as follows:

	Six-month period ended 30 June	Year ended 31 December,	
	2016	2015	2014
<i>(in millions of euro, except percentages)</i>			
Income at Risk .....	59 (decline by 10 basis points)	19 (decline by 2 basis points)	15 (decline by 2 basis points)
Equity at Risk .....	1.1%	2.4%	0.4%

As in 2015, the low interest rate environment has received significant attention in the first half of 2016. For a bank in general, a low interest rate environment is challenging for profitability. Non-interest bearing liabilities, such as equity and current account balances, are less profitable when interest rates are low. In the first half of 2016 interest rates continued to be below zero, both at the short and the longer end of the curve. In addition, the current environment of low interest rates is often accompanied by a flattening of the curve, causing banks to make less profit on the transformation of short-term liabilities into longer-term assets. This impact will intensify if the low interest rate environment persists or the yield curve shifts further down to more negative levels.

### Liquidity Risk

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

Responsibility for the day-to-day management of liquidity exposures, the raising of professional funding on the money market and the capital market, and the management of the structural position lies with the Group's Treasury Department. In keeping with the Basel principles, the policy is aimed at financing long-term loans by means of stable funding, specifically amounts due to customers and long-term funding from the professional markets. The Group's funding and liquidity risk policy also entails strictly limiting outgoing cash flows at the wholesale banking business, maintaining a large liquidity buffer and raising sufficient long-term funding in the international capital market. The retail banking division is assumed to be largely self-funding as a result of money raised from customers. The division raised more than enough money to fund operations in 2015 given low lending demand. Retail savings declined due to prepayments on mortgages.

Liquidity risk is an organisation-wide matter and managed by Treasury within the Group. Rabobank has developed several methods to measure and manage liquidity risk, including a method for calculating the survival period, *i.e.*, the period that the liquidity buffer will hold up under severe market-specific or idiosyncratic stress. In the most severe stress scenario, it is assumed that the Group no longer has access to the capital markets, *i.e.*, no long- or short-term debt can be issued or refinanced. During 2015, Rabobank more than satisfied the minimum survival period of three months in all the internally used scenarios. For more information, see pages 50 (under "Liquidity risk") and 51 (under "Liquidity position") of the Group's interim report for the six-month period ended 30 June 2016 incorporated by reference into this Prospectus.

### Market Risk

Market risk relates to the change in value of the Group's trading portfolio as a consequence of changes in market prices, such as interest rates, foreign exchange rates, credit spreads, commodity prices and equity share prices. The RMC is responsible for developing and supervising market risk policies and monitors the Group's worldwide market risk profile. On a daily basis, the Market Risk Department measures and reports the market risk positions. Market risk is calculated based on internally developed risk models and systems, which are approved and accepted by the DNB. The internal 'Value at Risk' model forms a key part of Rabobank's market risk framework. Value at Risk describes the maximum possible loss that the Group can suffer within a defined holding period, based on historical market price changes and a given certain confidence interval. Value at Risk within the Group is based on actual historical market circumstances. To measure the potential impact of strong adverse market price movements, stress tests are applied. These "event risk scenarios" measure the effect of sharp and sudden changes in market prices. Value at Risk and event risk are tied to limits that are set by the Executive Board on an annual basis.

For the six-month period ended 30 June 2016, the Value at Risk, based on a one-day holding period and 97.5% confidence level, fluctuated between €3.5 million (31 December 2015: €2.5 million; 31 December 2014: €2.4 million; 31 December 2013: €3.5 million) and €6.9 million (31 December 2015: €8.7 million; 31 December 2014: €22.5 million; 31 December 2013: €8.9 million), with an average of €4.2 million (31 December 2015: €4.8 million; 31 December 2014: €3.8 million; 31 December 2013: €6.4 million). Movements in the Value at Risk were limited and mostly driven by fluctuations in financial markets. The Value at Risk remained well within the internal limit of €40 million throughout the first half of 2016.

Value at Risk models have certain limitations; they are more reliable during normal market conditions, and historical data may fail to predict the future. Therefore, Value at Risk results cannot guarantee that actual risk will follow the statistical estimate. The performance of the Value at Risk models is regularly reviewed by means of back testing. These back testing results are reported both internally, as well as to the regulator. In addition to Value at

Risk, other risk indicators are also used for market risk management. Some of them are generated by using statistical models. All these indicators assist the Market Risk Department, as well as the RMC, in evaluating the Group's market positions.

### **Operational Risk**

Operational risk is the risk of direct or indirect losses arising from inadequate or failed internal processes, people and systems or from external events. Possible legal and reputational risks are included while assessing and managing operational risks. The Group has a group-wide operational risk policy and it applies the Advanced Measurement Approach to its operational risk framework. The group-wide operational risk policy is based upon the principle that the primary responsibility for managing operational risks lies with the Group entities and should be part and parcel of the strategic and day-to-day decision-making process. The objective of operational risk management is to identify, measure, mitigate and monitor operational risk. The management of each Group entity is responsible for developing policies and procedures to manage their specific operational risks in line with the Group Operational Risk Management policy. Group Risk Management - Operational Risk Management offers overview, support tools, expertise and challenge to the group entities and provides transparency in the Group to senior management. Examples of the instruments made available to facilitate operational risk management within each Group entity include risk assessment and scenario analysis. All entities record operational incidents and report them on a quarterly basis to the Group Operational Risk Department which are, in turn, used for both operational risk management and measurement.

### **Legal Risk**

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways. The 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. 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 the Group is successful.

### **Currency Risk**

Currency risk is the risk of changes in income or equity as a result of currency exchange movements. In currency risk management, a distinction is made between positions in trading books and positions in banking books. In the trading books, currency risk is part of market risk and is controlled using Value at Risk and other limits, as are other market risks. This risk is monitored on a daily basis. The policy aims to prevent open positions whenever possible. The value at risk from currency risk exposure in the trading books stood at €0.4 million at 31 December 2015 (31 December 2014: €0.1 million; 31 December 2013: €0.6 million). The non-trading books are only exposed to the translation risk on capital invested in foreign activities and on issues of hybrid equity instruments not denominated in euro. For the monitoring and management of translation risk, Rabobank uses a policy designed to protect the CET1 Ratio against the effects of exchange rate movements. Unhedged translation risks are measured using the Value at Risk method. Translation risks are measured using a confidence interval of 99.99% and an assumed horizon of one year.

## OPERATING AND FINANCIAL REVIEW

*The following discussion and analysis should be read in conjunction with the rest of the Prospectus, including the information set forth in “Selected Historical Financial and Operational Information” and the Audited Consolidated Financial Statements, the notes thereto, the independent auditors’ report thereto and in conjunction with the Unaudited Condensed Consolidated Interim Financial Information and the independent auditors’ review report thereto, all of which are incorporated by reference into this Prospectus.*

*Certain figures for the Group at and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 included in the following discussion and analysis have been restated as a result of changes in accounting policies and presentation. The restated figures for the year ended 31 December 2015, have been derived from the unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2016. The restated figures for the year ended 31 December 2014 have been derived from the audited consolidated financial statements for the year ended 31 December 2015, and the restated figures for the year ended 31 December 2013 have been derived from the audited consolidated financial statements for the year ended 31 December 2014. See “—Change in accounting policies and presentation” below for further information. The Audited Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and comply with Part 9 of Book 2 of the DCC. The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with IAS 34 ‘Interim financial reporting’, as adopted by the European Union. The financial data in the (sub) paragraphs in this chapter marked with an asterisk (\*) has not been directly extracted from the Audited Consolidated Financial Statements but instead is derived from the Unaudited Condensed Consolidated Interim Financial Information, the interim or annual reports or the accounting records of Rabobank.*

### Overview\*

The Group is an international financial services provider operating on the basis of cooperative principles. The Group comprises Rabobank and its subsidiaries. Rabobank is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. The Group operates in approximately 40 countries. Its operations include domestic retail banking, wholesale banking and international rural and retail banking, leasing and real estate. It serves approximately 8.6 million clients around the world. In the Netherlands, its focus is on maintaining the Group’s position in the Dutch market and, internationally, on food and agriculture. The Group believes that its entities have strong interrelationships due to the Group’s cooperative structure.

The Group’s cooperative core business is carried out by the local Rabobanks. With 488 branches and 2,192 cash-dispensing machines at 30 June 2016, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.5 million retail clients, and approximately 800,000 corporate clients, offering a comprehensive package of financial services. Clients can become members of Rabobank.

Historically, the Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, the Group has also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, the Group has increased both the number and type of products and services available to its customers in order to diversify from a traditional savings and mortgage-based business to become a provider of a full range of financial products and services, both in the Netherlands and internationally. The Group provides an integrated range of financial services comprising primarily domestic retail banking, wholesale banking and international rural and retail banking, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers.

As at 30 June 2016, the Group had total assets of €686.6 billion, a private sector loan portfolio of €427.3 billion, amounts due to customers of €342.9 billion (of which savings deposits total €139.4 billion) and equity of €40.8 billion. Of the private sector loan portfolio, €204.3 billion, virtually all of which were mortgages, consisted of loans to private individuals, €124.8 billion of loans to the trade, industry and services sector and €98.2 billion of loans to the food and agriculture sector. As at 30 June 2016, its CET1 Ratio, which is the ratio between Common Equity Tier 1 Capital and total risk-weighted assets, was 13.4% and its capital ratio, which is the ratio between qualifying capital and total risk-weighted assets, was 23.5%. For the six-month period ended 30 June 2016, the Group’s cost/income ratio, which is the ratio between total operating expenses (regulatory levies excluded) and total income, was 73.7%. The cost/income ratio is a financial measure of how efficiently Rabobank is being run. For the six-month period ended 30 June 2016, the Group realised a net profit of €24 million. As at 30 June 2016, the Group employed 49,971 employees (internal and external FTEs).

The ROIC is a profitability measure and 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 six-month period ended 30 June 2016, Rabobank’s ROIC was 5.0%. As at 31 December 2015, it was 6.0% and at 30 June 2015 it was 8.3%.



For the six-month period ended 30 June 2016, Rabobank's return on Tier 1 capital was 5.3%. As at 31 December 2015, it was 6.5% and at 30 June 2015 it was 9.0%.

## **Material Factors Affecting Results of Operations**

### ***General market conditions\****

The Group's results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and exchange rates, and increased competition. Competition for mortgages and savings is likely to continue in 2017.

In 2015, 68% of the Group's total income was derived from its Dutch operations. Accordingly, changes in the Dutch economy, the levels of Dutch consumer spending and changes in the Dutch real estate, securities and other markets may have a material effect on the Group's operations. However, because of the Group's high level of product diversification, it has not experienced major fluctuations in its levels of profitability in the past. Outside of the Netherlands, the markets the Group focuses on, *i.e.*, principally food and agri, have historically been impacted by business cycles only in a limited way.

Although the Group expects that the foregoing factors will continue to affect its consolidated results of operations, it believes that the impact of any one of these factors is mitigated by its high level of product diversification. However, a protracted economic downturn in the Netherlands or the Group's other major markets could have a material negative impact on its results of operations. See "Risk Factors—The Group is particularly exposed to changes in general economic conditions in the Netherlands and globally. 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 prospects, business, financial condition and results of operations".

### ***Interest rates***

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can materially affect the Group's results. For example, a low interest rate environment could adversely affect the Group's results, as due to the structure of its balance sheet, Rabobank has a significant level of non- and low-interest-bearing liabilities (its reserves, balances on payment accounts and current accounts). Generally, a sustained period of lower interest rates will reduce the yields on the assets that are financed with these liabilities. Conversely, rising interest rates should, over time, increase investment income but may, at the same time, reduce the market value of pre-existing investment portfolios. Rising rates can also lead to higher or lower interest margins depending on whether the Group's interest-earning assets reprice at a faster rate than interest-bearing liabilities or the degree to which the spreads on assets or liabilities narrow or widen. Although interest rates may start an upward trend if, among other things, the European sovereign debt crisis is resolved, Rabobank expects that the relatively low interest rate environment that it has faced in the recent past is likely to continue in 2017, with a corresponding impact on the Group's results.

### ***Critical accounting policies***

The accounting policies that are most critical to the Group's business operations and the understanding of its results are identified below. In each case, the application of these policies requires Rabobank to make complex judgements based on information and financial data that may change in future periods, the results of which can have a significant effect on the Group's results of operations. As a result, determinations regarding these items necessarily involve the use of assumptions and judgements as to future events and are subject to change. Different assumptions or judgements could lead to materially different results. See the notes to the Audited Consolidated Financial Statements incorporated by reference into this Prospectus for additional discussion of the application of the Group's accounting policies.

### ***Loan impairment charges***

Rabobank regularly assesses the adequacy of the loan impairment allowance by performing ongoing evaluations of the loan portfolio. Rabobank's policies and procedures to measure impairment are IFRS compliant. Rabobank considers a loan to be impaired when, based on current information and events, it is likely that Rabobank will not be able to collect all amounts due (principal and interest) according to the original contractual terms of the loan.

The loan impairment allowance consists of three components:

*Specific allowance:* For individual impaired loans a specific allowance is determined. The size of the specific allowance is the difference between the carrying amount and the recoverable amount, which is the present value of the expected cash flows, including amounts recoverable under guarantees, collateral and unencumbered assets, discounted at the original effective interest rate of the loans. If a loan is not collectible it is written-off from the allowance. Specific provisioning for every change that impacts the statement of income by €7.5 million or more is dealt with by the Provisioning Committee.

*Collective allowance:* In addition to the assessment of individual loans, a collective assessment is made with respect to retail expenses that are not subject to a specific allowance. In these cases the collective assessment is made based on homogenous groups of loans with a similar risk profile with the purpose of identifying the need to recognise an allowance for loan losses.

*IBNR (Incurred But Not Reported):* For exposures in the portfolio that are impaired, but not yet recognised as such (*i.e.*, incurred but not reported) a general allowance is taken. This allowance is taken because there is always a mismatch period between an event causing a default of a client and the moment the bank becomes aware of the default. The allowance will be determined based on Expected Loss data generated by the Economic Capital models.

The impairment amount thus determined is recorded in the profit and loss account as a loan impairment charge with the corresponding credit posted as an allowance against the loan balance in the balance sheet.

### **Trading activities**

Rabobank's trading portfolio is carried at fair value based on market prices or model prices if the market prices are not available. The market value of financial instruments in the Group's trading portfolio is generally based on listed market prices or broker-dealer price quotations. If prices are not readily determinable, fair value is based on valuation models. The fair value of certain financial instruments, including OTC derivative instruments, are valued using valuations models that consider, among other factors, contractual and market prices, correlations, time value, credit, yield curve volatility factors or prepayment rates of the underlying positions.

### **Change in accounting policies and presentation**

As a result of changes in accounting policies and presentation, certain figures for the Group for the year ended 31 December 2015, 31 December 2014 and 31 December 2013 in this Prospectus have been restated. Rabobank has changed its accounting policy for the netting of cash pooling arrangements due to an agenda decision of the IFRS Interpretations Committee in March 2016. This change in accounting policy is accounted for retrospectively in the unaudited consolidated interim financial information for the six-month period ended 30 June 2016 by reversing the netting that took place in 2015. In 2016 the netting procedures have been adjusted resulting in the netting of cash pools per June 2016. For some tables in this chapter the comparable cash pool balances in total assets, loans and advances to customers and due to customers in 2015 are still presented on a net basis. When this applies, this is indicated by 'non-restated for the netting of cash pooling arrangements' above the table. Furthermore, as a result of an adjustment in the opening balance of equity, certain figures for the Group for the year ended 31 December 2015 have been restated. The capital ratios were not adjusted for this equity change. See the Group's audited consolidated financial statements for the year ended 31 December 2015 and 31 December 2014, under note 2.1, "Changes in accounting policies and presentation as a result of new guidelines", and the Group's unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2016, under the section "Other changes in accounting principles and presentation". Where the six-month period ended 30 June 2016 is compared with the six-month period ended 30 June 2015 and where the six-month period ended 30 June 2016 is compared with the year ended 31 December 2015, the restated figures for 2015 are discussed. Where the year ended 31 December 2015 is compared with the year ended 31 December 2014, the restated figures for 2014 are discussed and where the year ended 31 December 2014 is compared with the year ended 31 December 2013, the restated figures for 2013 and 2014 are discussed.

Below is a comparison of the 'Total assets', 'Loans and advances to customers', 'Amounts due to customers', 'Current tax liabilities', 'Reserves and retained earnings' and 'Total equity' line items on 31 December 2015 and 30 June 2015 as stated in the unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2016 and as stated in the audited consolidated financial statements for the year ended 31 December 2015.

<i>(in millions of euro)</i>	<b>31 December 2015 figures included in unaudited condensed consolidated interim financial information for the six- month period ended 30 June 2016</b>	<b>31 December 2015 figures included in consolidated financial statements for the year ended 31 December 2015</b>	<b>Restatement</b>	<b>In %</b>
Total assets	678,554	670,373	8,181 <sup>(1)</sup>	1.2%
Loans and advances to customers	466,799	458,618	8,181 <sup>(1)</sup>	1.8%
Amounts due to customers	345,884	337,593	8,291 <sup>(1)</sup>	2.5%
Current tax liabilities	203	230	(27) <sup>(2)</sup>	(11.7)%
Reserves and retained earnings	25,623	25,706	(83) <sup>(2)</sup>	(0.3)%
Total equity	41,197	41,280	(83) <sup>(2)</sup>	(0.2)%

	30 June 2015 figures included in unaudited condensed consolidated interim financial information for the six- month period ended 30 June 2016	30 June 2015 figures included in unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2015	Restatement	In %
<i>(in millions of euro)</i>				
Total assets	685,089	674,844	10,245 <sup>(1)</sup>	1.5%
Loans and advances to customers	477,454	467,209	10,245 <sup>(1)</sup>	2.2%
Amounts due to customers	338,514	328,159	10,355 <sup>(1)</sup>	3.2%
Current tax liabilities	131	158	(27) <sup>(2)</sup>	(17.1)%
Reserves and retained earnings	25,676	25,759	(83) <sup>(2)</sup>	(0.3)%
Total equity	41,319	41,402	(83) <sup>(2)</sup>	(0.2)%

Notes:

(1) In April 2016, an Agenda Rejection Notice was published by the IFRS Interpretations Committee on balance sheet offsetting of notional cash pooling products. As a result of the Agenda Rejection Note, which applied from 6 April 2016, Rabobank has changed its accounting policy and therefore as a result performs physical transfers of cash balances of clients into a single netting account on a near to the period end basis to evidence the intention to settle net. This change in accounting policy is accounted for retrospectively and the netting procedures have been adjusted in 2016 resulting in the netting of cash pools at June 2016 for an amount of €8,320 million. The comparable figures have been adjusted by reversing the netting that took place in 2015. The 'Loans and advances to customers' and 'Due to customers' line items have been increased by €8,291 million at December 2015 and €10,355 million at June 2015. As a result, 'Total assets' also increased by these respective amounts. Separately, 'Total assets' and 'Loans and advances to customers' were decreased by €10 million as result of the overstatement of receivables.

(2) Receivables were overstated by €10 million. This amount has been reported as income in years prior to 2013. In accordance with IAS 8, the opening balance of equity as per 1 January 2015 has been adjusted retrospectively from €24,894 million to €24,811 million. The 'Loans and advances to customers' line item decreased by €10 million and the 'Current tax liabilities' line item decreased by €27 million at June 2015 and December 2015.

## Results of Operations

The following table sets forth certain summarised financial information for the Group for the periods indicated:

	Six-month period ended 30 June*		Year ended 31 December		
<i>(in millions of euro)</i>	2016	2015 (restated)	2015	2014 (restated)	2013 (restated)
Net interest income	4,375	4,482	9,139	9,118	9,095
Net fee and commission income	982	962	1,892	1,879	2,001
Other income <sup>(1)</sup>	446	1,483	1,983	1,892	1,976
<b>Total income</b>	<b>5,803</b>	<b>6,927</b>	<b>13,014</b>	<b>12,889</b>	<b>13,072</b>
Staff costs	2,264	2,407	4,786	5,086	5,322
Other administrative expenses	1,803	1,214	2,916	2,532	3,910
Depreciation	209	212	443	437	528
<b>Total operating expenses</b>	<b>4,276</b>	<b>3,834</b>	<b>8,145</b>	<b>8,055</b>	<b>9,760</b>
<b>Gross result</b>	<b>1,527</b>	<b>3,093</b>	<b>4,869</b>	<b>4,834</b>	<b>3,312</b>
Impairment losses on goodwill <sup>(1)</sup>	0	600	623	32	42
Loan impairment charges	148	356	1,033	2,633	2,643
Regulatory levies	246	121	344	488	197
<b>Operating profit before tax</b>	<b>1,133</b>	<b>2,017</b>	<b>2,869</b>	<b>1,681</b>	<b>430</b>
Income tax	209	495	655	(161)	88

	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015 (restated)	2015	2014 (restated)	2013 (restated)
(in millions of euro)					
Net profit from continuing operations	924	1,522	2,214	1,842	342
Net profit from discontinued operations	0	0	0	0	1,665
<b>Net profit</b>	<b>924</b>	<b>1,522</b>	<b>2,214</b>	<b>1,842</b>	<b>2,007</b>

Note: (1) On 31 December 2015, the presentation of the impairment of goodwill in the profit and loss account has changed from 'Other income' to 'Impairment losses on goodwill'. Comparative figures for the six-month period ended 30 June 2015 and for the years ended 31 December 2014 and 2013 have been adjusted accordingly.

#### **Comparison results of operations for the six-month periods ended 30 June 2016 and 30 June 2015\***

**Total income.** The Group's total income decreased by €1,124 million in the first half of 2016 to €5,803 million compared to €6,927 million in the first half of 2015. The decrease was mainly due to a decrease in other income.

**Net interest income.** Net interest income decreased by €107 million to €4,375 million in the first half of 2016 compared to €4,482 million in the first half of 2015. For domestic retail banking a lower net interest income was caused by a lower average loan portfolio at local Rabobanks, and lower margins on payment accounts compared to the same period last year. At wholesale banking and international rural and retail banking, net interest income decreased in the first half of 2016, impacted by lower results within the treasury area. Net interest income at DLL was stable and at FGH Bank the decrease in the loan portfolio resulted in lower net interest income in the real estate segment.

**Net fee and commission income.** Net fee and commission income increased by €20 million to €982 million in the first half of 2016 compared to €962 million in the first half of 2015. At the local Rabobanks, commission on payment services increased. At Wholesale, Rural & Retail ("WRR"), net fee and commission income increased in line with the strategy of more fee generating business and as a result of growth of the loan portfolio. Also at DLL, the growth of the loan portfolio resulted in higher net fee and commission income.

**Other income.** Other income decreased €1,037 million in the first half of 2016 to €446 million compared to €1,483 million in the first half of 2015. The gross result on hedge accounting and structured notes decreased by €752 million compared to the same period of 2015. Hedge accounting can be applied under IFRS in order to mitigate profit and loss volatility in the consolidated statement of income. IFRS does not allow the designation of hedge accounting relationships for all types of economic hedges. As a result of these imperfections and restrictions in the application of hedge accounting, even when the risk is economically hedged, volatility in profit and loss cannot be completely prevented by applying hedge accounting. Volatility in profit and loss is caused by valuation and classification differences between available-for-sale assets measured at fair value, loans granted and issued debt measured at amortised cost on the one hand, and related hedging derivatives measured at fair value through profit and loss on the other. Structured notes are issued notes with optionality and/or other embedded derivatives which are mainly linked to interest rates, inflation and equity, or have a callable feature and are issued in a wide range of currencies. Because of the embedded derivatives, fair value accounting is applied to these notes. Under IFRS the fair value must include the impact of changes in the own credit risk. Although all structured elements are hedged, movements in Rabobank's own credit spread can still lead to a profit or loss. Despite gains on several newly-issued notes, a net loss was reported for structured notes in the first half of 2016, which was mostly driven by a steep drop in interest rates spurred by the United Kingdom's vote to leave the European Union and a tightening of Rabobank's own credit spread. This stood in contrast to the first half of 2015, when a widening of the credit spreads driven by the Greek turmoil resulted in a net gain. Furthermore, at WRR other income was particularly high in the first half of 2015 as a result of positive revaluations in the private equity portfolio and the sale of most of Rabobank's interest in Agricultural Bank of China. Other income at WRR decreased to regular levels in the first half of 2016. Finally, the results from Rabobank's participation in Achmea declined in the first half of 2016 due to extreme weather events and higher healthcare expenses.

**Total operating expenses.** The Group's total operating expenses increased €442 million in the first half of 2016 to €4,276 million compared to €3,834 million in the first half of 2015, in particular due to an increase in other administrative expenses.

**Staff costs.** Staff costs decreased €143 million to €2,264 million in the first half of 2016 compared to €2,407 million in the first half of 2015. The total number of employees (including external hires) at the Group decreased in the first half of 2016 by 1,888 FTEs to 49,971 FTEs, compared to 51,859 FTEs in the first half of 2015. The largest reduction in staff numbers was at the local Rabobanks. In addition, fringe benefits were reduced.

**Other administrative expenses.** Other administrative expenses increased by €89 million to €1,803 million in the first half of 2016 compared to €1,214 million in the first half of 2015. Restructuring costs amounted to €90 million in the first half of 2016, compared to €26 million in the first half of 2015. These were mainly due to redundancies at local Rabobanks, Rabobank Nederland and, to a lesser extent, FGH Bank. Furthermore, as discussed below, an additional provision was made in the first half of 2016 after Rabobank adopted the Recovery Framework.

Approximately 9,000 of Rabobank's 800,000 SME customers had one or more interest rate derivatives in place between 1 April 2011 and 1 April 2014. During 2014 and 2015, these interest rate derivatives were subject to a reassessment process. The reassessment on a case by case basis was close to being finalised in December 2015, in accordance with an agreement with the AFM. In December 2015, however, Rabobank and others received notice that, according to the AFM, the interest rate derivatives reassessment conducted by Rabobank had been insufficient and that the AFM had identified flaws in its own scrutiny of reassessments. In the first two months of 2016, Rabobank consulted with the AFM in order to reach an appropriate solution. In March 2016, the Minister of Finance in the Netherlands appointed an independent committee (the Dutch Derivatives Committee), which published its advice and uniform Recovery Framework on 5 July 2016. Rabobank's decision to adopt the Recovery Framework, which was announced on 7 July 2016, resulted in Rabobank taking an additional provision of €14 million in other administrative expenses in the first half of 2016, compared to zero in the first half of 2015.

*Depreciation.* Depreciation was down by €3 million to €209 million in the first half of 2016 compared to €212 million in the first half of 2015 as a result of lower depreciation on intangible assets.

*Loan impairment charges.* Loan impairment charges were down €208 million to €148 million in the first half of 2016, compared to €356 million in the first half of 2015. The main reason for this decrease is the recovery of the Dutch economy which resulted in fewer new defaults. Other factors contributing to this positive development include the recovery of existing defaults, foreclosures at better than anticipated collateral values as well as adequate existing allowances. Expressed in basis points of the average loan portfolio, the loan impairment charges amounted to 7 basis points in the first half of 2016, compared to 16 basis points in the first half of 2015. Loan impairment charges are well below the long-term average (2006-2015) of 36 basis points.

*Regulatory levies.* Regulatory levies led to an expense item for the Group of €246 million in the first half of 2016, compared to €21 million in the first half of 2015. The increase in the contribution to the resolution fund and Rabobank's inaugural contribution to the Deposit Guarantee Scheme affected net profit negatively.

*Income tax.* The recognised tax expense was €209 million in the first six months of 2016 compared to €495 million in the first half of 2015, which corresponds to an effective tax burden of 18% in the first half of 2016 compared to 25% in the first half of 2015. In the first half of 2015 the tax burden was relatively high as result of the goodwill impairment for Rabobank National Association ("RNA").

*Net profit.* Net profit decreased by 39% to €24 million in the first half of 2016 compared to €1,522 million in the first half of 2015. The decrease in net profit was primarily the result of the decrease in other income. Also contributing were higher administrative expenses due to the additional provision for adopting the Recovery Framework and higher restructuring costs.

### ***Comparison results of operations for the years ended 31 December 2015 and 31 December 2014***

*Total income.* The Group's total income increased by €125 million in 2015 to €13,014 million compared to €12,889 million in 2014. The increase was mainly due to an increase in other income.

*Net interest income.* Net interest income rose by €21 million to €9,139 million in 2015 compared to €9,118 million in 2014. Net interest income at the local Rabobanks decreased because of the contracting loan portfolio and reduced margins on new mortgages. Net interest income at WRR decreased in 2015 because there was no longer a contribution from Bank BGZ. Net interest income at DLL increased because of growth in the lease portfolio and an improved interest margin. Net interest income from the real estate segment was influenced by improved margins on new loans and extensions.

*Net fee and commission income.* Net fee and commission income increased by €13 million to €1,892 million in 2015 compared to €1,879 million in 2014. Payments fees increased at the local Rabobanks. Net fee and commission income also increased at DLL as a result of growth in the loan portfolio. The rise was tempered by the fall in net fee and commission income from WRR as a result of the sale of Bank BGZ in 2014.

*Other income.* Other income rose by €91 million in 2015 to €1,983 million compared to €1,892 million in 2014. Other income was positively influenced in a total amount of €276 million in 2015 by the results on the fair value of issued debt instruments (structured notes) and hedge accounting compared to €2 million in 2014. The results from Rabobank's share in Achmea also improved. In 2015, the sale of Rabobank's 9% interest in United Rural Cooperative bank of Hangzhou China positively contributed to other income, as did the phasing out of illiquid assets and the sale of Bank BGZ in 2014.

*Total operating expenses.* The Group's total operating expenses were up by €90 million in 2015 to €8,145 million compared to €8,055 million in 2014, mainly due to an increase in other administrative expenses.

*Staff costs.* Staff costs fell by €300 million to €4,786 million in 2015 compared to €5,086 million in 2014. The number of employees at the Group declined by 2,054 FTE in 2015 to 51,859 FTE compared to 53,912 FTE in 2014. The decrease was greatest at the local Rabobanks and at WRR.

*Other administrative expenses.* Other administrative expenses increased by €384 million to €2,916 million in 2015 compared to €2,532 million in 2014. Domestic retail banking saw an increase in other administrative expenses due to higher contributions to provisions for reorganisation and legal costs. In 2014, other administrative expenses fell by €93 million due to the partial release of a provision previously created for DSB Bank. The remaining €30 million of this provision was released in 2015.

*Depreciation.* Depreciation was up by €6 million to €443 million in 2015 compared to €437 million in 2014 due to higher amortisation of equipment, software and intangible fixed assets.

*Impairment losses on goodwill.* Impairment losses on goodwill were up €591 million to €623 million in 2015, compared to €32 million in 2014. Of this sum, €604 million concerned the goodwill impairment for RNA in the U.S. The loan portfolio of RNA developed less favourably than expected in 2015. Also, the development of costs and stricter capital requirements led to a deterioration in the outlook for RNA during 2015. Both elements, combined with recent closings of some divisions, gave rise to the adjustment of, among other things, the growth parameters within the impairment test on goodwill.

*Loan impairment charges.* Loan impairment charges were down €1,600 million at Group level, declining to €1,033 million in 2015 compared to €2,633 million in 2014. At 24 basis points of average lending in 2015 compared to 60 basis points in 2014, loan impairment charges were 12 basis points below the long-term average of 36 basis points (based on the period from 2005 to 2014). Various sectors benefited from the economic growth and the accompanying higher consumer spending and exports. Incidental events and one-off adjustments also caused a reduction in the loan impairment charges posted by the Group's divisions. Despite the structural problems in commercial real estate, greenhouse horticulture and shipping, loan impairment charges remained limited in these areas as well. Loan impairment charges also fell at DLL. WRR was the only area where loan impairment charges increased – in part due to delayed cyclical effects.

*Regulatory levies.* The regulatory levies led to an expense item for the Group of €344 million in 2015, compared to €488 million in 2014, the resolution levy had an adverse effect on the Group's results of operations.

*Income tax.* The recognised tax expense was €655 million in 2015 compared to minus €61 million in 2014, which corresponds to an effective tax rate of 23% in 2015 compared to minus 10% in 2014. The low tax rate in 2014 was mainly due to deferred tax assets as a result of the past losses incurred at ACC Loan Management.

*Net profit.* Net profit increased by 20% to €2,214 million in 2015 compared to €1,842 million in 2014. The decrease in the loan impairment charges by €1,600 million to €1,033 million compared to €2,633 million in 2014 contributed significantly to the increased result, offset by the goodwill impairment for RNA in the amount of €604 million and the €172 million contribution to the resolution fund. Furthermore, the resolution levy of €321 million reduced the result in 2014 because of the nationalisation of SNS Reaal. Unlike the resolution levy, the contribution to the national resolution fund is not a one-off payment.

#### **Comparison results of operations for the years ended 31 December 2014 and 31 December 2013**

*Total income.* The Group's total income decreased 1% in 2014, falling to €12,889 million compared to €13,072 million in 2013. The decrease was mainly due to a decrease in commission income resulting from lower commission profit on insurance and investments products at the domestic retail banking business.

*Net interest income.* Net interest income rose by €23 million to €9,118 million in 2014 compared to €9,095 million in 2013. Interest profit in the domestic retail banking business rose due to a modest restoration of the margin on savings. This increase was partly offset by the decline in interest profit at the wholesale banking and international rural and retail banking business, which was partly due to the sale of Bank BGZ.

*Net fee and commission income.* Net fee and commission income fell by €122 million to €1,879 million in 2014 compared to €2,001 million in 2013, mainly due to lower commission profit on insurance and investment products at the domestic retail banking business.

*Other income.* In 2013, other income was affected by impairments on land holdings and negative revaluations of real estate. The result on hedge accounting improved in 2014 due to the development in the yield curve. On the other hand, the result on structured notes was down due to a narrowing of the credit spread. Moreover and in 2013 only, pension income arising from the transition to a new pension scheme was recognised under other income. On balance, other income was down €84 million in 2014 at €1,892 million compared to €1,976 million in 2013.

*Total operating expenses.* The Group's total operating expenses were down by 17% in 2014 to €8,055 million compared to €9,760 million in 2013, mainly due to a decrease in other administrative expenses. This decrease is related to the settlement in 2013 following the LIBOR investigations.

*Staff costs.* Staff costs fell by €236 million to €5,086 million in 2014 compared to €5,322 million in 2013. The number of employees at the Group declined by 15% or 8,616 FTEs in 2014 to 48,254 FTE compared to 56,870 FTE in 2013. 5,276 FTE of the decline was due to the sale of Bank BGZ. The workforce at the local Rabobanks also declined further due to the implementation of Vision 2016 Programme.

*Other administrative expenses.* Other administrative expenses declined by €1,378 million to €2,532 million in 2014 compared to €3,910 million in 2013. In 2013, the settlement amount of €774 million following the LIBOR investigations was recognised under other administrative expenses. Reorganisation expenses were also lower in 2014 at both the local Rabobanks and at Rabo Vastgoedgroep. Furthermore, in 2014 Rabobank released a part of the provision made in connection with the bankruptcy of DSB Bank N.V. This release also contributed to the lower administrative expenses.

*Depreciation.* Depreciation fell by €91 million to €437 million in 2014 compared to €528 million in 2013 due in part to the sale of Bank BGZ.

*Impairment losses on goodwill.* Impairment losses on goodwill were down €10 million to €32 million in 2014, compared to €42 million in 2013.

*Loan impairment charges.* Loan impairment charges were down €10 million at Group level, declining to €2,633 million in 2014 compared to €2,643 million in 2013. At 60 basis points of average lending in 2014 compared to 59 basis points in 2013, loan impairment charges were 28 basis points above the long-term average of 32 basis points (based on the period from 2004 to 2013). The asset quality review led to an expense of €448 million. This expense was mainly expressed in the figures for the domestic retail banking business (the local Rabobanks) and in the figures for Rabo Vastgoedgroep (FGH Bank). At the local Rabobanks, sectors such as manufacturing and wholesale benefited from the increase in exports. Other sectors such as commercial real estate and greenhouse horticulture continued to experience difficulties in 2014. The loan impairment charges at the domestic retail banking business rose slightly on balance. At WRR, loan impairment charges at Rural & Retail declined, mainly due to lower loan impairment charges at ACC Loan Management. Loan impairment charges also declined at DLL. Loan impairment charges on commercial real estate at Rabo Vastgoedgroep remained at a high level in 2014 and were higher than in 2013.

*Regulatory levies.* The bank tax expense and the resolution levy led to an expense item for the Group of €488 million in 2014, compared to €197 million in 2013. The increase was the result of the resolution levy, which had an adverse effect on the Group's results of operations in 2014.

*Income tax.* The recognised tax expense was minus €161 million in 2014 compared to €88 million in 2013, which corresponds to an effective tax rate of minus 9.6% in 2014 compared to 20.5% in 2013. The low tax rate in 2014 was mainly due to deferred tax assets as a result of the past losses incurred at ACC Loan Management.

*Net profit.* Net profit decreased by 8% to €1,842 million in 2014 compared to €2,007 million in 2013. The result in 2014 was negatively affected by €321 million as a result of the resolution levy, a non-recurring levy by the government on the Dutch banking sector in connection with the nationalisation of SNS Reaal. There were also positive effects on the result in 2013, notably due to the sale of Robeco Groep N.V. ("Robeco"). Without these non-recurring items, there was a strong improvement in the result. The net profit from continuing operations, which does not account for the profit from discontinued operations such as the sale of Robeco in 2013, was up €1,500 million, increasing to €1,842 million in 2014 compared to €342 million in 2013.

## Segment Discussion

### Domestic retail banking

The following table sets forth certain summarised financial information for the Group's domestic retail banking business for the periods indicated:

	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015 (restated)	2015	2014 (restated)	2013
<i>(in millions of euro)</i>					
Net interest income	2,807	2,827	5,661	5,783	5,605
Net fee and commission income	688	681	1,371	1,318	1,319
Other income <sup>(1)</sup>	47	9	18	131	616
<b>Total income</b>	<b>3,542</b>	<b>3,517</b>	<b>7,050</b>	<b>7,232</b>	<b>7,540</b>
Staff costs	980	1,063	2,134	2,302	2,463
Other administrative expenses	1,684	1,064	2,520	2,233	2,408
Depreciation	55	59	116	127	144
<b>Total operating expenses</b>	<b>2,719</b>	<b>2,186</b>	<b>4,770</b>	<b>4,662</b>	<b>5,015</b>
<b>Gross result</b>	<b>823</b>	<b>1,331</b>	<b>2,280</b>	<b>2,570</b>	<b>2,525</b>

	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015 (restated)	2015	2014 (restated)	2013
(in millions of euro)					
Loan impairment charges	8	(6)	343	1,422	1,384
Regulatory levies	137	63	171	354	90
<b>Operating profit before tax</b>	<b>678</b>	<b>1,274</b>	<b>1,766</b>	<b>794</b>	<b>1,051</b>
Income tax	176	333	445	261	270
<b>Net profit</b>	<b>502</b>	<b>941</b>	<b>1,321</b>	<b>533</b>	<b>781</b>

Note: (1) For the six-month period ended 30 June 2015, the €132 million dividend that was disbursed to the local Rabobanks is no longer included under 'Other income' of domestic retail banking. This restatement has no impact on the net profit of the Group.

*Comparison results of domestic retail banking for the six-month periods ended 30 June 2016 and 30 June 2015\**

*Total income.* Domestic retail banking total income increased by 1%, to €3,542 million in the first half of 2016, compared to €3,517 million in the first half of 2015 mainly due to an increase in other income.

*Net interest income.* Net interest income decreased 1% to €2,807 million in the first half of 2016, compared to €2,827 million in the first half of 2015. Lending was down and, in line with this development, net interest income decreased. Furthermore, the interest margin on payment accounts decreased compared to the same period of 2015. Many clients refinanced their mortgage loans due to the historically low interest rates, allowing them to take out a new loan at a lower interest rate. This pressure on interest income was partly offset by higher income from penalty interest received in connection with early repayments on mortgage loans.

*Net fee and commission income.* Net fee and commission income increased by 1% to €688 million in the first half of 2016, compared to €681 million in the first half of 2015, due to higher commission and fees on new mortgage loans and payments.

*Other income.* Other income increased by €38 million to €47 million in the first half of 2016, compared to €9 million in the first half of 2015, mainly due to the sale of €1 billion of the local Rabobanks' mortgage portfolio in March 2016 which resulted in a gain.

*Total operating expenses.* Total operating expenses for domestic retail banking increased 24% to €2,719 million in the first half of 2016, compared to €2,186 million in the first half of 2015, as a result of an increase in other administrative expenses.

*Staff costs.* Staff costs were down €33 million to €980 million in the first half of 2016, compared to €1,063 million in the first half of 2015. The virtualisation of services impacted the size of the workforce. The number of internal and external employees in the domestic retail banking division decreased by 2,061 FTEs. As a result of these developments, staff costs were down.

*Other administrative expenses.* Other administrative expenses increased by €20 million to €1,684 million in the first half of 2016, compared to €1,064 million in the first half of 2015. This increase was mainly the result of the additional provision of €14 million in the interim results following Rabobank adopting the Recovery Framework in July 2016. Furthermore, the provisioning for restructuring costs increased compared to the same period in 2015.

*Depreciation.* Depreciation decreased 7% to €55 million in the first half of 2016, compared to €59 million in the first half of 2015, as a result of lower depreciation on intangible fixed assets.

*Loan impairment charges.* Loan impairment charges increased by €14 million to reach €8 million in the first half of 2016, compared to minus €6 million in the first half of 2015. Expressed in basis points of the average loan portfolio, the loan impairment charges amounted to 1 basis point in the first half of 2016, compared to 0 basis points in the first half of 2015. Loan impairment charges are well below the long-term average (2006-2015) of 23 basis points. The further recovery of the Dutch economy was clearly reflected in the loan impairment charges in the domestic retail banking business in the first half of 2016. In the Netherlands, the number of newly defaulted loans was limited. The allowances for loans, for which a provision had already been taken, also proved to be sufficient.

*Regulatory levies.* Regulatory levies led to an additional expense item of €137 million in the first half of 2016 compared to €63 million in the first half of 2015.

*Income tax.* Income tax decreased in the first half of 2016 by €157 million to €176 million compared to €333 million in the first half of 2015.

*Net profit.* Net profit decreased by €439 million to €502 million in the first half of 2016 compared to €941 million in the first half of 2015. The net result was positively affected by higher other administrative expenses.



#### *Comparison results of domestic retail banking for the years ended 31 December 2015 and 31 December 2014*

*Total income.* Domestic retail banking total income decreased by 3%, falling to €7,050 million in 2015, compared to €7,232 million in 2014. This decrease was mainly due to a decrease in net interest income and other income.

*Net interest income.* Net interest income decreased 2% to €5,661 million in 2015, compared to €5,783 million in 2014. Due to the historically low mortgage interest rate, many clients paid off their mortgage early and obtained a new mortgage against a lower interest rate. Net interest income was under pressure due to the contracted loan portfolio and the lower margins on new mortgages. This was partially compensated by higher receivables from penalty interest.

*Net fee and commission income.* Net fee and commission income increased by 4% to €1,371 million in 2015, compared to €1,318 million in 2014, specifically due to the higher fees on finance and payments.

*Other income.* Other income decreased by €13 million to €18 million in 2015, compared to €31 million in 2014. In 2014, the other income was affected upward by an income from the sale of mortgages.

*Total operating expenses.* Total operating expenses for domestic retail banking increased 2%, increasing to €4,770 million in 2015, compared to €4,662 million in 2014, as a result of an increase in other administrative expenses.

*Staff costs.* Staff costs were down €68 million to €2,134 million in 2015, compared to €2,302 million in 2014. The virtualisation of services, the decline in the number of local Rabobanks and the closure of some branches has had an impact on the workforce. The number of internal and external employees in the domestic retail banking division fell by 8% in 2015 to 24,340 (26,475) FTEs. As a result of these developments, staff expenses were down.

*Other administrative expenses.* Other administrative expenses increased by €287 million to €2,520 million in 2015, compared to €2,233 million in 2014, due to higher reorganisation and legal costs.

*Depreciation.* Depreciation fell by 9% to €16 million in 2015, compared to €27 million in 2014, as a result of lower depreciation on intangible fixed assets.

*Loan impairment charges.* The recovery of the economy was clearly reflected in the development of the loan impairment charges in the domestic retail banking business in 2015. Domestically there were few new loans for which an allowance had to be recorded. Also the allowances on existing items appeared sufficient. Loan impairment charges decreased by €1,079 million to reach €343 million in 2015, compared to €1,422 million in 2014. At 12 basis points in 2015, compared to 48 basis points in 2014, of average lending, loan impairment charges were below the long-term average of 23 basis points, based on the period from 2005 to 2014.

*Regulatory levies.* The regulatory levies led to an additional expense item of €71 million in 2015 compared to €54 million in 2014.

*Income tax.* Income tax increased in 2015 by €84 million to €445 million compared to €261 million in 2014.

*Net profit.* Net profit increased by €788 million to €1,321 million in 2015 compared to €533 million in 2014. The net result was positively affected by lower loan impairment charges.

#### *Comparison results of domestic retail banking for the years ended 31 December 2014 and 31 December 2013*

*Total income.* Domestic retail banking total income decreased by €308 million, falling to €7,232 million in 2014, compared to €7,540 million in 2013. This decrease was mainly due to a decrease in other income.

*Net interest income.* Net interest income increased 3% to €5,783 million in 2014, compared to €5,605 million in 2013, which was due to a slight recovery in margins on private savings.

*Net fee and commission income.* Net fee and commission income was more or less stable at €1,318 million in 2014, compared to €1,319 million in 2013. Commission profit on insurance and investment products was lower in 2014 than in 2013, but was compensated for by higher commission profit on payment services.

*Other income.* Other income decreased by €485 million to €131 million in 2014, compared to €616 million in 2013. The transition to the new pension scheme positively affected other income in 2013.

*Total operating expenses.* Total operating expenses for domestic retail banking decreased 7%, declining to €4,662 million in 2014, compared to €5,015 million in 2013, principally as a result of a decrease in staff costs and other administrative expenses.

*Staff costs.* Staff costs were down 7% to €2,302 million in 2014, compared to €2,463 million in 2013. The number of staff at the local Rabobanks declined due to the implementation of Vision 2016. The transfer of customers from Friesland Bank N.V. to Rabobank was completed on 1 August 2014. There have been no employees at Friesland Bank N.V. since 1 October 2014. As a result of these developments, staff costs fell in 2014.

*Other administrative expenses.* Other administrative expenses were affected by reorganisation costs, costs of innovation and group costs. Reorganisation costs were much lower in 2014 than in 2013, although costs of innovation due to the process of automating services and moving them online in 2014 remained at a similarly high level as 2013. With effect from 2014, the costs incurred by Rabobank associated with Group activities are recharged to the local

Rabobanks, in addition to the normal amounts recharged. On balance, other administrative expenses decreased 7% to €2,233 million in 2014, compared to €2,408 million in 2013.

*Depreciation.* Depreciation fell by 12% to €127 million in 2014, compared to €144 million in 2013, as a result of lower depreciation on software.

*Loan impairment charges.* Loan impairment charges rose by €38 million to reach €1,422 million in 2014, compared to €1,384 million in 2013. At 48 basis points in 2014, compared to 45 basis points in 2013, of average lending, loan impairment charges were above the long-term average of 19 basis points, based on the period from 2004 to 2013. Of total lending, 71% is comprised of residential mortgage loans. Loan impairment charges on residential mortgage loans stood at 5 basis points in 2014 compared to 6 basis points in 2013.

*Regulatory levies.* The bank tax and resolution levy led to an additional expense item of €354 million in 2014 compared to €90 million in 2013.

*Income tax.* Income tax decreased in 2014 by €9 million to €61 million compared to €70 million in 2013.

*Net profit.* Net profit decreased by €48 million to €33 million in 2014 compared to €81 million in 2013. The net result was negatively affected by the non-recurring resolution levy of €274 million. In 2013, the transition to the new pension scheme positively affected net profit.

### **Wholesale banking and international rural and retail banking**

The following table sets forth certain summarised financial information for the Group's wholesale banking and international rural and retail banking business for the periods indicated:

	<b>Six-month period ended 30 June*</b>		<b>Year ended 31 December</b>		
	<b>2016</b>	<b>2015 (restated)</b>	<b>2015</b>	<b>2014 (restated)</b>	<b>2013 (restated)</b>
<i>(in millions of euro)</i>					
Net interest income	996	1,083	2,270	2,416	2,606
Net fee and commission income	295	273	513	552	641
Other income	461	543	653	825	835
<b>Total income</b>	<b>1,752</b>	<b>1,899</b>	<b>3,436</b>	<b>3,793</b>	<b>4,082</b>
Staff costs	569	559	1,123	1,164	1,270
Other administrative expenses	402	543	1,101	1,166	1,736
Depreciation	46	50	107	87	126
<b>Total operating expenses</b>	<b>1,017</b>	<b>1,152</b>	<b>2,331</b>	<b>2,417</b>	<b>3,132</b>
<b>Gross result</b>	<b>735</b>	<b>747</b>	<b>1,105</b>	<b>1,376</b>	<b>950</b>
Impairment losses on goodwill	0	600	612	26	42
Loan impairment charges	117	273	526	420	568
Regulatory levies	80	43	139	67	75
<b>Operating profit before tax</b>	<b>538</b>	<b>(169)</b>	<b>(172)</b>	<b>863</b>	<b>265</b>
Income tax	151	121	161	105	219
<b>Net profit</b>	<b>387</b>	<b>(290)</b>	<b>(333)</b>	<b>758</b>	<b>46</b>

*Comparison results of wholesale banking and international rural and retail banking for the six-month periods ended 30 June 2016 and 30 June 2015\**

*Total income.* Wholesale banking and international rural and retail banking total income decreased by 8% to €1,752 million in the first half of 2016 compared to €1,899 million in the first half of 2015. This decrease was attributable to a decline in net interest income and other income.

*Net interest income.* Net interest income declined by 8% to €996 million in the first half of 2016, compared to €1,083 million in the first half of 2015, due to lower results within the treasury area, partly caused by the lower interest rate environment.

*Net fee and commission income.* In line with the strategy of more fee-generating business and as a result of the growth in the loan portfolio, net fee and commission income increased by 8% to €295 million in the first half of 2016, compared to €273 million in the first half of 2015.

*Other income.* In the first half of 2015 other income was particularly high as a result of positive revaluations in the private equity portfolio and the sale of most of Rabobank's interest in the Agricultural Bank of China. Other income reverted to more normal levels in the first half of 2016, falling by €82 million to €461 million, compared to €543 million in the first half of 2015.

*Total operating expenses.* Total operating expenses decreased by 12% to €1,017 million in the first half of 2016, compared to €1,152 million in the first half of 2015, mainly as a result of a decrease in other administrative expenses.

*Staff costs.* Regular yearly salary adjustments resulted in a modest increase in staff costs of 2% to €69 million in the first half of 2016, compared to €59 million in the first half of 2015.

*Other administrative expenses.* Other administrative expenses were down 26% to €402 million in the first half of 2016, compared to €543 million in the first half of 2015 due to the release of a provision for legal issues and due to cost-saving initiatives.

*Depreciation.* As a result of lower depreciation on software developed in-house, depreciation was down 8% to €46 million in the first half of 2016, compared to €50 million in the first half of 2015.

*Impairment losses on goodwill.* Impairment losses on goodwill decreased by €600 million to €0 in the first half of 2016, compared to €600 million in the first half of 2015. In the first half of 2015 an impairment on goodwill with regard to RNA in the U.S. lowered the operating profit before taxation by €600 million.

*Loan impairment charges.* Loan impairment charges at Wholesale banking and international rural and retail banking decreased by 57% to €17 million in the first half of 2016, compared to €273 million in the first half of 2015. Expressed in basis points of the average loan portfolio, the loan impairment charges amounted to 23 basis points in the first half of 2016, compared to 54 basis points in the first half of 2015. Loan impairment charges are well below the long-term average (2006-2015) of 59 basis points. The additional allowances that had to be made were especially limited in the wholesale banking division in the Netherlands. In the Netherlands the loan impairment charges moved below the long-term average, after a number of years at relatively high levels.

*Regulatory levies.* The regulatory levies led to an expense item of €80 million in the first half of 2016, compared to €43 million in the first half of 2015.

*Income tax.* Income tax increased in the first half of 2016 by €30 million to €151 million, compared to €121 million in the first half of 2015.

*Net profit.* Net profit increased by €677 million to €387 million in the first half of 2016 compared to minus €290 million in the first half of 2015. The goodwill impairment with respect to RNA lowered the operation profit before taxation.

#### *Comparison results of wholesale banking and international retail banking for the years ended 31 December 2015 and 31 December 2014*

*Total income.* Total income at Wholesale banking and international rural and retail banking decreased by 9% to €3,436 million in 2015 compared to €3,793 million in 2014. This decrease was mainly attributable to a decline in other income.

*Net interest income.* Net interest income declined by 6% to €2,270 million in 2015, compared to €2,416 million in 2014. Despite the growth of the loan portfolio, net interest income fell. Due to the low interest rate levels, the margin was under pressure and in addition in 2015 Bank BGZ no longer contributed to net interest income. In 2014, Bank BGZ contributed to the result for about nine months.

*Net fee and commission income.* Net fee and commission income decreased by 7% to €13 million in 2015, compared to €52 million in 2014. The sale of Bank BGZ contributed to the decline of net fee and commission income.

*Other income.* Positive revaluations in the private equity portfolio and the winding down of Rabobank's interest in the Agricultural Bank of China positively affected other income in 2015. The contraction in the illiquid assets portfolio positively affected the results in 2014. On balance, other income fell by €172 million to €553 million in 2015, compared to €825 million in 2014.

*Total operating expenses.* Total operating expenses of Wholesale banking and international rural and retail banking decreased by 4% to €2,331 million in 2015, compared to €2,417 million in 2014, principally as a result of a decrease in staff expenses and other administrative expenses.

*Staff costs.* The lower number of employees contributed to staff expenses falling by 4% to €1,123 million in 2015, compared to €1,164 million in 2014. Especially at Rabobank Indonesia and to a lesser extent at RNA and ACC Loan Management, the number of employees decreased.

*Other administrative expenses.* As a result of lower costs for IT and publicity, other administrative expenses were down 6% to €1,101 million in 2015, compared to €1,166 million in 2014.

*Depreciation.* As a result of higher depreciations on software, depreciation fell by 23% to €107 million in 2015, compared to €87 million in 2014.

*Impairment losses on goodwill.* Impairment losses on goodwill increased by €586 million to €612 million in 2015, compared to €26 million in 2014. This amount almost solely consisted of the impairment on the goodwill with regard to RNA in the U.S.

*Loan impairment charges.* Loan impairment charges at Wholesale banking and international rural and retail banking increased by 25% to €26 million in 2015, compared to €420 million in 2014. This increase was primarily for the account of the wholesale banking division, where the loan impairment charges increased to €271 (160) million. In the Netherlands, for a number of large clients an (additional) allowance was made due to late-cyclic effects. In addition, a number of larger allowances were made for clients in Latin America and in Asia. In Brazil, the general allowance was increased due to the developments in the sugar and ethanol industry. In addition, drought in Chile had an impact on the loan impairment charges. The loan impairment charges at ACC Loan Management were down compared to recent years and came to €138 (190) million. Loan impairment charges amounted to 53 basis points in 2015, compared to 44 basis points in 2014 of average lending, which is lower than the long-term average of 59 basis points (based on the period 2005 to 2014).

*Regulatory levies.* The regulatory levies led to an additional expense item of €39 million in 2015, compared to €67 million in 2014.

*Income tax.* Income tax increased in 2015 by €6 million to €61 million, compared to €105 million in 2014.

*Net profit.* Net profit decreased by €1,091 million to €(333) million in 2015 compared to €758 million in 2014. The goodwill impairment with respect to RNA lowered the operation profit before taxation in 2015.

*Comparison results of wholesale banking and international retail banking for the years ended 31 December 2014 and 31 December 2013*

*Total income.* Total income at Wholesale banking and international retail banking decreased by 7% to €3,793 million in 2014 compared to €4,082 million in 2013. This decrease was mainly attributable to a decline in interest income.

*Net interest income.* Net interest income declined by 7% to €2,416 million in 2014, compared to €2,606 million in 2013. The lower level of activity as a result of the sale of Bank BGZ and the reduction of the high-risk activities contributed to this decline.

*Net fee and commission income.* Net fee and commission income decreased by 14% to €52 million in 2014, compared to €641 million in 2013, driven by lower levels of commission generating activity as a result of the sale of Bank BGZ.

*Other income.* In 2014, other income was more or less stable at €825 million compared to €835 million in 2013.

*Total operating expenses.* Total operating expenses of Wholesale banking and international retail banking decreased by 23% to €2,417 million in 2014, compared to €3,132 million in 2013, principally as a result of a decrease in other administrative expenses.

*Staff costs.* Staff costs decreased by 8% to €1,164 million in 2014, compared to €1,270 million in 2013. The sale of Bank BGZ led to a decline in the number of employees of 5,289 FTE. The reduction in staff in combination with the lower level of activity contributed to a decline in staff costs.

*Other administrative expenses.* Other administrative expenses were down 31% to €1,166 million in 2014, compared to €1,736 million in 2013. This item was high in 2013 because it included the settlements agreed by Rabobank relating to the LIBOR investigations.

*Depreciation.* Lower amortisation of intangible non-current assets and software led to a decline in depreciation by 31% to €87 million, compared to €126 million in 2013.

*Impairment losses on goodwill.* Impairment losses on goodwill decreased by €16 million to €26 million in 2014, compared to €42 million in 2013.

*Loan impairment charges.* Loan impairment charges at Wholesale banking and international rural and retail banking decreased by 26% to €420 million in 2014, compared to €568 million in 2013. Loan impairment charges amounted to 44 basis points in 2014, compared to 57 basis points in 2013 of average lending, which is lower than the long-term average of 57 basis points (based on the period 2004 to 2013).

*Regulatory levies.* The regulatory levies led to an additional expense item of €67 million in 2014, compared to €75 million in 2013.

*Income tax.* Income tax decreased in 2014 by €14 million to €105 million, compared to €219 million in 2013.

*Net profit.* Net profit increased by €712 million to €758 million in 2014 compared to €46 million in 2013. Lower operating expenses and lower value adjustments at both the international rural and retail banking and the wholesale banking business led to an increase in net profit.

### **Leasing**

The following table sets forth certain summarised financial information for the Group's leasing business for the periods indicated:

(in millions of euro)	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015	2015	2014	2013
Net interest income	536	536	1,094	1,000	973
Net fee and commission income	41	27	57	30	52
Other income	314	279	568	548	545
<b>Total income</b>	<b>891</b>	<b>842</b>	<b>1,719</b>	<b>1,578</b>	<b>1,570</b>
Staff costs	299	280	601	535	517
Other administrative expenses	129	128	277	251	198
Depreciation	15	21	38	48	49
<b>Total operating expenses</b>	<b>443</b>	<b>429</b>	<b>916</b>	<b>834</b>	<b>764</b>
<b>Gross result</b>	<b>448</b>	<b>413</b>	<b>803</b>	<b>744</b>	<b>806</b>
Impairment losses on goodwill	0	0	10	0	0
Loan impairment charges	44	48	85	131	170
Regulatory levies	11	8	19	9	9
<b>Operating profit before tax</b>	<b>393</b>	<b>357</b>	<b>689</b>	<b>604</b>	<b>627</b>
Income tax	109	110	191	168	205
<b>Net profit</b>	<b>284</b>	<b>247</b>	<b>498</b>	<b>436</b>	<b>422</b>

*Comparison results of leasing for the six-month periods ended 30 June 2016 and 30 June 2015\**

*Total income.* DLL's total income increased by 6%, rising to €891 million in the first six months of 2016, compared to €842 million in the first six months of 2015. The increase was mainly due to a 13% increase in other income.

*Net interest income.* Net interest income was stable at €536 million in the first half of 2016, compared to €536 million in the first half of 2015.

*Net fee and commission income.* Net fee and commission income rose by €14 million to €41 million in the first half of 2016, compared to €27 million in 2015 as a result of a higher activity level.

*Other income.* Other income consisted mainly of the result from sales of end-of-lease assets and income from operational lease contracts. In the first half of 2016 a one-off gain was booked in other income due to higher than expected residual values of cars. Consequently, other income rose by 13% to €314 million in the first half of 2016, compared to €279 million in the first half of 2015.

*Total operating expenses.* Total operating expenses at DLL were up 3% to €443 million in the first half of 2016, compared to €429 million in the first half of 2015. The increase in the number of employees by 144 FTEs in the first half of 2016 compared to the first half of 2015 contributed to the increase in operating expenses.

*Staff costs.* Staff costs were up €19 million, reaching €299 million in the first half of 2016, compared to €280 million in the first half of 2015. An increase in the average number of employees contributed to the rise in staff costs.

*Other administrative expenses.* Other administrative expenses rose 1% to €129 million in the first half of 2016, compared to €128 million in the first half of 2015 due in part to higher costs for regulation and supervision.

*Depreciation.* Lower depreciation of intangible assets led to a decline in depreciation by €6 million to €15 million in the first half of 2016, compared to €21 million in the first half of 2015.

*Loan impairment charges.* DLL's loan impairment charges decreased by 8% to €44 million in the first half of 2016, compared to €48 million in the first half of 2015. Expressed in basis points of the average loan portfolio, the loan impairment charges amounted to 26 basis points in the first half of 2016, compared to 28 basis points in the first half of 2015. Loan impairment charges are well below the long-term average (2006-2015) of 62 basis points. In the first half of 2016 there were no new significant individual default cases.

*Regulatory levies.* Regulatory levies led to an expense item of €1 million in the first half of 2016, compared to €8 million in the first half of 2015.

*Income tax.* Income tax decreased in the first half of 2016 by €1 million to €109 million compared to €110 million in the first half of 2015.

*Net profit.* Net profit increased 15% to €284 million in the first half of 2016 compared to €247 million in the first half of 2015 due to the increase in total income and the decrease in loan impairment charges.

#### *Comparison results of leasing for the years ended 31 December 2015 and 31 December 2014*

*Total income.* DLL's total income increased by 1%, rising to €1,719 million in 2015, compared to €1,578 million in 2014. The increase was in particular attributable to a 9% increase in net interest income.

*Net interest income.* The lease portfolio grew and the interest rate margin improved. As a result, net interest income was up by 9% to €1,094 million in 2015, compared to €1,000 million in 2014.

*Net fee and commission income.* In line with the higher activity level, net fee and commission income rose by €27 million to €57 million in 2015, compared to €30 million in 2014.

*Other income.* Other income consists mainly of the result from sales or leased products and income from operational lease contracts. The income from these activities increased by 4% to €68 million in 2015, compared to €548 million in 2014.

*Total operating expenses.* Total operating expenses at DLL were up 10% to €916 million in 2015, compared to €834 million in 2014. The depreciation in value of the Euro and the increase in the number of employees contributed to the increase in operating expenses.

*Staff costs.* Staff costs were up 12%, reaching €601 million in 2015, compared to €535 million in 2014, due to the increase in workforce.

*Other administrative expenses.* Other administrative expenses rose 10% to €277 million in 2015, compared to €251 million in 2014. In addition to currency developments, the higher costs for regulation and supervision contributed to this.

*Depreciation.* Lower depreciation of intangible assets led to a decrease in depreciation by €10 million to €38 million in 2015, compared to €48 million in 2014.

*Loan impairment charges.* DLL's loan impairment charges decreased by 35% to €85 million in 2015, compared to €131 million in 2014. Expressed in basis points of average lending, loan impairment charges stood at 25 basis points in 2015 compared to 43 basis points in 2014. Loan impairment charges are far below the long-term average of 66 basis points (based on the period 2005 to 2014). The lease portfolio and related risks of DLL are spread over more than 35 countries and nine industries. The worldwide economic recovery and strict risk management contributed to the decrease in the loan impairment charges: in 2015 there were no new significant problem items.

*Regulatory levies.* The regulatory levies led to an additional expense item of €19 million in 2015, compared to €9 million in 2014.

*Income tax.* Income tax decreased in 2015 by €23 million to €191 million compared to €168 million in 2014.

*Net profit.* Net profit increased 14% to €498 million in 2015 compared to €436 million in 2014, due to the increase in total income and the decrease in loan impairment charges.

#### *Comparison results of leasing for the years ended 31 December 2014 and ended 31 December 2013*

*Total income.* DLL's total income increased by 1%, rising to €1,578 million in 2014, compared to €1,570 million in 2013. The increase was in particular attributable to a 3% increase in interest income.

*Net interest income.* Net interest income was up by 3% to €1,000 million in 2014, compared to €973 million in 2013. Growth of the average lease portfolio contributed to the increase.

*Net fee and commission income.* Net fee and commission income fell by €22 million to €30 million in 2014, compared to €52 million in 2013. Commissions were relatively high in 2013 as a result of the strong growth of the

portfolio in Brazil. Commission profit returned to a more normal level in 2014 mainly due to the decline of the portfolio in Brazil.

*Other income.* Other income increased by 1% to €548 million, compared to €545 million in 2013. Other income consists mainly of the result from sales of leased products and income from operational lease contracts. Both these items showed a limited increase compared to 2013.

*Total operating expenses.* Total operating expenses at DLL were up 9% to €334 million in 2014, compared to €764 million in 2013, principally due to higher other administrative expenses.

*Staff costs.* Staff costs were up 3%, reaching €535 million in 2014, compared to €517 million in 2013, due to the increase in workforce.

*Other administrative expenses.* With effect from 2014, the costs incurred by Rabobank for Group activities are recognised at the segments under other administrative expenses. Primarily due to this change, other administrative expenses rose 27% to €251 million, compared to €198 million in 2013.

*Depreciation.* Depreciation was more or less stable at €48 million, compared to €49 million in 2013.

*Loan impairment charges.* DLL's loan impairment charges decreased by 23% to €31 million, compared to €70 million in 2013. Expressed in basis points of average lending, loan impairment charges stood at 43 basis points in 2014 compared to 59 basis points in 2013. Loan impairment charges are now 25 basis points below the long-term average of 68 basis points (based on the period 2004 to 2013). The diversification of the lease portfolio across countries and sectors in combination with the economic recovery and strict risk management contributed to the lower level of loan impairment charges.

*Regulatory levies.* The regulatory levies led to an additional expense item of €9 million in 2014, compared to €9 million in 2013.

*Income tax.* Income tax decreased in 2014 by €37 million to €168 million compared to €205 million in 2013.

*Net profit.* Net profit increased 3% to €436 million in 2014 compared to €422 million in 2013. The increase was mainly due to the decrease in loan impairment charges.

#### **Real estate**

The following table sets forth certain summarised financial information for the Group's real estate business for the periods indicated:

	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015	2015	2014	2013
<i>(in millions of euro)</i>				<i>(restated)</i>	<i>(restated)</i>
Net interest income	155	180	348	313	335
Net fee and commission income	6	20	29	36	29
Other income	178	138	302	267	(556)
<b>Total income</b>	<b>339</b>	<b>338</b>	<b>679</b>	<b>616</b>	<b>(192)</b>
Staff costs	106	95	196	198	193
Other administrative expenses	74	51	124	104	119
Depreciation	3	3	7	9	27
<b>Total operating expenses</b>	<b>183</b>	<b>149</b>	<b>327</b>	<b>311</b>	<b>339</b>
<b>Gross result</b>	<b>156</b>	<b>189</b>	<b>352</b>	<b>305</b>	<b>(531)</b>
Impairment losses on goodwill	0	0	1	6	0
Loan impairment charges	(11)	47	90	656	513
Regulatory levies	7	7	15	8	8
<b>Operating profit before tax</b>	<b>160</b>	<b>135</b>	<b>246</b>	<b>(365)</b>	<b>(1,052)</b>
Income tax	39	37	65	(102)	(238)
<b>Net profit</b>	<b>121</b>	<b>98</b>	<b>181</b>	<b>(263)</b>	<b>(814)</b>

*Comparison results of real estate for the six-month periods ended 30 June 2016 and 30 June 2015\**

*Total income.* Total income in the Group's real estate business was stable at €339 million in the first half of 2016 compared to €338 million in the first half of 2015.

*Net interest income.* Net interest income decreased 14% to €155 million in the first half of 2016 compared to €180 million in the first half of 2015 due to the decrease in the size of the loan portfolio.

*Net fee and commission income.* The reduction in the loan portfolio influenced net fee and commission income, which fell by €4 million to €6 million in the first half of 2016, compared to €20 million in the first half of 2015.

*Other income.* The sale of the 'De Rotterdam' building in June 2016, combined with the rise in the number of house sales, resulted in an increase in other income of €40 million to €178 million in the first half of 2016, compared to €138 million in the first half of 2015.

*Operating expenses.* Total operating expenses in the Group's real estate business increased by 23% to €183 million in the first half of 2016, compared to €149 million in the first half of 2015, mainly due to an increase in other administrative expenses.

*Staff costs.* Staff costs increased 12% to €106 million in the first half of 2016 compared to €95 million in the first half of 2015 due to an increase in external employees at FGH Bank following its integration with Rabobank.

*Other administrative expenses.* The restructuring provision taken in the first half of 2016 contributed to an increase in other administrative expenses of 45% to €74 million in the first half of 2016, compared to €51 million in the first half of 2015.

*Depreciation.* Depreciation remained stable at €3 million in the first half of 2016, compared to €3 million in the first half of 2015.

*Loan impairment charges.* Loan impairment charges were minus €11 million in the first half of 2016, compared to €47 million in the first half of 2015. Expressed in basis points of the average loan portfolio, the loan impairment charges amounted to -16 basis points in the first half of 2016, compared to 57 basis points in the first half of 2015. Loan impairment charges are well below the long-term average (2006-2015) of 94 basis points. The economic recovery in the Netherlands has had a positive impact on loan impairment charges in the real estate segment. The economic recovery led to an increased demand for offices and business premises, while the property investment market saw significant activity from both domestic and foreign investors, mainly due to initiatives to convert vacant buildings, the number of vacant offices and retail premises decreased slightly.

*Regulatory levies.* Regulatory levies led to an expense item of €7 million in the first half of 2016, compared to €7 million in the first half of 2015.

*Income tax.* Income tax increased by €2 million to €39 million in the first half of 2016 compared to €37 million in the first half 2015.

*Net profit.* Net profit increased by €23 million to €121 million in the first half of 2016 compared to €98 million in the first half of 2015, primarily due to lower loan impairment charges.

*Comparison results of real estate for the years ended 31 December 2015 and 31 December 2014*

*Total income.* Total income in the Group's real estate business increased by €63 million to €679 million in 2015 compared to €616 million in 2014 due to higher net interest income and higher other income.

*Net interest income.* Higher receivables from penalty interest at FGH Bank caused net interest income to rise by 11% to €348 million in 2015 compared to €313 million in 2014.

*Net fee and commission income.* Net fee and commission income fell by €7 million to €29 million in 2015, compared to €36 million in 2014. In 2014, net fee and commission income was relatively high as a result of some non-recurring income.

*Other income.* The increase of the number of home sales resulted in an increase in other income of €35 million to €302 million in 2015, compared to €267 million in 2014.

*Total operating expenses.* Total operating expenses in the Group's real estate business increased by 5% in 2015, reaching €327 million, compared to €311 million in 2014, mainly due to an increase in other administrative expenses.

*Staff costs.* Staff costs fell by 1% to €196 million compared to €198 million in 2014, due to a decline in the number of employees.

*Other administrative expenses.* Other administrative expenses increased by 19% to €124 million in 2015, compared to €104 million in 2014. The demerger of Fondsenbeheer Nederland and SVn in the first half of 2015 led to



non-recurring expenses that are incorporated under other administrative expenses. In addition, the integration of FGH Bank into Rabobank was accompanied by the (temporary) hiring of external employees.

*Depreciation.* Depreciation decreased slightly to €7 million in 2015, compared to €9 million in 2014.

*Impairment losses on goodwill.* The impairment losses on goodwill led to an additional expense item of €1 million in 2015, compared to €6 million in 2014.

*Loan impairment charges.* Loan impairment charges were €90 million in 2015, compared to €56 million in 2014, which corresponds to 56 basis points in 2015 compared to 364 basis points in 2014 of average lending. Loan impairment charges are now 33 basis points below the long-term average of 89 basis points (based on the period 2005 to 2014). In particular, the loan impairment charges for commercial real estate are substantially lower than for the same period last year due to the economic recovery, improvement in the residential rental market, and greater foreign investment in the real estate market.

*Regulatory levies.* The regulatory levies led to an additional expense item of €15 million in 2015, compared to €8 million in 2014.

*Income tax.* Income tax increased by €167 million to €65 million in 2015 compared to minus €102 million in 2014.

*Net profit.* Net profit increased by €444 million to €181 million in 2015 compared to minus €263 million in 2014, primarily due to lower impairment charges.

#### *Comparison results of real estate for the years ended 31 December 2014 and 31 December 2013*

*Total income.* Total income in the Group's real estate business increased by €808 million to €616 million in 2014 compared to minus €192 million in 2013 due to higher other income.

*Net interest income.* Net interest income decreased by 7% to €13 million in 2014 compared to €35 million in 2013, due to the contraction of the loan portfolio.

*Net fee and commission income.* Net fee and commission income increased by 24% to €6 million, compared to €9 million in 2013, as a result of certain non-recurring income items.

*Other income.* Contrary to 2013, there were only limited downward valuations of land positions and revaluations of land operations in 2014. Downward valuations of commercial real estate holdings were also down and the sale of the PalaisQuartier was achieved with a book profit in 2014. Residential property sales also rose. Due to these developments other income rose by €23 million to €67 million in 2014, compared to minus €56 million in 2013.

*Total operating expenses.* Total operating expenses in the Group's real estate business decreased by 8% in 2014, reaching €11 million, compared to €39 million in 2013, mainly due to lower administrative expenses.

*Staff costs.* Staff costs rose by 2% to €198 million compared to €195 million in 2013, due to the hiring of temporary personnel and higher pension expenses.

*Other administrative expenses.* A reorganisation provision was formed in 2013 as a result of the phase-out of the activities of MAB Development. The expense associated with this was recognised under other administrative expenses. It was mainly the absence of this item that caused other administrative expenses to decrease by 13% to €104 million in 2014, compared to €119 million in 2013.

*Depreciation.* Depreciation decreased by €18 million to €9 million in 2014 compared to €27 million in 2013, primarily because the intangible non-current assets of Bouwfonds Holding had already largely been amortised in 2013.

*Loan impairment charges.* Loan impairment charges were €56 million in 2014, compared to €13 million in 2013, which corresponds to 364 basis points in 2014 compared to 278 basis points in 2013 of average lending. Loan impairment charges are now 311 basis points above the long-term average of 53 basis points (based on the period 2004 to 2013). Loan impairment charges rose due to the poor state of the Dutch real estate market in 2013 that impacted loan impairment charges in 2014 because the market for real estate finance is late-cyclical in nature meaning that it takes longer for an economic recovery to be reflected in the figures. Furthermore, the market is still dealing with long-term developments that have led to an excess of supply.

*Regulatory levies.* The regulatory levies led to an additional expense item of €8 million in 2014, compared to €8 million in 2013.

*Income tax.* Income tax increased by €136 million to minus €102 million in 2014 compared to minus €238 million in 2013.

*Net profit.* Net profit increased by €551 million to minus €263 million in 2014 compared to minus €14 million in 2013. Contrary to 2013, there were no heavy downward valuations on land positions and land operations.

## Loan Portfolio

Early repayments on residential mortgage loans contributed to a decrease in the loan portfolio of the local Rabobanks and the loan portfolio at real estate financier FGH Bank was also reduced. The loan portfolio of WRR grew, partially due to growth in the rural banking portfolio. The private sector loan portfolio also grew as a result of a strong asset growth at the Trade & Commodity Finance business unit. At DLL the loan portfolio grew due to better economic conditions in the Netherlands. In aggregate, the loans and advances to customers item decreased by €3.1 billion, to €463.7 billion at 30 June 2016 from €466.8 billion at 31 December 2015. The private sector loan portfolio increased by €1.3 billion to €427.3 billion at 30 June 2016 from €426.0 billion at 31 December 2015. Loans to private individuals, primarily for mortgage finance, were down €3.6 billion to €204.3 billion at 30 June 2016. Residential mortgage loans are granted by local Rabobanks and by Obvion. These loans are secured on underlying properties and have maturities up to 30 years. Loans to the trade, industry and services sector increased by €4.5 billion to €124.8 billion at 30 June 2016. Lending to the food and agri sector increased by €0.4 billion to €98.2 billion at 30 June 2016.

The following table shows a breakdown of the Group's total lending outstanding to the private sector at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013, by category of borrower:

<i>(in billions of euro and as percentage of total private sector lending)</i>	<b>As at 30 June</b>		<b>As at 31 December</b>					
	<b>2016*</b>		<b>2015 (restated)</b>		<b>2014 (restated)</b>		<b>2013 (restated)</b>	
Private individuals	204.3	48%	207.9	49%	210.8	49%	216.4	49%
Trade, industry and services	124.8	29%	120.3	28%	127.3	30%	135.6	31%
Food and agri	98.2	23%	97.8	23%	92.3	21%	87.0	20%
<b>Total private sector lending</b>	<b>427.3</b>	<b>100%</b>	<b>426.0</b>	<b>100%</b>	<b>430.4</b>	<b>100%</b>	<b>439.0</b>	<b>100%</b>

The maturities of loans granted by the Group vary from overdraft facilities to 30-year term loans.

The following table provides a breakdown of the remaining maturity of the Group's total loans and advances to customers (public and private sector) and professional securities transactions for the years indicated. These amounts are non-restated for the netting of cash pooling arrangements and correspond to the audited consolidated financial statements for the year ended 31 December 2015:

<i>(in millions of euro and as percentage of total loans and advances to customers)</i>	<b>As at 31 December</b>			
	<b>2015</b>		<b>2014 (restated)</b>	
Less than 1 year	109,363	24%	107,461	23%
More than 1 year	349,255	76%	354,326	77%
<b>Total loans and advances to customers</b>	<b>458,618</b>	<b>100%</b>	<b>461,787</b>	<b>100%</b>

## Funding\*

As at 30 June 2016, amounts due to customers of the Group were €342.9 billion, a decrease of €3.0 billion compared to 31 December 2015. The balance held in savings deposits decreased by €1.1 billion to €139.4 billion, a decrease of 1%. Other amounts due to customers (including current accounts, repurchase agreements and time deposits) increased by €6.4 billion to €203.5 billion at 30 June 2016. At 30 June 2016, debt securities in issue (including certificates of deposit, commercial paper and bonds) totalled €171.4 billion compared to €175.0 billion at 31 December 2015. Savings deposits (except fixed-time deposits, from 1 month to 20 years) generally bear interest at rates that Rabobank can unilaterally change.

The following table shows the Group's sources of funding by source at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013:

<i>(in millions of euro)</i>	<b>As at 30 June</b>	<b>As at 31 December</b>		
	<b>2016</b>	<b>2015 (restated)</b>	<b>2014 (restated)</b>	<b>2013 (restated)</b>
Current accounts	78,394	69,675	56,255	46,881
Deposits with agreed maturity	91,943	96,363	96,572	91,015

	As at 30 June	As at 31 December		
	2016	2015 (restated)	2014 (restated)	2013 (restated)
<i>(in millions of euro)</i>				
Deposits redeemable at notice	160,947	162,083	162,857	175,870
Repurchase agreements	990	488	2,025	1,474
Other due to customers	10,666	8,984	8,579	10,982
Change in accounting policy	0	8,291	0	0
Debt securities in issue	171,418	174,991	189,060	195,361
Other financial liabilities at fair value through profit or loss	18,523	16,991	19,744	19,069
<b>Total</b>	<b>532,881</b>	<b>537,866</b>	<b>535,092</b>	<b>540,652</b>

The Group also receives funds from the inter-bank and institutional market. The Group's total due to other banks was €21.9 billion at 30 June 2016, a 15% increase from €19.0 billion at 31 December 2015.

### Other Financial Assets

Other financial assets comprise debt securities and other assets. Other financial assets are subdivided into the following categories:

- Financial assets held for trading;
- Other financial assets at fair value through profit or loss; and
- Available-for-sale financial assets.

The tables below show the Group's financial assets in the years indicated.

#### Other financial assets as at 31 December 2015

<i>(in millions of euro)</i>	Financial assets held for trading	Financial assets designated at fair value	Available-for- sale financial assets	Total
Purchased loans	520	1,006	0	1,526
Short-term government securities	19	0	1,191	1,210
Government bonds	1,073	0	30,053	31,126
Other debt securities	1,637	791	5,594	8,022
<b>Total debt securities</b>	<b>3,249</b>	<b>1,797</b>	<b>36,838</b>	<b>41,884</b>
Venture capital	0	270	0	270
Equity instruments	223	129	935	1,287
<b>Total other assets</b>	<b>223</b>	<b>399</b>	<b>935</b>	<b>1,557</b>
<b>Total</b>	<b>3,472</b>	<b>2,196</b>	<b>37,773</b>	<b>43,441</b>
Category 1 <sup>(1)</sup>	2,385	24	33,068	35,447
Category 2 <sup>(2)</sup>	961	1,187	4,111	6,259
Category 3 <sup>(3)</sup>	126	985	594	1,705

#### Other financial assets as at 31 December 2014

<i>(in millions of euro)</i>	Financial assets held for trading	Financial assets designated at fair value	Available-for- sale financial assets	Total
Purchased loans	712	1,090	0	1,802
Short-term government securities	123	0	2,297	2,420

#### Other financial assets as at 31 December 2014

<i>(in millions of euro)</i>	Financial assets held for trading	Financial assets designated at fair value	Available-for- sale financial assets	Total
Government bonds	950	12	31,456	32,418
Other debt securities	2,117	2,494	4,740	9,351
<b>Total debt securities</b>	<b>3,902</b>	<b>3,596</b>	<b>38,493</b>	<b>45,991</b>
Venture capital	0	274	0	274
Equity instruments	377	455	1,277	2,109
<b>Total other assets</b>	<b>377</b>	<b>729</b>	<b>1,277</b>	<b>2,383</b>
<b>Total</b>	<b>4,279</b>	<b>4,325</b>	<b>39,770</b>	<b>48,374</b>
Category 1 <sup>(1)</sup>	3,059	318	36,974	40,351
Category 2 <sup>(2)</sup>	1,091	2,274	1,805	5,170
Category 3 <sup>(3)</sup>	129	1,733	991	2,853

#### Other financial assets as at 31 December 2013 (restated)

<i>(in millions of euro)</i>	Financial assets held for trading	Other at fair value through profit or loss	Available-for- sale	Total
Purchased loans	1,171	1,056	0	2,227
Short-term government securities	204	0	1,710	1,914
Government bonds	1,086	63	35,714	36,863
Other debt securities	2,109	2,885	8,170	13,164
<b>Total debt securities</b>	<b>4,570</b>	<b>4,004</b>	<b>45,594</b>	<b>54,168</b>
Venture capital	0	549	0	549
Equity instruments	719	386	958	2,063
<b>Total other assets</b>	<b>719</b>	<b>935</b>	<b>958</b>	<b>2,612</b>
<b>Total</b>	<b>5,289</b>	<b>4,939</b>	<b>46,552</b>	<b>56,780</b>
Category 1 <sup>(1)</sup>	2,959	371	42,597	45,927
Category 2 <sup>(2)</sup>	2,155	2,962	3,645	8,762
Category 3 <sup>(3)</sup>	175	1,606	310	2,091

Notes:

- (1) Category 1: quoted prices in active markets for identical assets or liabilities;
- (2) Category 2: inputs other than quoted prices included in category 1 that are observable for the asset or liability, either directly (*i.e.*, as prices) or indirectly (*i.e.*, derived from prices);
- (3) Category 3: inputs for the asset or liability not based on observable market data.

#### Credit-related Commitments\*

Credit granting liabilities represent the unused portions of funds authorised for the granting of credit in the form of loans, guarantees, letters of credit and other lending-related financial instruments. Rabobank's credit risk exposure from credit granting liabilities consists of potential losses amounting to the unused portion of the authorised funds. The total expected loss is lower than the total of unused funds, however, because credit granting liabilities are subject to the clients in question continuing to meet specific standards of creditworthiness. Guarantees represent irrevocable undertakings that, provided certain conditions are met, Rabobank will make payments on behalf of clients if they are unable to meet their financial obligations to third parties. Rabobank also accepts credit granting liabilities in the form of credit facilities made available to ensure that clients' liquidity requirements can be met, but which have not yet been drawn upon.

	As at 30 June	As at 31 December		
	2016	2015	2014	2013
<i>(in millions of euro)</i>			(restated)	
Financial guarantees	10,922	10,402	11,826	11,429
Letters of credit	4,379	4,980	5,392	5,919
Credit granting liabilities	46,124	46,903	36,429	32,126
Other contingent liabilities	0	0	0	82
<b>Total credit related and contingent liabilities</b>	<b>61,425</b>	<b>62,285</b>	<b>53,647</b>	<b>49,556</b>
Revocable credit facilities	50,664	55,189	51,327	45,031
<b>Total credit related commitments</b>	<b>112,089</b>	<b>117,474</b>	<b>104,974</b>	<b>94,587</b>

### Investments and Divestments

The most significant acquisitions and divestments during the period covered by this Operating and Financial Review up to the date of this Prospectus are the following:

- (i) The sale of 90% plus one of the shares in the Group's subsidiary Robeco to ORIX Corporation was effected on 1 July 2013. The sale price was approximately €1.9 billion. The transaction has resulted in a book profit of approximately €1.5 billion and increased the core Tier 1 ratio of around 70 basis points. The banking activities of Robeco, which are exclusively located in the Netherlands, were transferred to Rabobank on 21 June 2013. As part of the purchase price, the Group has received a shareholding in ORIX Corporation in an amount of €150 million.
- (ii) Following the public bid in April 2012, virtually all outstanding shares in the Polish Bank Gospodarki Żywnościowej were offered to the Group. The shares were acquired for €289 million. As a result, the Group holds an equity interest in Bank Gospodarki Żywnościowej of 98.5% (as at 30 June 2013). An agreement was reached in December 2013 regarding the sale of the 98.5% share interest in the Polish based Bank BGZ to BNP Paribas Group for an amount of 4 billion Polish Zloty (approximately €1 billion). The sale of Bank BGZ to BNP Paribas was completed on 23 September 2014.
- (iii) On 30 June 2016, DLL signed a sale and purchase agreement with the intention to sell Athlon Car Lease to Daimler Financial Services. On 1 December 2016, DLL confirmed the sale of Athlon Car Lease to Daimler Financial Services. The sale transaction received final approvals and consents from the necessary regulatory authorities.

### Capital Adequacy

Rabobank wishes to have an adequate solvency position, which it manages based on a number of ratios. The principal ratios are the CET1 Ratio, the Tier 1 ratio, the total capital ratio and the equity capital ratio. Rabobank's internal targets exceed the regulators' minimum requirements as it anticipates market expectations and developments in laws and regulations. Rabobank seeks to stand out from other financial institutions, managing its solvency position based on policy documents. The Risk Management Committee and the Asset and Liability Committee, the Executive Board and the Supervisory Board periodically discuss the solvency position and the targets to be used.

Rabobank must comply with a number of minimum solvency positions stipulated under the law. The solvency position is determined based on ratios. These ratios compare Rabobank's total capital ratio and CET1 Ratio with the total amount of the risk-weighted assets. The minimum required percentages under the CRD IV are 8% and 4.5% of the risk-weighted assets, respectively.

The determination of the risk-weighted assets is based on separate methods for credit risk, operational risk and market risk. The risk-weighted assets are determined for credit risk purposes in many different ways. For most assets the risk weight is determined with reference to internal ratings and a number of characteristics specific to the asset concerned. For off-balance sheet items the balance sheet equivalent is calculated first, on the basis of internal conversion factors. The resulting equivalent amounts are then also assigned risk-weightings. An Advanced Measurement Approach Model is used to determine the amount with respect to the risk-weighted assets for operational risk. With the market risk approach, the general market risk is hedged, as well as the risk of open positions in foreign currencies, debt and equity instruments, as well as commodities.

The CET1 Ratio, the Tier 1 ratio and the total capital ratio are the most common ratios used to measure solvency. The CET1 Ratio expresses the relationship between Common Equity Tier 1 Capital and total risk-weighted assets. At 30 June 2016, the Group's CET1 Ratio stood at 13.4% (year-end 2015; 13.5%).

Risk-weighted assets were down €4.0 billion to €209.1 billion at 30 June 2016 compared to €213.1 billion at 31 December 2015. Common Equity Tier 1 Capital decreased by €0.9 billion to €27.9 billion at 30 June 2016 compared to €28.8 billion at 31 December 2015. See “Regulation of the Group” for further discussion of the Basel standards.

The Tier 1 ratio expresses the relationship between Tier 1 capital and total risk-weighted assets. As at 30 June 2016, the Group’s Tier 1 ratio stood at 16.8% (year-end 2015: 16.4%). The minimum requirement set by external supervisors under the CRD IV is 6.5%.

The total capital ratio is calculated by dividing the total of Tier 1 and Tier 2 capital by the total of risk-weighted assets. At 30 June 2016, the total capital ratio stood at 23.5% (year-end 2015: 23.2%). The issuance of \$1.5 billion Tier 2 notes in July 2016 adds 0.6%-points to the total capital ratio on a pro forma basis. This exceeds the current minimum requirement set by the external supervisors of 8.0%.

The following table sets forth the development in capital and solvency ratios of the Group at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013:

<i>(in millions of euro, except percentages)</i>	As at 30 June	As at 31 December		
	2016*	2015	2014	2013
Common Equity Tier 1 Capital	27,932	28,754	28,714	28,551
CET1 Ratio	13.4%	13.5%	13.6%	13.5%
Fully Loaded Common Equity Tier 1 ratio*	12.4%	12.0%	11.8%	11.1%
Tier 1 capital	35,070	35,052	33,874	35,092
Tier 1 ratio	16.8%	16.4%	16.0%	16.6%
Qualifying capital	49,192	49,455	45,139	41,650
Total capital ratio	23.5% <sup>(1)</sup>	23.2%	21.3%	19.8%

Note: (1) The issuance of \$1.5 billion Tier 2 notes in July 2016 adds 0.6%-points to the total capital ratio on a pro forma basis.

## Cash Flow

The following table sets forth the Group’s cash flow for the six-month periods ended 30 June 2016, 30 June 2015 and the years ended 31 December 2015, 2014 and 2013.

	Six-month period ended 30 June,*		Year ended 31 December,		
	2016	2015	2015	2014	2013
	<i>(in millions of euro)</i>				
Net cash flow from operating activities	7,911	(3,715)	15,848	(13,463)	(24,693)
Net cash flow from investing activities	1,083	701	519	9,505	252
Net cash flow from financing activities ..	584	870	3,131	1,365	(31)
<b>Net change in cash and cash equivalents</b>	<b>9,578</b>	<b>(2,144)</b>	<b>19,498</b>	<b>(2,593)</b>	<b>(24,472)</b>
Cash and cash equivalents at 1 January ..	64,943	43,409	43,409	43,039	68,103
Net change in cash and cash equivalents	9,578	(2,144)	19,498	(2,593)	(24,472)
Foreign exchange differences on cash and cash equivalents .....	(1,302)	1,801	2,036	2,963	(592)
<b>Cash and cash equivalents .....</b>	<b>73,219</b>	<b>43,066</b>	<b>64,943</b>	<b>43,409</b>	<b>43,039</b>

Net cash flow from operating activities was €7,911 million in the six-month period ended 30 June 2016, mainly due to a net change in assets and liabilities relating to operating activities.

Net cash flow from investing activities was €1,083 million in the six-month period ended 30 June 2016, mainly due to sales in the available-for-sale financial assets.

Net cash flow from financing activities was €584 million in the six-month period ended 30 June 2016, mainly due to the issue of capital securities minus payments on equity instruments.

### Working Capital

In the opinion of the Group, its working capital is sufficient for its present requirements, that is for at least 12 months following the date of this Prospectus. The Group currently complies with the applicable own funds and liquidity requirements as set out in the CRD IV Directive as implemented in the FMSA and CRR.

### Selected Statistical Information\*

The following section discusses selected statistical information regarding the Group's operations. Unless otherwise indicated, average balances are calculated based on monthly balances and geographic data are based on the domicile of the customer. See "—Results of operations" for an analysis of fluctuations in the Group's results between periods.

#### Return on equity and assets

The following table presents information relating to the Group's return on equity and assets for the six-month period ended 30 June 2016 and for each of the past five years:

	As at 30 June	As at 31 December				
	2016	2015	2014	2013	2012	2011
Return on assets (in percentages) <sup>(1)</sup>	0.27	0.32	0.27	0.29	0.27	0.38
<i>Net profit (in millions of euro)</i>	924	2,214	1,842	2,007	2,058	2,627
<i>Total average assets (month-end balances in billions of euro)</i>	679.5	686.1	674.8	705.2	757.8	688.0
Return on equity (in percentages) <sup>(2)</sup>	4.51	5.42	4.69	4.88	4.58	6.17
<i>Net profit (in millions of euro)</i>	924	2,214	1,842	2,007	2,058	2,627
<i>Total average equity (quarter-end balance in billions of euro)</i>	41.0	40.9	39.3	41.2	45.0	42.6
Equity to assets ratio (in percentages) <sup>(3)</sup>	6.03	5.95	5.80	5.82	5.96	6.19
<i>Total average equity (quarter-end balances in billions of euro)</i>	41.0	40.9	39.3	41.2	45.0	42.6
<i>Total average assets (quarter-end balances in billions of euro)</i>	679.8	686.6	677.1	709.2	753.9	687.8

- Notes:
- (1) The return on assets is a profitability ratio which states net profit as a percentage of total average assets, based on month-end balances.
  - (2) The return on equity is a profitability ratio which states net profit as a percentage of average equity, based on quarter-end balances.
  - (3) The equity to assets ratio is a leverage ratio and is calculated by dividing average equity by average total assets, based on quarter-end balances.

The following table presents information relating to payments on the Rabobank Certificates for the six-month period ended 30 June 2016 and for each of the past five years:

<i>(in millions of euro, except percentages)</i>	Six-month period ended 30 June	As at 31 December				
	2016	2015	2014	2013	2012	2011
Outstanding Rabobank Certificates <sup>(1)</sup>	5,948	5,942	5,910	6,219	6,587	6,551

(in millions of euro,  
except percentages)

	Six-month period ended 30 June	As at 31 December				
	2016	2015	2014	2013	2012	2011
Payments	193	387	385	309	328	315
Average yield <sup>(2)</sup>	6.50%	6.51%	6.52%	4.96%	4.98%	4.81%

Notes:

- (1) Average Outstanding Certificates based on month-end balances.  
(2) Average yield is calculated by dividing payments by the number of outstanding Rabobank Certificates and multiplying the result by two. The result is multiplied by two because the payments represent half-year payments.

### Loan portfolio

The Group's loan portfolio consists of loans, overdrafts, assets subject to operating leases, finance lease receivables to governments, corporations and consumers and reverse repurchase agreements. The following table analyses the Group's loan portfolio by sector at 30 June 2016 and for each of the past three years:

	As at 30 June	As at 31 December		
	2016*	2015 (restated)	2014 (restated)	2013
(in billions of euro)				
Private sector lending	427.3	426.0	429.7	434.7
Loans to government clients	4.0	3.4	2.1	2.7
Receivables relating to securities transactions	21.5	20.1	18.3	10.7
Hedge accounting	10.9	9.0	11.6	7.9
Change in accounting policy	0	8.3	0	0
<b>Total loans and advances to customers</b>	<b>463.7</b>	<b>466.8</b>	<b>461.8</b>	<b>455.9</b>
Loan impairment allowance loans and advances to customers	(8.0)	(8.4)	(9.3)	(8.6)
Reclassified assets	0.6	0.8	1.3	2.8
<b>Gross loans and advances to customers</b>	<b>471.1</b>	<b>474.4</b>	<b>469.8</b>	<b>461.7</b>

The following table sets forth a geographic breakdown of the Group's private sector loan portfolio at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013:

	As at 30 June	As at 31 December		
	2016*	2015 (restated)	2014 (restated)	2013 (restated)
(in millions of euro)				
The Netherlands	311,327	313,785	321,429	335,046
Other European countries in the EU zone	28,910	27,563	27,312	26,972
North America	43,604	42,098	40,198	36,569
Latin America	12,641	12,741	11,273	10,635
Asia	9,644	9,400	9,230	6,631
Australia	20,955	20,116	19,948	18,698
Other countries	266	344	341	140
<b>Total private sector lending</b>	<b>427,348</b>	<b>426,047</b>	<b>429,731</b>	<b>434,691</b>

### Risk Elements\*

#### Breakdown of assets and liabilities by repayment date\*

The following table shows Rabobank's assets and liabilities grouped by the period remaining between the reporting date and the contract repayment date. These figures are non-restated for the netting of cash pooling arrangements and correspond with the statement of financial position.



**As at 31 December 2015**

<i>Payments due by period (in millions of euro)</i>	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Cash and balances at central banks	63,650	1,284	9	0	0	64,943
Loans and advances to banks	4,412	23,130	1,878	1,300	490	31,210
Financial assets held for trading	144	397	539	1,669	723	3,472
Financial assets designated at fair value	8	307	33	848	1,000	2,196
Derivatives	6	3,071	2,870	11,226	30,940	48,113
Loans and advances to customers	20,180	51,235	37,948	89,456	259,799	458,618
Available-for-sale financial assets	49	2,385	3,344	19,636	12,359	37,773
Deferred tax assets	2,335	0	0	0	55	2,390
Other assets (excluding employee benefits)	1,030	3,910	1,669	1,113	270	7,992
<b>Total financial assets</b>	<b>91,814</b>	<b>85,719</b>	<b>48,290</b>	<b>125,248</b>	<b>305,636</b>	<b>656,707</b>
Due to banks	2,911	9,459	2,492	3,415	761	19,038
Due to customers	244,194	46,108	12,322	12,550	22,419	337,593
Debt securities in issue	117	32,390	48,306	60,720	33,458	174,991
Derivatives and other trade liabilities	13	4,186	3,392	11,795	35,743	55,129
Other liabilities (excluding employee benefits)	1,363	4,350	1,343	590	48	7,694
Financial liabilities designated at fair value	62	542	2,380	4,464	9,543	16,991
Deferred tax liabilities	575	0	0	0	0	575
Subordinated liabilities	0	48	10	2,008	13,437	15,503
<b>Total financial liabilities</b>	<b>249,235</b>	<b>96,083</b>	<b>70,245</b>	<b>95,542</b>	<b>115,409</b>	<b>627,514</b>
<b>Net liquidity balance</b>	<b>(157,421)</b>	<b>(11,364)</b>	<b>(21,955)</b>	<b>29,706</b>	<b>190,227</b>	<b>29,193</b>

The above breakdown was compiled on the basis of contract information, without taking into account actual behaviour in items in the statement of financial position. This is taken into account, however, for the day-to-day management of liquidity risk. Customer savings are an example. By contract, they are payable on demand. However, historically this has been a stable source of financing at the long-term disposal of Rabobank. The regulations of the supervisory authority also factor this in. Based on the liquidity criteria of the DNB, Rabobank had a substantial liquidity surplus at 30 June 2016 and throughout the first half of 2016. The average liquidity surplus was 31% of the total liquidity requirement.

The liquidity requirements to meet payments under guarantees and stand-by letters of credit are considerably lower than the size of the liabilities, as Rabobank does not generally expect that third parties to such arrangements will draw funds. The total open position relating to contractual obligations to provide credit does not necessarily represent Rabobank's future cash resource needs, as many of these obligations will lapse or terminate without financing being required. For more information, see note 27 (on page 231) of the Group's audited consolidated financial statements for the year ended 2015 incorporated by reference into this Prospectus.

#### ***Interest rate sensitivity***

The key indicators used for managing the interest rate risk are the BPV, the Equity at Risk and the Income at Risk.

The BPV is the absolute loss of economic value of equity after a parallel shift of the yield curve with 1 basis point. In 2015, the BPV did not exceed €14 million.

Long-term interest rate risk is measured and managed using the Equity at Risk concept. Equity at Risk is the sensitivity of the Group's economic value of equity to interest rate fluctuations. A 100 basis point overnight upward parallel shock of the curve will result in a 1.1% drop in economic value of equity (figure at 30 June 2016).

Short-term interest rate risk is monitored using the Income at Risk concept. This is the amount of net interest income that is put at risk on an annual basis, based on certain interest rate scenarios. If interest rates were to gradually decrease 10 basis points over a one-year period, net interest income would decrease by €9 million (figure at 30 June 2016).

#### ***Cross-border outstandings\****

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets which are denominated in a currency other than the functional currency of the office or subsidiary where the extension of credit is booked. To the extent that the material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

At 30 June 2016, there were no cross-border outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following table analyses cross-border outstandings at the end of each of the last three years and as at 30 June 2016, stating the name of the country and the aggregate amount of cross-border outstandings in each foreign country where such outstandings exceeded 1% of total assets, by type of borrower:

<i>(in millions of euro)</i>	<b>Banks</b>	<b>Public authorities</b>	<b>Private sector</b>	<b>Total</b>
<b>As at 30 June 2016</b>				
France	5,127	3,405	3,823	12,355
U.K.	6,683	1	13,226	19,910
Switzerland	147	10,055	2,763	12,965
Germany	2,747	267	5,893	8,907
<b>As at 31 December 2015</b>				
France	6,277	3,441	1,386	11,104
U.K.	6,888	7	13,544	20,439
Switzerland	182	9,910	1,969	12,061
U.S.	1,761	1,388	4,230	7,379
<b>As at 31 December 2014</b>				
France	8,522	3,484	3,343	15,349
U.K.	13,641	1	13,245	26,887
Switzerland	382	5,433	1,596	7,411
U.S.	2,851	1,640	4,411	8,902
<b>As at 31 December 2013</b>				
France	6,622	5,253	5,198	17,073
Germany	3,863	4,855	5,709	14,427
U.K.	14,218	6,289	10,446	30,953
Poland	96	2,415	7,592	10,103
U.S.	5,021	23,699	48,710	77,430
Brazil	1,043	615	5,881	7,539
Australia	953	1,898	13,149	16,000

### ***Diversification of loan portfolio\****

One of the principal factors influencing the quality of the earnings and the loan portfolio is diversification of loans, *e.g.*, by industry or by region. The Group uses the North America Industry Classification System (“**NAICS**”) as the leading system to classify industries. NAICS distinguishes a large number of sectors, subsectors and industries.

The following table is based on data according to NAICS and represents the loan portfolio of the Group loans by main sector at 30 June 2016:

	<b>At 30 June 2016</b>		
<i>(in millions of euro)</i>	On balance	Off balance	Total
Grain and oilseeds	20,022	664	20,686
Animal protein	15,277	205	15,482
Dairy	21,628	71	21,699
Fruit and vegetables	10,518	220	10,738
Farm inputs	8,538	282	8,820
Food retail and food service	3,896	203	4,099
Beverages	3,158	15	3,173
Flowers	1,579	3	1,582
Sugar	2,737	9	2,746
Miscellaneous crop farming	2,145	8	2,152
Other food and agri	8,749	1,112	9,924
<b>Total private sector lending to food and agri</b>	<b>98,246</b>	<b>2,792</b>	<b>101,101</b>
Lessors of real estate	22,843	39	22,882
Finance and insurance (except banks)	14,896	1,508	16,404
Wholesale	12,822	4,047	16,869
Activities related to real estate	5,144	25	5,169
Manufacturing	9,260	1,015	10,275
Transportation and warehousing	6,224	331	6,555
Construction	5,032	1,181	6,214
Healthcare & social assistance	5,825	41	5,866
Professional, scientific and technical services	9,394	272	9,666
Retail (except food and beverages)	4,481	483	4,964
Utilities	3,150	1,010	4,159
Information and communication	897	7	903
Arts, entertainment and recreation	1,150	12	1,162
Other services	23,687	2,136	25,903
<b>Total private sector lending to trade, industry and services</b>	<b>124,805</b>	<b>12,107</b>	<b>136,992</b>
Private individuals	204,297	204	204,501
<b>Total private sector lending</b>	<b>427,348</b>	<b>15,103</b>	<b>442,594</b>

Apart from loans and advances to banks (€24.4 billion at 30 June 2016 which is 3.6% of total assets), Rabobank’s only significant risk concentration is in the portfolio of loans to private individuals which accounted for 48% of the private sector loan portfolio at 30 June 2016. This portfolio has a relatively low risk profile as evidenced by the actual losses incurred in previous years. The proportion of the total loan portfolio attributable to the food and agri sector was 23% at 30 June 2016. The proportion of the total loan portfolio attributable to trade, industry and services was 29% at 30 June 2016. Loans to trade, industry and services and loans to the food and agri sector are both spread

over a wide range of industries in many different countries. None of these shares represents more than 10% of the total loan portfolio.

#### **Non-performing loans\***

Rabobank focuses on non-performing loans. These meet at least one of the following criteria:

- They are material loans in arrears by more than 90 days. The threshold for materiality amounts to €1,000 per facility for retail exposures and expert judgement for other asset classes within the Group;
- The debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or the number of days past due.

At 30 June 2016, these loans amounted to €18,985 million (2015: €19,503 million). The loan impairment allowance covered 42.2% (2015: 43.5%) of the non-performing loans. Over and above the loan impairment allowance, additional coverage is raised through collateral and other securities. Rabobank applies the one-obligor principle for the corporate portfolio, which means that the exposure to all counterparties belonging to the same group is taken into account. In addition, the full exposure to a client is qualified as impaired, even if adequate coverage is available for part of the exposure in the form of security or collateral. At 30 June 2016, non-performing loans corresponded to 4.4% (2015: 4.6%) of the private sector loan portfolio.

The following table provides an analysis of the Group's non-performing loans by business at 30 June 2016, 31 December 2015 and 31 December 2014:

<i>(in millions of euro)</i>	As at 30 June	As at 31 December	
	2016	2015	2014
Domestic retail banking	9,065	9,166	10,492
Wholesale banking and international retail banking	5,460	5,644	6,437
Leasing	639	681	576
Real estate	3,821	4,012	3,745
<b>The Group</b>	<b>18,985</b>	<b>19,503</b>	<b>21,250</b>

#### **Summary of loan loss experience**

The following table shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to customers for 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013:

<i>(in millions of euro)</i>	As at 30 June	As at 31 December		
	2016	2015	2014	2013
Domestic retail banking	3,963	4,836	4,561	3,866
Wholesale banking and international retail banking	2,898 <sup>(1)</sup>	2,816	2,672	2,893
Leasing	322	378	455	467
Real estate	1,175	1,270	842	376
Other	33	48	51	53
<b>Balance on 1 January</b>	<b>8,391</b>	<b>9,348</b>	<b>8,581</b>	<b>7,655</b>
Domestic retail banking	43	377	1,469	1,397
Wholesale banking and international retail banking	139	556	448	592
Leasing	61	120	185	236
Real estate	(9)	91	657	514
Other	(11)	(10)	3	7
<b>Loan impairment charges from loans and advances to customers</b>	<b>223</b>	<b>1,134</b>	<b>2,762</b>	<b>2,746</b>
Domestic retail banking	(440)	(1,440)	(1,263)	(826)

<i>(in millions of euro)</i>	As at 30 June	As at 31 December		
	2016	2015	2014	2013
Wholesale banking and international retail banking	(98)	(478)	(355)	(467)
Leasing	(76)	(167)	(268)	(223)
Real estate	(69)	(218)	(335)	(34)
Other	(23)	(4)	(6)	(10)
<b>Write-down of defaulted loans during the period</b>	<b>(706)</b>	<b>(2,307)</b>	<b>(2,227)</b>	<b>(1,560)</b>
Domestic retail banking	81	190	69	124
Wholesale banking and international retail banking	(1)	(14)	51	(346)
Leasing	8	(9)	6	(25)
Real estate	22	32	106	(14)
Other	0	(2)	0	1
<b>Interest and other adjustments</b>	<b>110</b>	<b>197</b>	<b>232</b>	<b>(260)</b>
Domestic retail banking	3,647	3,963	4,836	4,561
Wholesale banking and international retail banking	2,939	2,880	2,816	2,672
Leasing	315	322	378	455
Real estate	1,118	1,175	1,270	842
Other	0	32	48	51
<b>Balance on end of period</b>	<b>8,018</b>	<b>8,372</b>	<b>9,348</b>	<b>8,581</b>

Note: (1) As result of a correction the figure on 1 January 2016 does not match with 31 December 2015.

#### ***Due to customers\****

The following table presents a breakdown of due to customers at 30 June 2016 and for each of the years indicated. Interest rates paid on time deposits and savings deposits reflect market conditions and not all current accounts earn interest.

<i>(in millions of euro)</i>	As at 30 June	As at 31 December		
	2016	2015 (restated)	2014	2013 (restated)
Current accounts	78,394	69,675	56,255	46,881
Deposits with agreed maturity	91,943	96,363	96,572	91,015
Deposits redeemable at notice	160,947	162,083	162,857	175,870
Repurchase agreements	990	488	2,025	1,474
Other due to customers	10,666	8,984	8,579	10,982
Change in accounting policy	0	8,291	0	0
<b>Total due to customers</b>	<b>342,940</b>	<b>345,884</b>	<b>326,288</b>	<b>326,222</b>

#### ***Short-term borrowings\****

Short-term borrowings are borrowings with an original maturity of one year or less. These are included in the Group's consolidated statement of financial position within the line item "Debt securities in issue". The following table includes an analysis of the balance of short-term borrowings at the years indicated.

	<b>30 June</b>		<b>31 December</b>	
<i>(in millions of euro)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
End of period balance	52,168	52,953	55,065	54,416
Average balance	55,672	55,087	56,434	53,389
Maximum month-end balance	59,422	65,076	59,842	63,765

***Long-term borrowings\****

Long-term borrowings are borrowings with an original maturity of more than one year. These are included in the Group's consolidated statement of financial position within the line items "Debt securities in issue" and "Other financial liabilities at fair value through profit or loss". The following table includes an analysis of the balance of long-term borrowings at the years indicated.

	<b>As at 30 June</b>		<b>As at 31 December</b>	
<i>(in millions of euro)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
End of period balance	137,773	139,029	153,739	160,015
Average balance	139,881	151,383	156,859	172,906
Maximum month-end balance	142,230	160,664	160,014	185,952

## SELECTED HISTORICAL FINANCIAL AND OPERATIONAL INFORMATION

The following selected financial data for the years ended 31 December 2014 and 2013 is derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 and 31 December 2014, which have been audited by Ernst & Young Accountants LLP. The following consolidated statement of income data for the year ended 31 December 2015 is derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015, which have been audited by Ernst & Young Accountants LLP. The following consolidated statement of financial position data for the year ended 31 December 2015 is derived from the unaudited condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2016, which has been reviewed by PricewaterhouseCoopers Accountants N.V. In addition, the selected financial data for the six-month periods ended 30 June 2016 and 30 June 2015 is derived from the unaudited condensed consolidated interim financial information of the Group for the six-month period ended 30 June 2016. The financial ratios are derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 and 2014, with the exception of the financial ratios for the six-month period ended 30 June 2016, which are derived from pages 2 and 3 (“Key Figures”) of the Group’s interim report for the six-month period ended 30 June 2016 incorporated by reference into this Prospectus.

The data should be read in conjunction with the Audited Consolidated Financial Statements and the Unaudited Condensed Consolidated Interim Financial Information (and related notes), incorporated by reference herein and “Important Information—Presentation of Financial and other Information”, “Capitalisation and Indebtedness” and “Operating and Financial Review” included in this Prospectus. The Group’s Audited Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and comply with Part 9 of Book 2 of the DCC. The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with IAS 34 ‘Interim financial reporting’, as adopted by the European Union.

Pursuant to mandatory audit firm rotation rules in The Netherlands, PricewaterhouseCoopers Accountants N.V. has succeeded Ernst & Young Accountants LLP as Rabobank’s independent auditor for financial periods beginning 1 January 2016.

The financial data in the (sub) paragraphs in this chapter marked with an asterisk (\*) has not been directly extracted from the Audited Consolidated Financial Statements but instead is derived from the Unaudited Condensed Consolidated Interim Financial Information, the interim or annual reports or other accounting records of Rabobank.

### Consolidated Statement of Financial Position

	As at 30 June*		As at 31 December		
	2016	2015	2015*	2014	2013
(in millions of euro)		(restated)	(restated)	(restated)	(restated)
<b>Assets</b>					
Cash and balances at central banks	73,219	43,066	64,943	43,409	43,039
Loans and advanced to banks	24,378	41,611	31,210	45,962	40,787
Financial assets held for trading	3,867	3,776	3,472	4,279	5,289
Financial assets designated at fair value	1,567	3,593	2,196	4,325	4,939
Derivatives	57,339	50,210	48,113	56,489	39,703
Loans and advances to customers <sup>(1)</sup>	463,686	477,454	466,799	461,787	455,909
Available-for-sale financial assets	35,838	38,476	37,773	39,770	46,552
Investments in associates and joint ventures	3,567	3,776	3,672	3,807	3,747
Goodwill and other intangible assets	1,127	1,508	1,493	2,059	1,991
Property and equipment	4,512	7,363	7,765	7,148	6,901
Investment properties	334	440	381	452	1,055
Current tax assets	184	150	193	211	170
Deferred tax assets	2,398	2,268	2,390	2,501	1,910
Other assets	10,223	11,234	7,999	8,560	8,030

	As at 30 June*		As at 31 December		
	2016	2015	2015*	2014	2013
<i>(in millions of euro)</i>		(restated)	(restated)	(restated)	(restated)
Non-current assets held for sale and discontinued operations	4,354	164	155	327	9,073
<b>Total assets<sup>(1)</sup></b>	<b>686,593</b>	<b>685,089</b>	<b>678,554</b>	<b>681,086</b>	<b>669,095</b>

	As at 30 June*		As at 31 December		
	2016	2015	2015*	2014	2013
<i>(in millions of euro)</i>		(restated)	(restated)	(restated)	(restated)
<b>Liabilities</b>					
Due to banks	21,903	20,967	19,038	18,066	14,745
Due to customers <sup>(1)</sup>	342,940	338,514	345,884	326,288	326,222
Debt securities in issue	171,418	186,274	174,991	189,060	195,361
Derivatives and other trade liabilities	64,910	57,585	55,129	67,560	50,171
Other liabilities	7,902	8,599	8,050	8,047	7,749
Financial liabilities designated at fair value	18,523	18,035	16,991	19,744	19,069
Provisions	1,433	719	993	794	1,050
Current tax liabilities	263	131	203	255	266
Deferred tax liabilities	520	484	575	473	288
Subordinated liabilities	15,165	12,462	15,503	11,928	7,815
Liabilities held for sale and discontinued operations	857	0	0	0	7,825
<b>Total liabilities</b>	<b>645,834</b>	<b>643,770</b>	<b>637,357</b>	<b>642,215</b>	<b>630,561</b>

<b>Equity</b>					
Reserves and retained earnings	25,387	25,676	25,623	24,894	23,731
<i>Equity instruments issued directly</i>					
Rabobank Certificates	5,949	5,948	5,949	5,931	5,823
Capital Securities	7,655	7,846	7,826	6,349	7,029
	<b>13,604</b>	<b>13,794</b>	<b>13,775</b>	<b>12,280</b>	<b>12,852</b>
<i>Equity instruments issued by subsidiaries</i>					
Capital Securities	179	170	176	181	236
Trust Preferred Securities III to VI	1,062	1,145	1,131	1,043	1,269
	<b>1,241</b>	<b>1,315</b>	<b>1,307</b>	<b>1,224</b>	<b>1,505</b>
Other non-controlling interests	527	534	492	473	446
<b>Total equity<sup>(2)</sup></b>	<b>40,759</b>	<b>41,319</b>	<b>41,197</b>	<b>38,871</b>	<b>38,534</b>
<b>Total equity and liabilities<sup>(1)</sup></b>	<b>686,593</b>	<b>685,089</b>	<b>678,554</b>	<b>681,086</b>	<b>669,095</b>



	As at 30 June*		As at 31 December		
	2016	2015 (restated)	2015* (restated)	2014 (restated)	2013 (restated)
(in millions of euro)					
Note:	<p>(1) Rabobank has changed its accounting policy for the netting of cash pooling arrangements due to an agenda decision of the IFRS Interpretations Committee in March 2016. This change in accounting policy is accounted for retrospectively in the consolidated interim financial information 2016 by reversing the netting that took place in 2015. In 2016 the netting procedures have been adjusted resulting in the netting of cash pools per June 2016. In this prospectus the comparable cash pool balances in total assets, loans and advances to customers and due to customers in 2015 are still presented on a net basis in order to provide consistent information with the netted balances per June 2016, except for the figures in the Consolidated Statement of Financial Position.</p> <p>(2) Receivables were overstated by €10 million. This amount has been reported as income in years prior to 2013. In accordance with IAS 8, the opening balance of equity as per 1 January 2015 has been adjusted retrospectively from €24,894 million to €24,811 million. The 'Loans and advances to customers' line item decreased by €110 million and the 'Current tax liabilities' line item decreased by €27 million at June 2015 and December 2015.</p>				

See “Operating and Financial Review—Change in accounting policies and presentation” for a comparison of the ‘Total assets’, ‘Loans and advances to customers’, ‘Amounts due to customers’, ‘Current tax liabilities’, ‘Reserves and retained earnings’ and ‘Total equity’ line items on 31 December 2015 and 30 June 2015 as stated in the unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2016 and as stated in the audited consolidated financial statements for the year ended 31 December 2015.

#### Condensed Consolidated Statement of Income

	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015 (restated)	2015	2014 (restated)	2013 (restated)
(in millions of euro)					
Net interest income	4,375	4,482	9,139	9,118	9,095
Net fee and commission income	982	962	1,892	1,879	2,001
Other income	446	1,483	1,983	1,892	1,976
<b>Income</b>	<b>5,803</b>	<b>6,927</b>	<b>13,014</b>	<b>12,889</b>	<b>13,072</b>
Staff costs	2,264	2,407	4,786	5,086	5,322
Other administrative expenses	1,803	1,214	2,916	2,532	3,910
Depreciation	209	212	443	437	528
<b>Operating expenses</b>	<b>4,276</b>	<b>3,833</b>	<b>8,145</b>	<b>8,055</b>	<b>9,760</b>
Impairment losses on goodwill <sup>(2)</sup>	0	600	623	32	42
Loan impairment charges	148	356	1,033	2,633	2,643
Regulatory levies	246	121	344	488	197
<b>Operating profit before tax</b>	<b>1,133</b>	<b>2,017</b>	<b>2,869</b>	<b>1,681</b>	<b>430</b>
Income tax	209	495	655	(161)	88
Net profit from continued operations	924	1,522	2,214	1,842	342
Net profit from discontinued operations	0	0	0	0	1,665
<b>Net profit</b>	<b>924</b>	<b>1,522</b>	<b>2,214</b>	<b>1,842</b>	<b>2,007</b>
Of which attributed to Rabobank	270	868	880	620	929
Of which attributed to holders of Rabobank Certificates	193	193	387	385	309
Of which attributed to Capital Securities	399	393	809	705	655

	Six-month period ended 30 June*		Year ended 31 December		
	2016	2015 (restated)	2015	2014 (restated)	2013 (restated)
<i>(in millions of euro)</i>					
Of which attributed to Trust Preferred Securities III to VI	30	31	63	74	67
Of which attributed to non-controlling interests	32	37	75	58	47
<b>Net profit for the period</b>	<b>924</b>	<b>1,522</b>	<b>2,214</b>	<b>1,842</b>	<b>2,007</b>

Note: (2) On 31 December 2015, the presentation of the impairment of goodwill in the profit and loss account has changed from 'Other income' to 'Impairment losses on goodwill'. Comparative figures for the years ended 31 December 2015, 2014 and 2013 have been adjusted accordingly.

### Financial Ratios

	As at 30 June	As at 31 December		
	2016*	2015	2014	2013
Total capital ratio .....	23.5% <sup>(3)</sup>	23.2%	21.3%	19.8%
Tier 1 ratio .....	16.8%	16.4%	16.0%	16.6%
CET1 Ratio .....	13.4%	13.5%	13.6%	13.5%
Fully Loaded Common Equity Tier 1 ratio*	12.4%	12.0%	11.8%	11.1%
Equity capital ratio .....	14.9%	14.7%	14.4%	16.1%
Leverage ratio* .....	5.1%	5.1%	4.9%	4.8%
Loan impairment charges (in basis points of average lending)* .....	7	24	60	59

Note: (3) The issuance of \$1.5 billion Tier 2 notes in July 2016 adds 0.6%-points to the total capital ratio on a pro forma basis.

## CAPITALISATION AND INDEBTEDNESS

*The table with respect to the capitalisation and indebtedness of the Group below sets out the Group's consolidated own funds and consolidated long-term and short-term debt securities as at 30 June 2016 and 31 December 2015. All information has been derived from and should be read in conjunction with the unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2016, the information included in "Selected Historical Financial and Operational Information", the information in "Operating and Financial Review" and other financial data appearing elsewhere in this Prospectus.*

There has been no material change in the capitalisation and indebtedness of the Group since 30 June 2016.

	As at 30 June	As at December
	2016	31
	2015 (restated)	
	(in millions of euro)	
<b>Capitalisation and Indebtedness of the Group</b>		
Reserves and retained earnings	25,387	25,623
<i>Equity instruments issued directly</i>		
Rabobank Certificates	5,949	5,949
Capital Securities	7,655	7,826
	<u>13,604</u>	<u>13,775</u>
<i>Equity instruments issued by subsidiaries</i>		
Capital Securities	179	176
Trust Preferred Securities III to VI	1,062	1,131
	<u>1,241</u>	<u>1,307</u>
Other non-controlling interests	527	492
<b>Total equity</b>	<u><b>40,759</b></u>	<u><b>41,197</b></u>
Subordinated liabilities	15,149	15,443
Debt securities in issue – unsecured	78,151	81,053
Debt securities in issue – secured	12,255	13,444
<b>Total non-current debt (excluding current portion of long-term debt)</b>	<u><b>105,554</b></u>	<u><b>109,939</b></u>
Subordinated liabilities	16	60
Debt securities in issue - unsecured	72,675	73,687
Debt securities in issue - secured	8,338	6,808
<b>Total current debt (maturity up to one year)</b>	<u><b>81,029</b></u>	<u><b>80,555</b></u>
<b>Total capitalisation</b>	<u><b>227,342</b></u>	<u><b>231,691</b></u>
 <b>Breakdown of reserves and retained earnings</b>		
Revaluation reserve – available-for-sale financial assets	581	512
Revaluation reserve – pensions	(174)	(175)
Other reserves	(70)	(37)
Foreign currency translation reserves	(208)	(76)
Retained earnings	25,258	25,399
<b>Total reserves and retained earnings</b>	<u><b>25,387</b></u>	<u><b>25,623</b></u>

The table below sets forth the Group's net indebtedness in the short term and in the medium-long term. All information has been derived from and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2015 and the notes thereto incorporated by reference in this Prospectus.

	<b>As of December 31</b>
	<b>2015</b>
<i>(in millions of euro)</i>	
<b>Indebtedness of the Group</b>	
Cash <sup>(1)</sup>	64,943
Cash equivalents <sup>(2)</sup>	29,420
Trading securities <sup>(3)</sup>	1,080
<b>Total liquidity</b>	<b>95,443</b>
<b>Current financial receivables<sup>(4)</sup></b>	<b>130,380</b>
Current bank debt <sup>(5)</sup>	14,862
Current portion of issued debt <sup>(6)</sup>	80,871
Other current financial debt <sup>(7)</sup>	320,830
<b>Total current financial debt</b>	<b>416,563</b>
<b>Net current financial indebtedness</b>	<b>190,740</b>
Non-current bank debt <sup>(8)</sup>	4,176
Non-current portion of issued debt <sup>(9)</sup>	109,623
Other non-current financial debt <sup>(10)</sup>	97,152
<b>Non-current financial indebtedness</b>	<b>210,951</b>
<b>Net financial indebtedness</b>	<b>401,691</b>

- Notes:
- (1) Cash and balances at central banks.
  - (2) Loans and advances to banks with a maturity of up to one year.
  - (3) Financial assets held for trading with a maturity of up to one year.
  - (4) Total financial assets with a maturity of up to one year excluding cash balances at central banks, loans and advances to banks and financial assets held for trading.
  - (5) Due to banks with a maturity of up to one year.
  - (6) Debt securities in issue and subordinated liabilities with a maturity of up to one year.
  - (7) Total financial liabilities with a maturity of up to one year excluding due to banks, debt securities in issue and subordinated liabilities.
  - (8) Due to banks with a maturity of more than one year.
  - (9) Debt securities in issue and subordinated liabilities with a maturity of more than one year.
  - (10) Total financial liabilities with a maturity of more than one year excluding due to banks, debt securities in issue and subordinated liabilities.

## MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This section summarises certain information concerning the Executive Board, the Supervisory Board and Rabobank's employees. It is based on relevant provisions of Dutch corporate law as in effect on the date of this Prospectus, the Rabobank Articles, and the Supervisory Board Rules (as defined below).

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the Rabobank Articles, the Supervisory Board Rules and the relevant provisions of Dutch law as in force on the date of this Prospectus and should not be considered legal advice regarding these matters. The Rabobank Articles and the Supervisory Board Rules are available in the governing Dutch language and an unofficial English translation thereof on Rabobank's website ([www.rabobank.com](http://www.rabobank.com)).

### Management Structure

Rabobank has a two-tier board structure consisting of the Executive Board and the Supervisory Board. Rabobank is a cooperative with members. Its members are approximately 2 million customers of Rabobank. The members are represented by approximately 100 chairmen of local supervisory bodies in the meeting of the General Members' Council of Rabobank. See "Group Structure" for more information. The General Members' Council of Rabobank has a significant influence on certain decisions made by the Group; it is the highest decision making body in the Rabobank governance.

Rabobank is subject to the provisions in the DCC referred to as the 'large cooperative regime' (*regime voor de grote coöperatie*), also known as the 'structure regime' (*structuurregime*) for cooperatives. Under Dutch law, a 'large cooperative' (*structuurcoöperatie*) is a cooperative that meets the following criteria: (i) according to the balance sheet with explanatory notes the sum of the company's equity (total assets minus liabilities) amounts to at least a level set for this purpose by royal decree (which amount has been set to at least €16,000,000 as at the date of this Prospectus); (ii) the company or a dependent company has, pursuant to a legal obligation, established a works council; and (iii) the company and its dependent companies together normally employ at least 100 employees in the Netherlands. As a result of Rabobank qualifying as a structure cooperative, the Supervisory Board is bound by certain large cooperative regime specific regulations. The members of the Supervisory Board are appointed according to a special procedure (see "—Supervisory Board—Appointment, term and removal") in which not only the Supervisory Board and the General Members' Council of Rabobank, but also the Works Council plays an important role. A number of important resolutions of the Executive Board are mandatorily subject to the approval of the Supervisory Board.

### Executive Board

The management of Rabobank's operations by the Executive Board, as well as the operations of the Group, is based on its strategic principles and, by extension, on the interrelationship between risk, return and equity. The Executive Board reports to the Supervisory Board and the General Members' Council of Rabobank.

### Powers, responsibilities and functioning

The Executive Board is entrusted with the management of Rabobank, subject to the supervision of the Supervisory Board. As a result, the Executive Board is responsible for issues including the formulation and achievement of the objectives of Rabobank, the strategy and the associated risk profile, the development of the results and the company's corporate social responsibility. The members of the Executive Board share responsibility for all decisions and acts of the Executive Board and for the acts of each individual member of the Executive Board. Pursuant to the Rabobank Articles, the members of the Executive Board may allocate their activities among themselves. The allocation of activities requires the approval of the Supervisory Board. The Executive Board is under an obligation to consult regularly with the Supervisory Board and to observe the guidelines laid down by the Supervisory Board.

When performing its duties, the Executive Board acts in accordance with the interests of Rabobank and its affiliated companies and gives consideration to the interests of those involved with Rabobank. The Executive Board is, together with the Supervisory Board, responsible for the corporate governance structure and for the transparent organisational structure of Rabobank. The Executive Board ensures that every substantial change in the corporate governance structure of Rabobank is submitted to the General Members' Council of Rabobank in a separate agenda item for discussion. The Executive Board must submit certain important decisions to the Supervisory Board or the General Members' Council of Rabobank for approval, advice or a final decision, as more fully described below. The Executive Board must account for its actions to the Supervisory Board and the General Members' Council of Rabobank.

The Executive Board as a whole is authorised to represent Rabobank. In addition, two members of the Executive Board acting jointly may represent Rabobank. The Executive Board is authorised to grant a mandate, power of attorney or proxy in writing, provided that the acts to which they apply are stated.

### Conflicts of interest

Members of the Executive Board are required to report a conflict of interest or potential conflict of interest of material significance to Rabobank or the relevant member of the Executive Board promptly to the Chairman of the Supervisory Board and to the other members of the Executive Board. This report shall be accompanied by all relevant information, including information relating to the member's spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. The Supervisory Board shall decide in the absence of the relevant member of the Executive Board as to whether there is a conflict of interest.

If a member of the Executive Board privately concludes an agreement with Rabobank (not including the concluding or amending of agreements that Rabobank would normally conclude with employees subject to the terms and conditions that normally apply to employees) or privately conducts any legal proceedings against Rabobank, Rabobank will be represented by a member of the Supervisory Board designated by the Supervisory Board for that purpose. However, the General Members' Council of Rabobank may designate one or more persons to represent Rabobank in all cases where Rabobank has a conflict of interest with one or more members of the Executive Board or the Supervisory Board. Such persons may also be the member of the Executive Board with whom the conflict of interest exists. However, if a member of the Executive Board has a conflict of interest with Rabobank other than as described in the first sentence of this paragraph, the member and any other member of the Executive Board will remain authorised to represent Rabobank jointly with at least one other Executive Board member.

### ***Composition, appointment and removal***

The Supervisory Board determines the number of members of the Executive Board. The Executive Board shall consist of at least two members. Only natural persons can be members of the Executive Board.

The Supervisory Board appoints the members of the Executive Board. The Supervisory Board informs the committee on confidential matters of the proposed appointment of a member of the Executive Board. The Supervisory Board shall appoint the Executive Board's chairman and may also appoint one or more deputy chairmen.

The Supervisory Board may at any time suspend or dismiss a member of the Executive Board. A resolution to suspend an Executive Board member by the Supervisory Board shall state the period for which the suspension is valid. If no resolution to dismiss an Executive Board member is passed within this period, the suspension shall lapse.

### ***Terms of appointment***

Members of the Executive Board are appointed for a maximum term of four years, however, their term of employment is for an indefinite period of time. A retiring member of the Executive Board can be reappointed.

### ***Board meetings and decisions***

Under the Rabobank Articles, the Executive Board can only adopt resolutions if at least two of its members are present. A resolution is to be adopted by an absolute majority of the votes cast. In the event of a tied vote, the proposal shall be rejected, unless a member of the Executive Board takes the view that the decision of the Executive Board cannot be postponed. In that case, the matter will be submitted for the advice of the Supervisory Board. Resolutions can also be adopted without holding a meeting, provided this is done in writing, and provided that at least half of the members in office at that time vote in favour of the resolution concerned.

The following resolutions of the Executive Board are, among others, subject to the approval of the Supervisory Board:

- (i) the issuing of debt instruments by Rabobank or by a limited or general partnership of which Rabobank is a fully liable partner, as well as the application for the quotation or withdrawal of the quotation of such debts instruments on the price list of any stock exchange;
- (ii) entering into or severing any long-term cooperation of Rabobank or a dependent company (as defined in the Rabobank Articles) with another legal entity or company or as a fully liable partner in a limited or general partnership if the cooperation or severance is of strategic importance to Rabobank;
- (iii) the acquisition of a participating interest by Rabobank or a dependent company (as defined in the Rabobank Articles) in the capital of a company, if the value of the participating interest is at least one hundred and twenty-five million euro (€125,000,000) or, if this is lower, at least one quarter of the amount of Rabobank's own funds according to its balance sheet with explanatory notes, as well as a significant increase or decrease in such a participating interest;
- (iv) investments and disposals involving an amount equal to or greater than one hundred and twenty-five million euro (€125,000,000) or, if this is lower, equal to or more than one quarter of the amount of Rabobank's own funds according to its balance sheet with explanatory notes;
- (v) proposals for amending the Rabobank Articles or the Participation Rules;
- (vi) proposals for dissolving Rabobank, filing winding-up petitions and applications for a moratorium on payments (*surséance van betaling*);

- (vii) the termination of employment of a considerable number of employees of Rabobank or of a dependent company (as defined in the Rabobank Articles) either simultaneously or within a short period of time;
- (viii) radical changes in the working conditions of a considerable number of employees of Rabobank or of a dependent company (as defined in the Rabobank Articles);
- (ix) the purchasing, alienation, encumbering, hiring or letting of movable and immovable property and the construction of buildings on behalf of Rabobank if this would entail exceeding a limit set in the by-laws;
- (x) proposals for legal mergers or legal demergers to which Rabobank is a party;
- (xi) the appointment of directors of Rabobank;
- (xii) the adoption of the policy plans and budget each year;
- (xiii) issuing Rabobank Participations, determining a different nominal value of the Rabobank Participations and withdrawing Rabobank Participations;
- (xiv) terminating the membership of a member of a local supervisory body (other than the chairman of a local supervisory body) or expelling such a member from membership of that body or from membership of Rabobank; and
- (xv) the adoption of Executive Board (related) rules regarding its functioning and internal organisation.

In addition, the Supervisory Board is authorised to resolve that other resolutions of the Executive Board are subject to its approval.

In addition to the requirement to obtain the approval of the Supervisory Board for certain resolutions, advice from the General Members' Council of Rabobank is required for certain resolutions by the Executive Board.

Furthermore, the Executive Board requires the prior approval of the General Members' Council of Rabobank for, amongst others:

- (i) resolutions entailing a significant change in the identity or nature of Rabobank;
- (ii) adoption or amendment of the Local Bank Rules;
- (iii) adoption or amendment of the Model Rules of the Delegates' Election Assemblies;
- (iv) adoption or amendment of the Employer's Regulations;
- (v) adoption or amendment of the Management Team Chairman Mandate or the local supervisory body Mandate;
- (vi) adoption or amendment of the local supervisory body rules;
- (vii) determining the general basic premises of Rabobank's identity;
- (viii) determining Rabobank's strategic frameworks;
- (ix) determining the Members' Acceptance Policy;
- (x) determining the frameworks for dividing the Departments;
- (xi) determining and altering the number of Regional Delegates' Assemblies and the allocation of the Departments and local Banks to Regional Delegates' Assemblies;
- (xii) determining and altering the model profile of the local supervisory bodies and the model profile for the position of chairman of the local supervisory bodies; and
- (xiii) determining the main points of Rabobank's annual plan and budget.

#### ***Members of the Executive Board***

At the date of this Prospectus, the Executive Board is composed of 7 members, all of whom are resident in the Netherlands. The members of the Executive Board are:

<b>Name</b>	<b>Date of birth</b>	<b>Position</b>	<b>Member as of</b>	<b>End of Current Term</b>
Wiebe (W.) Draijer	27 August 1965	Chairman	1 October 2014	July 2018
Ralf (R.J.) Dekker	18 February 1957	Member	1 November 2013	November 2017
Berry (B.J.) Marttin	16 November 1965	Member	1 July 2009	July 2017
Rien (H.) Nagel	13 January 1963	Member	1 November 2013	November 2017

Jan (J.L.) van Nieuwenhuizen	29 May 1961	Member	24 March 2014	March 2018
Bas (B.C.) Brouwers	5 January 1972	Member	1 January 2016	January 2020
Petra (P.C.) van Hoeken	28 April 1961	Member	1 April 2016	May 2020

The business address of the members of the Executive Board is Croeselaan 18, 3521 CB Utrecht, the Netherlands.

*Wiebe Draijer:* Mr Draijer was appointed as chairman of the Executive Board on 1 October 2014. From 1987 until 1989, Mr Draijer was a freelance journalist and a researcher in the Philips research laboratories. He was a consultant and managing partner of McKinsey & Company from 1990 until 2012 and the president of the Social and Economic Council of the Netherlands from 2012 until 2014. At the date of this Prospectus, Mr Draijer is a member of the board of the European Association of Cooperative Banks and a member of the supervisory board of the Dutch Banking Association (Nederlandse Vereniging van Banken), the Unico Banking Group, the Kröller Müller Museum, the Museum NEMO/NCWT and Staatsbosbeheer.

*Ralf (R.J.) Dekker:* Mr Dekker was appointed to the Executive Board as of 1 November 2013. At the date of this Prospectus, Mr Dekker holds positions as a member of the supervisory board of Rabohypotheekbank N.V. He joined Rabofacet in 1993 as the manager of IT Policy & Consultancy. From 1996 until 1998, he was the director of IT of Rabofacet and from 1998 until 2000, he was the managing director of Rabofacet. In 2000 he was appointed to the managing board of Rabobank International. In the past he also acted as chief operating officer and member of the Wholesale and Rural & Retail management teams of Rabobank. He was previously also a member of the board of directors of Rabo Financial Products B.V. and chairman of the board of commissioners of the PT Bank Rabobank International Indonesia.

*Berry (B.J.) Marttin:* Mr Marttin was appointed to the Executive Board as of 1 July 2009. Mr Marttin started his career at Rabobank as an international management trainee in 1990. During more than 14 years, he worked for Rabobank in various countries as an international banker in wholesale banking and retail banking. Mr Marttin was appointed senior marketing officer in Curacao and from 1997 until 2001 he became the head of international corporates in Hong Kong. Mr Marttin subsequently moved to Indonesia and was appointed as director and head of risk management. He then served as deputy general manager of rural banking in Australia and New Zealand. Prior to his appointment to the Executive Board, he was the chairman of the board of directors of Rabobank Amsterdam. Until January 2014, Mr Marttin was chairman of the board of the supervisory foundation for the internal market in Rabo Extra Member Bonds (Stichting Toezicht Interne Markt Rabo Extra Ledenobligaties) and a member of the board of directors of the Rabobank Foundation. He was previously also a member of the supervisory board of the Rabobank Foundation. At the date of this Prospectus, Mr Marttin is a member of the supervisory boards of DLL and Rabohypotheekbank, a member of the boards of directors of Rabobank International Holding B.V., RI Investments Holding B.V. and a member of the supervisory board of the Rabobank Foundation. He is also a member of the board of Rabobank Australia Ltd, Rabo NZ Holdings, Rabo Australia Ltd., Arise, Unico Banking Group and the North America Board. He is chairman of the shareholders council of Rabo Development and chairman of the supervisory board of Obvion. He furthermore serves as first vice president of the executive team of the American Chambers of Commerce in the Netherlands, member of the supervisory board of Wageningen University, chairman of the International Advisory board of Amsterdam University College, member of the Dutch Trade Board, member of the supervisory board of the Dutch Sustainable Trade Initiative and member of the board of the Neumann Stiftung. Furthermore he is chairman of the shareholders council of Rabo Development and chairman of the supervisory board of Obvion.

*Rien (H.) Nagel:* Mr Nagel was appointed to the Executive Board as of 1 November 2013. Since 1987, Mr Nagel held several managing positions in local Rabobanks before becoming the director of Retail Banking of Rabobank in 2013. From 2009 until 2013, Mr Nagel was a member of the board of directors of the Rabobank Foundation and director of the general board of the Chamber of Commerce of Midden-Nederland. From 2010 to 2013 he was a director of the St. Antonius Hospital Research Fund and from 2007 to 2013 he was a member of the steering committee of the Utrecht Valorisation Center. At the date of this Prospectus, Mr Nagel is a member of general management and the board of directors of the Confederation of Netherlands Industry and Employers (VNO-NCW); board member of the Utrecht Development Board and the Dutch Banking Association; and member of the supervisory boards of the Utrecht landscape (*Utrecht's Landschap*), the Dutch Council for Cooperatives (NCR), FGH Bank and DLL. Furthermore, Mr Nagel is a member of the advisory board of the University Centre for Sports Medicine.

*Jan (L.) van Nieuwenhuizen:* Mr van Nieuwenhuizen was appointed to the Executive Board as of 24 March 2014. From 1986 until 1992, Mr van Nieuwenhuizen held several functions at JP Morgan (Amsterdam and London), including acting as vice-president and from 1992 until 2002 he held various positions at Morgan Stanley International (London and Frankfurt), including serving as managing director. From 2002 until 2009 he was a member of the managing board of NIBC. In 2009 he joined Rabobank International Wholesale as a member of the management team and served in that position until 2014. At the date of this Prospectus, Mr van Nieuwenhuizen is



also a member of the supervisory board of Rabo Vastgoedgroep and the chairman of the supervisory board of FGH Bank.

**Bas (B.C.) Brouwers:** Mr Brouwers was appointed to the Executive Board 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 2008. He was the head of Controlling & Risk Management of ING-DiBa AG (Germany) from 2007 until 2008 and chief financial officer of ING-DiBa AG (Germany) from 2008 until 2013. From 2013 until 2015, Mr Brouwers was chief financial officer of ING Netherlands. At the date of this prospectus, Mr Brouwers holds no auxiliary positions.

**Petra (P.C.) van Hoeken:** Mrs Van Hoeken was appointed to the Executive Board and appointed as the chief risk officer as of 1 April 2016. Mrs van Hoeken has a law degree from Leiden University. She has over 30 years of experience in the global financial sector. From 1986 until 2008, Mrs Van Hoeken held several positions of increasing responsibility at ABN Amro Bank in Amsterdam, Madrid, Singapore, Frankfurt and New York. She further held the position of chief risk officer, including regulatory compliance of Europe, Middle East and Africa of RBS Group. In 2011 she joined the managing board of NIBC bank as the chief risk officer. Since April 2015 she also serves as a member of the supervisory board of NWB bank.

#### ***Potential conflicts of interest and other information***

Rabobank is not aware of any potential conflicts of interest between the private interests or other duties of the members of the Executive Board and their duties to Rabobank. There is no family relationship between any member of the Executive Board or the Supervisory Board.

During the last five years, none of the members of the Executive Board (i) have been convicted of fraudulent offences, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, or (iii) has been subject to any official public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Rabobank is not aware of any arrangement or understanding with major holders of Rabobank Certificates, customers or others pursuant to which any member of the Executive Board was selected as a member of the administrative or management bodies, or as a member of senior management.

#### **Supervisory Board**

The Supervisory Board performs the supervisory role within Rabobank. This means that the Supervisory Board supervises the conduct of affairs by the Executive Board and the general course of business at Rabobank and its affiliated enterprise(s). As part thereof, the Supervisory Board monitors the compliance with the law, the Rabobank Articles and other relevant rules and regulations and holds regular consultations with the Executive Board about the main points of Rabobank's policy and its affiliated enterprise(s).

In practice, this means that, among other things, the achievement of the Group's objectives, the strategy, business risks, the design and operation of the internal risk management and control systems, the financial reporting process and compliance with laws and regulations are discussed at length and tested regularly. In addition, the Supervisory Board has an advisory role in respect of the Executive Board.

Certain key Executive Board decisions are subject to Supervisory Board approval as described above; see "—Executive Board—Board meetings and decisions".

#### ***Powers, responsibilities and functioning***

The Supervisory Board supervises the conduct and policies of the Executive Board and the general course of affairs of Rabobank and its business. The Supervisory Board also provides advice to the Executive Board.

In performing their duties, the members of the Supervisory Board are required to be guided by the interests of Rabobank and its affiliated enterprise(s), taking into consideration the interests of Rabobank's stakeholders. The Executive Board must provide the Supervisory Board in good time with the information it needs to carry out its duties. The Supervisory Board may, at Rabobank's expense, seek the advice of experts in such fields as the Supervisory Board deems desirable for the proper performance of its duties.

#### ***Supervisory Board Rules***

As permitted by the Rabobank Articles, the Supervisory Board has adopted rules of procedure for the Supervisory Board (the "**Supervisory Board Rules**"). The Supervisory Board Rules can be downloaded from Rabobank's website under Corporate Governance.

#### ***Appointment and removal***

The meeting of the General Members' Council of Rabobank determines the number of members of the Supervisory Board. The Supervisory Board shall consist of at least seven members. Only natural persons can be

members of the Supervisory Board. Two thirds of the members of the Supervisory Board must also be members of Rabobank.

Pursuant to Dutch law and the Rabobank Articles, members of the Supervisory Board may not also be members of the Executive Board. Furthermore, members of the Supervisory Board may not be persons employed by the Group, persons employed by a dependent company, directors and persons employed by an employees' organisation involved in determining the terms of employment of the persons described, and persons who are a member of a local members' council or local supervisory body.

The members of the Supervisory Board are appointed by the General Members' Council of Rabobank on the nomination of the Supervisory Board. The committee on confidential matters advises the chairman of the Supervisory Board in respect of the candidate to be nominated. The General Members' Council of Rabobank, the Executive Board and the Works Council shall be authorised to recommend persons to the Supervisory Board to be nominated for membership of the Supervisory Board. To that end, the Supervisory Board shall inform them in good time as to when and in consequence whereof a vacancy on the Supervisory Board has to be filled. The Supervisory Board must inform the General Members' Council of Rabobank, the Executive Board and the Works Council of the name of the person it has nominated. When a person is recommended or nominated for appointment to the Supervisory Board, the candidate's age, profession and the positions which he or she holds, or held in the past, insofar as these are of importance for the performance of a Supervisory Board member's duties, shall be stated, together with the names of the legal entities for which he or she already acts as a supervisory board member or as a supervisory director; if these include legal entities which form part of the same group, stating the name of group shall be sufficient. The nominated person shall be appointed by the General Members' Council of Rabobank unless the Works Council, or a competent works council of a subsidiary, or the General Members' Council of Rabobank, objects the nomination on certain grounds as included in the Rabobank Articles. Notwithstanding the objection, the nominee still may be appointed provided certain conditions are met as described in the Rabobank Articles.

The independence of the individual members, among other factors, is an important consideration for the nomination and appointments of Supervisory Board members. Any actual or perceived conflict of interest must be avoided. The Supervisory Board consults with the committee on confidential matters on the outline profile the Supervisory Board will submit to the General Members' Council of Rabobank for approval. The outline profile specifies the Supervisory Board's opinion on the requisite integrity, expertise and availability of the members of the Supervisory Board. The outline profile for the Supervisory Board is taken into account when deciding on both appointments and reappointments. The Supervisory Board shall also, following advice from the committee on confidential matters, formulate a job profile for each vacancy on the Supervisory Board, which is available for download from Rabobank's website.

Having obtained the advice of the committee on confidential matters, the Supervisory Board shall designate a chairman and a secretary from among its own members. It shall also designate their respective deputies.

A member of the Supervisory Board may only be suspended by the Supervisory Board. A representative designated by the Supervisory Board, by the General Members' Council of Rabobank or by the Works Council shall be authorised to request the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof Amsterdam*) to dismiss a member of the Supervisory Board because he or she has neglected his or her duties, due to other compelling reasons or because of a radical change in the circumstances on the grounds of which maintaining his or her Supervisory Board membership may not reasonably be required of Rabobank. Any suspension shall lapse by operation of law if within one month after the beginning of the suspension no request for dismissal has been made to the Enterprise Chamber of the Amsterdam Court of Appeal.

#### ***Terms of appointment***

Members of the Supervisory Board are appointed for a maximum term of four years, provided that, unless a member of the Supervisory Board resigns at an earlier date, his or her term of office lapses on the day of the first annual meeting of the General Members' Council of Rabobank to be held in the fourth year after the year of his or her appointment. A retiring member of the Supervisory Board can be re-appointed. A member of the Supervisory Board can serve for a maximum period of twelve years. The Supervisory Board has drawn up a retirement schedule for members of the Supervisory Board.

#### ***Meetings and decisions***

Pursuant to the Rabobank Articles and the Supervisory Board Rules, the Supervisory Board holds at least six meetings a year. In addition to these scheduled meetings, the Supervisory Board meets as frequently as the chairman of the Supervisory Board deems to be necessary to serve the interests of Rabobank and its affiliated enterprise(s), and when at least one-third of the members of the Supervisory Board requests the convention of a meeting of the Supervisory Board. The Supervisory Board also meets following a request to that effect from the chairman of the Executive Board. Members of the Executive Board shall attend the meetings of the Supervisory Board, unless the Supervisory Board decides otherwise.

The Supervisory Board can only adopt resolutions by an absolute majority of the valid votes cast in a meeting attended by at least half of the members of the Supervisory Board or their representatives. Members of the Supervisory Board can arrange for their representation at meetings of the Supervisory Board by another member of the Supervisory Board in writing. Individual members of the Supervisory Board may represent no more than one other member of the Supervisory Board. Blank votes are deemed not to have been cast.

Resolutions can also be adopted without holding a meeting, provided that the decisions are made in writing and that at least half of the members agree to the proposal. The secretary makes a note of any such decision in the minutes register. All members of the Supervisory Board and all members of the Executive Board are notified of the decision.

### ***Conflicts of interest***

Pursuant to the Supervisory Board Rules, in case of a conflict of interest, as defined in the Supervisory Board Rules, members of the Supervisory Board are required to report a conflict of interest or potential conflict of interest of material significance to Rabobank or the relevant member of the Supervisory Board promptly to the chairman of the Supervisory Board together with all the relevant information, including relevant information relating persons directly related to the member (such as his or her spouse or relative). The Supervisory Board subsequently decides without the relevant member being present whether a conflict of interest exists. Members of the Supervisory Board do not take part in the decision-making process on issues or transactions on a subject or transaction in which they have a conflict of interest. Resolutions to enter into transactions that are of material significance to Rabobank or the relevant member, in relation to which a member of the Supervisory Board has a conflict of interest, require the approval of the Supervisory Board. All transactions in which there are conflicts of interest with members of the Supervisory Board shall be agreed on terms that are customary in the sector concerned.

### ***Members of the Supervisory Board***

At the date of this Prospectus, the Supervisory Board is composed of 9 members, all of whom are resident in the Netherlands. The members of the Supervisory Board are:

<b>Name</b>	<b>Date of birth</b>	<b>Position</b>	<b>Member as of</b>	<b>End of Current Term</b>
Ron (R.) Teerlink	28 January 1961	Chairman	25 September 2013	June 2017
Irene (I.P.) Asscher-Vonk	5 September 1944	Member	18 June 2009	June 2017
Leo (L.N.) Degle	15 August 1948	Member	19 June 2012	September 2020
Leo (S.L.J.) Graafsma	29 March 1949	Member	29 September 2010	June 2018
Adrianus (A.A.J.M.) Kamp	12 June 1963	Member	3 December 2014	June 2018
Marjan Neijzen-Trompetter	1 November 1963	Member	23 September 2015	September 2019
Jan Nooitgedagt	17 July 1953	Member	14 September 2016	September 2020
Petri Hofsté	6 April 1961	Member	14 December 2016	December 2020
Pascal Visée	11 July 1961	Member	14 December 2016	December 2020

The business address of the members of the Supervisory Board is Croeselaan 18, 3521 CB Utrecht, the Netherlands.

*Ron (R.) Teerlink:* Mr Teerlink was appointed as a member of the Supervisory Board on 25 September 2013 and, at the date of this Prospectus, is the chairman of the Supervisory Board. On 14 September 2016 he was appointed chairman of the Supervisory Board. Until this date he also worked as an independent management consultant. From 2004 until 1 October 2016, Mr Teerlink was a member of the supervisory board of Equens SE. From 2008 until 2013 he was the chief administrative officer at The Royal Bank of Scotland Group plc. He was also a member of the supervisory board of Kasbank N.V. from 2010 until 2013. As of 1 October 2016, Mr Teerlink is a member of the supervisory board of Takeaway.com.

*Irene (I.P.) Asscher-Vonk:* Ms Asscher-Vonk became a member of the Supervisory Board on 18 June 2009. From 1994 until 2009 Ms Asscher-Vonk was a professor of social law at the Radboud University Nijmegen. From 2007 until 2009 she was a member of the supervisory board of PGGM and from 2009 until 2012 she was a member of the supervisory board of TBI. At the date of this Prospectus, she works as a professional supervisory director and holds positions as a member of the supervisory boards of KLM N.V., Arriva Nederland B.V. and Philip Morris Holland B.V. She is also chair of the Dutch Museum Association (*Museumvereniging*), the National Arbitration Board

for Schools (*Landelijke Geschillencommissie Scholen*) and chair of the Arbitration Board of the Collective Labour Agreement Sports branche (Sport CAO).

*Leo (L.N.) Degle:* Mr Degle became a member of the Supervisory Board on 19 June 2012. He was reappointed as a member of the Supervisory Board on 14 September 2016. At the date of this Prospectus, he works as a professional director and supervisory director and holds positions as a member of the supervisory boards of Berlage B.V., Ten Kate B.V. and Egeria Investments B.V. He formerly held positions as chairman of the board of the Foreign Bankers' Association in the Netherlands (until 2011), as a member of the supervisory board of Amsterdam Trade Bank (until 2012) and as a board member of the German Dutch Trade Register (until 2013). From 2000 until 2011 he was the chief country officer at Deutsche Bank Nederland.

*Leo (S.L.J.) Graafsma RA:* Mr Graafsma was appointed to the Supervisory Board on 29 September 2010. Until 2008, Mr Graafsma worked as a public accountant and partner of KPMG. From 2009 until 2010 he was a member of the Committee for the Investigation of DSB Bank (Commissie Scheltema). At the date of this prospectus, Mr Graafsma is also a member of the disciplinary court for accountants (*Accountantskamer*).

*Adrian (A.A.J.M.) Kamp:* Mr Kamp became a member of the Supervisory Board on 3 December 2014. At the date of this Prospectus, he works as an entrepreneur, is the owner of a cattle farm and serves as a professional supervisory director. He is the vice-chairman of the supervisory board of Koninklijke Coöperatie Agrifirm UA and a board member of Stichting Beheer Flynth.

*Marjan Neijzen-Trompetter:* Ms Neijzen-Trompetter was appointed to the Supervisory Board on 23 September 2015. On 14 September 2016 she was appointed as vice chair of the Supervisory Board. Previously Ms Neijzen-Trompetter was an assistant professor of organisational science at VU University Amsterdam. At the date of this Prospectus, she works as a self-employed management consultant. She is also a member of the supervisory boards of Friesland Mental Health Care Association, Rijnstate Hospital Arnhem and the Salvation Army Foundation for Welfare and Health Care Services. Furthermore, Ms Neijzen-Trompetter is the chairman of the board of the Elburg division of the Dutch Cancer Society.

*Jan Nooitgedagt:* Mr Nooitgedagt was appointed to the Supervisory Board on 14 September 2016. He previously served as a director at Ernst & Young (chief executive officer until 2009) and Aegon (chief financial officer until 2013). At the date of this Prospectus, Mr Nooitgedagt is the chairman of the supervisory board of VIVAT, the vice chairman of the supervisory board of Telegraaf Media Group, the vice chairman of the supervisory board of BNG Bank and a member of the supervisory board at Robeco. He serves as the chairman of the following organisations: Nyenrode Foundation, VEVO (Association of listed companies in the Netherlands), Foundation Shares Administration Office KAS Bank and Holland Financial Centre. Furthermore, he is a member of the Commission on Financial Reporting and Accountancy of the AFM, a member of the audit committee of the Ministry of Security and Justice, a member of the Governance, Risk & Compliance Committee and of the Ethics Committee for Accountants in Business at the Dutch Institute of Chartered Accountants (NBA) and a board member of the Fiep Westendorp Foundation.

*Petri Hofsté:* Ms Hofsté was appointed to the Supervisory Board on 14 December 2016 (pending finalisation of the assessment by the ECB, the DNB and the AFM). Ms Hofsté previously worked in various positions at APG (as member of the managing board and chief financial & risk officer until 2013) and the DNB (as division director Banking Supervision from 2010 until 2013). At the date of this Prospectus, Ms Hofsté is a member of the supervisory board of Achmea, Kasbank N.V., Fugro B.V. and BNG Bank. In addition, she holds several auxiliary positions, including serving as a member of the advisory board of the Amsterdam Institute of Finance and member of the board of directors of the Nyenrode Foundation and of the Hendrick de Keyser Foundation.

*Pascal Visée:* Mr Visée was appointed to the Supervisory Board on 14 December 2016. He worked for Unilever between 1987 and 2013. Since 2013, Pascal Visée has been active as an independent advisor; in this capacity he has worked together with Genpact Inc. and McKinsey & Company Inc. At the date of this Prospectus, Mr Visée is a member of the supervisory board of Mediq B.V., PLUS Holding B.V. and Erasmus University Rotterdam. He is also a member of the board of directors of the Albron Foundation, chairman of the supervisory board of the Stedelijk Museum Schiedam and a member of the board of directors of the Prince Claus Fund.

#### ***Potential conflicts of interest and other information***

Rabobank is not aware of any potential conflicts of interest between the private interests or other duties of the members of the Supervisory Board and their duties to Rabobank. There is no family relationship between any member of the Executive Board or the Supervisory Board.

During the last five years, none of the members of the Supervisory Board (i) has been convicted of fraudulent offences, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, or (iii) has been subject to any official public incrimination or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Rabobank is not aware of any arrangement or understanding with major holders of Rabobank Certificates, customers or others pursuant to which any member of the Supervisory Board was selected as such.

### ***Supervisory Board committees***

The Supervisory Board has six committees: the Audit Committee, the Risk Committee, the Appointments Committee, the Appeals Committee, the Cooperative Issues Committee, and the HR Committee. These committees perform preparatory and advisory work for the Supervisory Board.

In accordance with the Rabobank Articles and the Supervisory Board Rules, the Supervisory Board, after consultation with the Executive Board, has drawn up rules of procedure for each committee. The rules of procedure specify each committee's duties, membership and the manner in which it performs its duties. The committees consist of members of the Supervisory Board. The rules of procedure for and the membership of the committees can be downloaded from Rabobank's website.

#### ***The Audit Committee***

The Audit Committee advises the Supervisory Board on the exercise of certain of its duties and prepares decisions of the Supervisory Board in this regard. The duties of the Audit Committee include the supervision of the Executive Board with respect to issues primarily relating to the compliance function, the internal audit function and the external auditor, including the internal risk management and control systems, the internal and other codes of conduct, the provision of financial information, compliance with the recommendations and the follow-up of the comments made by the internal and external auditors, and compliance with the requirements of the relevant legislation and regulations.

A detailed description of the duties is laid down in the rules of procedure for the Audit Committee.

The Audit Committee meets at least four times a year. The Audit Committee shall comprise at least four members, including the chairman of the Supervisory Board and the chairman of the Risk Committee. The Audit Committee is currently composed of: Mr S.L.J. Graafsma RA, Chairman Mr L.N. Degle, Vice Chairman. Mr J. Nooitgedagt, Ms I.P. Asscher-Vonk, Ms M. Trompetter, Mr R. Teerlink and Ms P. Hofsté.

#### ***The Risk Committee***

The Risk Committee's role is to perform preparatory work for the Supervisory Board's supervision of the Executive Board with regard to the risk policy pursued by the Executive Board, risk management and the associated risk profile. This includes the performance of the product approval process and the risks associated with the Group's remuneration structure. The Risk Committee also discusses the financing structure and the policy with regard to the adequacy and allocation of capital, liquidity and the short-term and long-term funding in the light of the business strategy and the risk policy adopted. A detailed description of the duties of the Risk Committee is laid down in the rules of procedure for the Risk Committee.

The Risk Committee meets at least four times a year. The Risk Committee shall comprise at least four members, including the chairman of the Supervisory Board and the chairman of the Audit Committee. The Risk Committee is currently composed of: Mr J. Nooitgedagt, Chairman, Mr L.N. Degle, Vice Chairman, Mr S.L.J. Graafsma, Mr R. Teerlink and Mr P. Visée.

#### ***The Appointments Committee***

The Appointments Committee advises the Supervisory Board on its duties regarding, among others the appointment and roles of the members of the Executive Board and the Supervisory Board and making preparations for the decision-making process concerning these subjects.

A detailed description of the duties of the Appointments Committee is laid down in the rules of procedure for the Appointments Committee.

The Appointments Committee meets at least three times every year. The Appointments Committee shall comprise at least three members, one of which is the chairman of the Supervisory Board. The Appointments Committee is currently composed of: Ms M. Trompetter, Chairman, Mr R. Teerlink, Vice Chair, Ms I.P. Asscher-Vonk, Mr A.A.J.M. Kamp and Mr P. Visée.

#### ***The Appeals Committee***

The Appeals Committee advises the Supervisory Board on its tasks regarding the preparatory work in the context of the Supervisory Board as (i) a body of appeal or (ii) a binding advisor in cases as laid down in the Supervisory Board Rules, all as described in the rules of procedure for the Appeals Committee.

The Appeals Committee meets as often as is required for the appropriate performance of the Appeals Committee and at least once a year. The Appeals Committee shall comprise at least three members.

The Appeals Committee is currently composed of: Ms I.P. Asscher-Vonk, Chair, Mr S.L.J. Graafsma and Mr A.A.J.M. Kamp.

### *The Cooperative Issues Committee*

The Cooperative Issues Committee advises the Supervisory Board on the assessment of the Executive Board reports on the cooperative organisation and operations of Rabobank and devotes specific attention to the sustainability strategy of the Group.

A detailed description of the duties of the Cooperative Issues Committee is laid down in the rules of procedure for the Cooperative Issues Committee.

The Cooperative Issues Committee meets at least twice a year. The Cooperative Issues Committee shall comprise at least three permanent members, one of which is the chairman of the Supervisory Board. The Cooperative Issues Committee is currently composed of: Mr A.A.J.M. Kamp, Chairman, Ms I.P. Asscher-Vonk, Mr R. Teerlink, Ms M. Trompetter and Ms P. Hofsté.

### *HR Committee*

The HR Committee advises the Supervisory Board on the remuneration policy for the members of the Executive Board and other officers, and on other HR domains. The HR Committee takes account of the long-term interests of Rabobank Certificates, other investors and other Rabobank stakeholders, and with accepted practice in society. The above duties and certain other duties are laid down in the rules of procedure for the HR Committee.

The HR Committee meets at least three times every year. The HR Committee shall comprise at least three members, one of which is the chairman of the Supervisory Board. The HR Committee is currently composed of: Ms M. Trompetter, Chair, Ms I.P. Asscher-Vonk, Mr R. Teerlink, Mr A.A.J.M. Kamp and Mr P. Visée.

### **Maximum Number of Positions of Members of the Supervisory Board**

According to the Supervisory Board Rules and without prejudice to the provisions in the relevant legislation and regulations and the Rabobank Articles, persons who hold additional positions of a nature such that the adequate performance of the duties of a member of the Supervisory Board is not assured, shall not be proposed to the General Members' Council for appointment or reappointment as a member of the Supervisory Board. Members of the Supervisory Board may not, alongside their membership of the Rabobank Supervisory Board, hold (i) more than one executive position and one other supervisory board/non-executive position or (ii) three other supervisory board/non-executive positions. Executive positions or supervisory board/non-executive positions within the same group are regarded as one position. Executive positions or supervisory board/non-executive positions at organisations that do not pursue predominantly commercial objectives do not count. Members of the Supervisory Board may, when the supervisory authority approves, hold one other supervisory board/non-executive position.

The Chairman of the Supervisory Board shall always be notified, in good time, before members of the Supervisory Board accept additional positions. This notification will be accompanied by all relevant information about the additional function. When the Chairman of the Supervisory Board is looking at accepting an additional position, he or she will notify the Deputy Chairman or, in the absence of the Deputy Chairman, the longest-serving member of the Supervisory Board.

When the Chairman of the Supervisory Board is of the opinion that a conflict of interest or a semblance of a conflict of interest could be an issue, the Supervisory Board's written approval will be required for the performance of the relevant additional function. The additional position may not be performed when the Supervisory Board has determined that a conflict of interest or a semblance of a conflict of interest is an issue. The Supervisory Board may attach conditions to the performance of an additional function to avoid a conflict of interest or a perception of a conflict of interest. Notifications of additional positions and the requisite decision-making are included in the minutes.

### **Remuneration**

#### ***General***

The Group pursues a meticulous, restrained and sustainable remuneration policy that supports the Group's strategy, risk appetite, cooperative objectives and core values. The Supervisory Board approves the remuneration policy for senior management and supervises its execution by the Executive Board. In the context of risk management and in order to put into practice the principle of 'pay for performance, not for failure', employees are not automatically awarded variable pay. New recruits can be awarded a welcome bonus package, for their first year only, to compensate for lost bonuses, deferred or otherwise, from their former employer. Any welcome bonus is subject to the full risk alignment cycle. Severance pay is to reflect the performance of employees, rather than rewarding them for failure. Material exceptions to the Group's remuneration policy are subject to the prior consent of the Executive Board and the Supervisory Board. The Supervisory Board discusses the highest earners every year via a Group remuneration report.

#### ***Remuneration for the Executive Board***

The General Members' Council of Rabobank determines the remuneration policy for members of the Executive Board, at the proposal of the Supervisory Board. With due observance of this remuneration policy, the Supervisory Board sets the remuneration and other terms of employment of the members of the Executive Board.

The primary remuneration package of the members of the Executive Board consists of fixed pay and pension entitlements. Additionally, members of the Executive Board receive a management supplement that serves as a fixed reimbursement of expenses and they are eligible for a package of fringe benefits.

The total pay of each member of the Executive Board is in line with the standards formulated in the Dutch Corporate Governance Code (the “Code”), the Banking Code (as defined below), the Principles for Restrained Remuneration Policy issued by the DNB and the AFM (*Principes voor beheerst beloningsbeleid*), the Regulation on Restrained Remuneration Policy FMSA 2014 (*Regeling beheerst beloningsbeleid Wft 2014*) and the Financial Undertakings Remuneration Policy Act (*Wet beloningsbeleid financiële ondernemingen*).

The remuneration of the members of the Executive Board is benchmarked every year. The Executive Board members' variable pay has been abolished by the Supervisory Board in 2013, after earlier announcements by Rabobank that no variable remuneration would be awarded to the Executive Board in 2012 and 2013.

In 2015, the remuneration of members and former members of the Executive Board totalled €6,3 million. Five members of the Executive Board received total remuneration, including pension premium and contribution, above €1 million, as indicated in the table below.

<b>Executive Board remuneration in thousands of euro in 2015</b>	<b>Total salaries</b>	<b>Pension contributions</b>	<b>Individual pension contribution</b>	<b>Other</b>	<b>Total</b>
W. Draijer	980	25	212	1	1,218
A. Bruggink	884	26	189	1	1,100
B.J. Marttin	884	26	189	2	1,100
R.J. Dekker	807	26	171	1	1,006
H. Nagel	807	26	171	-	1,005
J.L. van Nieuwenhuizen	779	25	165	6	969
<b>Total 2015</b>	<b>5,141</b>	<b>154</b>	<b>1,097</b>		<b>6,398</b>

#### ***Remuneration for the Supervisory Board***

Having obtained the advice of the committee on confidential matters, the General Members' Council of Rabobank sets the remuneration of the members of the Supervisory Board. The remuneration is not dependent on the Rabobank results. Supervisory Board members are not employed by Rabobank and therefore receive a predetermined fee commensurate with their position on one of various committees in place of a salary. The remuneration structure for 2015 (exclusive of VAT and other charges) is outlined in the table below.

<b>Supervisory Board fee structure in euro in 2015</b>	<b>Chairman</b>	<b>Vice Chairman</b>	<b>Member</b>
Supervisory Board	288,750	71,500	55,000
Audit Committee	32,500	15,000	15,000
Risk Committee	32,500	15,000	15,000
Appeals Committee	7,500	-	7,500
Cooperative Issues Committee	15,000	-	15,000
Appointments Committee	3,750	-	3,750
HR Committee	3,750	-	3,750

Part of the total fee received by the Chairman of the Supervisory Board relates to his participation in the various committees of the Supervisory Board. The rest of the fee is for ensuring the effective representation of cooperative members' influence that is unique to Rabobank's cooperative structure. Individual payments related to members and former members of the Supervisory Board totalled €1.2 million (2014: €1.6), including the VAT and employer's contributions. The table below shows the remuneration (excluding VAT and other charges) for individual members of the Supervisory Board.

<b>Supervisory Board remuneration in thousands of euro in 2015</b>	<b>Total</b>
W. Dekker (stepped down in September 2016)	341
I.P. Asscher-Vonk	100

C.H. van Dalen (stepped down in November 2015)	66
L.N. Degle	85
S.L.J. Graafsma	110
E.A.J. van de Merwe	103
R. Teerlink	99
C.P. Veerman (stepped down in March 2015)	17
A.A.J.M. Kamp	85
M. Trompetter	24
<b>Total 2015</b>	<b>1,030</b>

### Variable Remuneration

In 2011, following the implementation of CRD III and the regulations governing restrained remuneration policies, the Group adopted an amended remuneration policy: the Group Remuneration Policy. This policy is updated on a regular basis and was, as of 1 January 2015, adjusted to include the provisions under the Financial Undertakings Remuneration Policy Act (*Wet beloningsbeleid financiële ondernemingen*). Insofar as employees in the Netherlands are still eligible for variable remuneration, it never amounts to more than (on average over the specified group of employees) 20% of the fixed income. Outside the Netherlands, any variable remuneration never amounts to more than 100% of the fixed income. Insofar as identified staff (*i.e.*, employees who can have a material influence on the risk profile of the Group) are eligible for variable remuneration, it is awarded for such a period that the risks associated with the underlying business activities are adequately taken into account. Payment of a significant portion of variable remuneration is therefore deferred. The direct portion of variable remuneration is unconditional, whereas the deferred portion is conditional. The deferred portion vests after three years if the conditions are met. Among other things, it is assessed whether there has been a significant reduction in financial performance or a significant change in risk management at the Group or business unit that puts the circumstances assessed when the relevant variable remuneration was awarded in a different perspective. In principle, all deferred portions lapse when the staff member's employment ends.

50% of both the direct and the deferred portion of the variable remuneration is allocated in cash. The cash component of the direct portion is immediately awarded following allocation. The cash component of the deferred portion is awarded to employees only after vesting (after a period of three years).

50% of the direct and the deferred portion of the variable remuneration is allocated in the form of an instrument (instrument component) *i.e.*, a Deferred Remuneration Note (a "DRN"). The value of a DRN is linked directly to the price of a Rabobank Certificate. The instrument component is converted into DRNs at the time of allocation on completion of the performance year. The number of DRNs is determined on the basis of the closing rates for Rabobank Certificates, as traded on the Euronext Amsterdam during the first five trading days of February of each year. This therefore represents both the instrument component of the direct and the deferred portion of the variable remuneration. The final number of DRNs relating to the deferred portion is established on vesting (after a period of three years). The payment of the instrument component is subject to a one year retention period. After the end of the retention period, the employee receives, for each DRN (or a portion thereof) an amount in cash that corresponds with the value of the DRN at that moment. Payment of the cash component of the variable remuneration is measured in accordance with IAS 19 Employee benefits, whereas payment of the DRNs is measured in accordance with IFRS 2 Share based payments. The direct portion of the variable remuneration is recognised in the performance year, whereas the deferred portion is recognised in the years before vesting. The same system also applies, in broad terms, to non-identified staff, although no deferral policy applies to the first €100,000 and both the immediate and the deferred portion are paid fully in cash, which means that no DRNs are awarded. On 31 December 2015, the costs of equity instrument based payments were 8 (2014: 10). On 31 December 2015, a liability of 26 was recognised (2014: 23). The costs of variable remuneration paid in cash were 91 (2014: 97). Since the variable remuneration for members of the Executive Board was discontinued in 2013, no DRNs were granted to members and former members of the Executive Board for the performance year 2015.

The number of DRNs outstanding is presented in the following table.

<i>In thousands</i>	<b>2015</b>	<b>2014</b>
Opening balance	1,014	952
Awarded during the year	249	348
Paid during the year	(126)	(166)
Changes from previous year	(100)	(120)



**Closing balance** **1,037 1,014**

### Equity Holdings

As at the date of this Prospectus, none of the members of the Executive Board hold any Rabobank Certificates or options on Rabobank Certificates. Three Supervisory Board members hold Rabobank Certificates. The number of Rabobank Certificates held by those three members of the Supervisory Board as at 31 December 2015 is presented in the following table:

#### *Number of Rabobank Certificates per member of the Supervisory Board*

I.P. Asscher-Vonk	6,894
L.N. Degle	4,836
S.L.J. Graafsma	4,050

### Employment Agreements and Severance Agreements

Executive Board employment contracts are governed by Dutch employment law and are generally aligned with the Code and Banking Code. Executive Board members are generally appointed for a term of four years, however, their term of employment is for an indefinite period of time. Based on their employment contracts and subject to applicable law, members of the Executive Board appointed for a four year term may be entitled to a severance pay limited to one annual actual base salary. The full terms and conditions of employment of the members of the Executive Board are recorded in individual terms of employment. The members of the Supervisory Board do not have an employment agreement, service contract or severance agreement with Rabobank.

### Liability of Members of the Executive Board and the Supervisory Board

Under Dutch law, members of the Executive Board, Supervisory Board and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages of Rabobank and of third parties for infringement of the Rabobank Articles or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Executive Board, Supervisory Board and certain other officers are insured under an insurance policy taken out by Rabobank against damages resulting from their conduct when acting in their capacities as members of the Executive Board, Supervisory Board or officers. There shall, however, be no entitlement to reimbursement if and to the extent that it has been established by a Dutch court in a final and conclusive judgment that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would be unacceptable in view of the standards of reasonableness and fairness (*redelijkheid en billijkheid*) when taking into account the relevant circumstances, and that the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss.

### Employees

The table below provides an overview of the employees the Group employed as at 30 June 2016 subdivided in its segments and in internal and external employees. These numbers are measured in FTEs.

	<b>Internal employees</b>	<b>External Employees</b>	<b>Total as at 30 June 2016</b>
Domestic Retail Banking	20,654	1,626	22,280
Wholesale banking and international rural and retail banking	8,505	748	9,253
Leasing	5,513	455	5,968
Real estate	1,316	309	1,625
Other segments	8,213	2,632	10,845
<b>Group</b>	<b>44,201</b>	<b>5,770</b>	<b>49,971</b>

The table below provides an overview of the employees the Group employed as at 31 December 2015 subdivided in its segments and in internal and external employees. These numbers are measured in FTEs.

	<b>Internal employees</b>	<b>External Employees</b>	<b>Total as at 31 December 2015</b>
Domestic Retail Banking	22,176	2,165	24,341

Wholesale banking and international rural and retail banking	8,785	794	9,579
Leasing	5,402	422	5,824
Real estate	1,358	229	1,587
Other segments	7,937	2,591	10,528
<b>Group</b>	<b>45,658</b>	<b>6,201</b>	<b>51,859</b>

The table below provides an overview of the employee base of the Group for the years 2013 up to and including 2015.

#### Summary of the Group's employee base 2013-2015

<b>Year</b>	<b>Employees measured in FTEs as at 31 December</b>	<b>Increase/decrease on previous years, in numbers</b>	<b>Increase/decrease on previous years, as a percentage</b>
2015	51,859	(2,123)	(4%)
2014	53,982	(8,922)	(14%)
2013	62,904	(2,805)	(4%)

#### Pension Schemes

Rabobank has various pension plans in place based on the local conditions and practices of the countries in which it operates. In general, the plans are financed by payments to insurance companies or trustee administered funds as determined by periodic actuarial calculations. A defined benefit pension plan is one that incorporates a promise to pay an amount of pension benefit, which is usually based on several factors such as age, number of years in service and remuneration. A defined contribution plan is one pursuant to which Rabobank pays fixed contributions to a separate entity (a pension fund) and acquires no legal or constructive obligation if the fund has insufficient assets to pay all the benefits to employee-members of the plan in respect of service in current and past periods.

The obligation under the defined benefit pension plans is the present value of the defined benefit pension obligation in the reporting period after the deduction of the fair value of fund investments. The defined benefit obligation is calculated annually by independent actuaries based on the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future outflow of cash funds based on the interest rates of high-quality corporate bonds with terms which approach that of the corresponding obligation. The majority of pension plans are career-average plans. Net interest expenses or income are calculated by applying the discount rate at the beginning of the year for the asset or liability based on the defined benefit pension plan. Actuarial gains and losses arising from actual developments or actuarial assumptions are recognised in the consolidated statement of comprehensive income.

Under defined contribution plans, Rabobank pays contributions into publicly or privately managed pension insurance plans on a compulsory, contractual or voluntary basis. Once the contributions have been made, Rabobank has no further payment obligations. The regular contributions are costs for the year in which they are due.

Rabobank has placed its pension plan with Rabobank Pension Fund. The scheme is a collective defined contribution plan with a pensionable age of 67 and a target accrual percentage of 2. Each year Rabobank deposits pension contributions into the Rabobank Pension Fund based on a fixed system in an attempt to achieve the target pension accrual for services provided during the year of service based on a conditional career-average plan with a conditional indexation. Rabobank will have fully and definitely complied with all its pension obligations by paying the annual pension premium. Rabobank therefore has no more financial liabilities with regard to underlying membership years and already accrued pension rights. In the context of the risks transferred, Rabobank made a one-off payment on 15 July 2013 to the amount of €500 million towards the creation of an index deposit. In addition, Rabobank will act as a guarantor during the period 2014-2020 for the realisation of the target pension accrual for the services provided during this period up to a maximum amount of €200 million.

The new pension plan qualifies as a defined contribution plan under IAS 19. Rabobank's obligation is limited to the premium payments owed, less previously made payments. As at 31 December 2014, Friesland Bank N.V. and ACC Loan Management pension schemes still remain as defined benefit pension plans, with the exception of a few very small plans. These are career-average defined benefit pension plans, administered by a fund or otherwise. The assets related to the plans maintained in a fund are held independently of Rabobank assets in separate funds managed by trustees. The obligations are valued each year by independent actuaries based on the method prescribed by the IFRS. The most recent actuarial valuations were performed at the end of 2015.

The Rabobank pension scheme applies to members of the Executive Board. For the year 2016, the maximum income on which Executive Board members (as well as other employees of the Group) may accrue pension is €96,000, which means that Executive Board members now receive an individual pension contribution of 24% of their fixed annual income above the threshold for pension accrual. The individual pension contribution can be deposited into an individual net pension savings product.

## **Governance**

The Code entered into force as of 1 January 2009. The Code contains a number of principles and best practice provisions in respect of managing boards, supervisory boards, shareholders and the general meeting of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. When applicable, a company is required to disclose in its annual report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain the reasons why. The Code states that a company is also in compliance with the Code if its general meeting of shareholders has approved the corporate governance structure and the deviations from the Code's principles. Although the Code does not apply to Rabobank, the Group's corporate governance is broadly consistent with the Code. The Group also observes the Banking Code.

### ***Compliance with the Code***

As at the date of this Prospectus, Rabobank complies with the Code with the exception of the following provisions:

#### ***Best practice provision III.1.3***

"The following information about each supervisory board member shall be included in the report of the supervisory board: a) gender; b) age; c) profession; d) principal position; e) nationality; f) other positions, in so far as they are relevant to the performance of the duties of the supervisory board member; g) date of initial appointment; and h) current term of office."

The details of Supervisory Board members referred to in this best practice provision under c), d) and f) are posted on the Group's website. The other details are included in the annual account.

#### ***Principle IV.1***

"Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting. It is in the interest of the company that as many shareholders as possible take part in the decision-making in the general meeting. The company shall, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders. The general meeting should be able to exert such influence on the policy of the management board and the supervisory board of the company that it plays a fully-fledged role in the system of checks and balances in the company. Management board resolutions on a major change in the identity or character of the company or the enterprise shall be subject to the approval of the general meeting."

The members of Rabobank are not given the opportunity to vote by proxy. This is not deemed necessary, given the virtually full attendance at the meeting of the General Members' Council of Rabobank.

### ***Banking Code***

On 9 September 2009, the Banking Code for Dutch banks was adopted as binding by the Board of the Netherlands Bankers' Association, in response to the report entitled 'Restoring Trust' ('*Naar herstel van vertrouwen*') of the Advisory Committee on the Future of Banks in the Netherlands, and this code was revised in 2015 (the "**Banking Code**"). As at the date of this Prospectus, Rabobank observes the Banking Code.

## REGULATION OF THE GROUP

Rabobank is a bank organised under Dutch law. The principal Dutch law on supervision applicable to Rabobank is the FMSA, which entered into force on 1 January 2007 and under which Rabobank is supervised by the DNB and the AFM. Further, as of 4 November 2014, the ECB assumed certain supervisory tasks from the DNB and is now the competent authority responsible for supervising Group's compliance with prudential requirements. Rabobank and the various Group entities are also subject to certain EU legislation, which has a significant impact on the regulation of the 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 the Group does business.

### 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 Group has chosen the most sophisticated approach, the Advanced Internal Ratings Based Approach.

In December 2014, the Basel Committee announced its intention to revisit the system of capital floors for internal models for credit risk. The Basel II framework ("**Basel II**") originally introduced a capital floor as part of the transitional arrangements for banks using the Internal Ratings Based Approach for credit risk. The objective of the floor was to ensure capital requirements did not fall below a certain percentage of banks' capital requirements under the previous Basel I framework. In its December 2014 consultation paper entitled 'Capital floors: the design of a framework based on standardised approaches', the Basel Committee states that it views the role of a capital floor as an integral component of the capital framework.

Further, on 10 December 2015, the Basel Committee issued a second consultation document entitled 'Revisions to the Standardised Approach for credit risk', which reintroduces the use of external ratings, in a non-mechanistic manner, for exposures to banks and corporates. This consultation document forms part of the Basel Committee's broader review of the capital framework to balance simplicity and risk sensitivity, and to promote comparability by reducing variability in risk-weighted assets across banks and jurisdictions.

This consultation is especially important given the proposed upcoming capital floors which will be based on the standardised approaches. The impact could be significant for internal ratings-based banks like Rabobank as its capital will be 'floored' based on simplistic standardised approaches. A capital floor complements the leverage ratio introduced as part of Basel III. In March 2016, the Basel Committee issued a consultation on setting additional constraints on the use of internal model approaches for credit risk, in particular through the use of input floors. Together, these measures aim to reinforce the risk-weighted capital framework and promote confidence in the regulatory capital framework. The Basel Committee will conduct a comprehensive quantitative impact study ("**QIS**") in 2016. All calibrations in the consultative document are preliminary, and will be subject to review based on evidence from the QIS, to ensure adequate capitalisation and overall consistency with other components of the capital framework. For further information, see "—Recent Developments" below.

Prior to finalising the revised standardised approach by the end of 2016, the Basel Committee will evaluate appropriate implementation arrangements, and will provide sufficient time for such implementation, taking into account the range of other reforms that have been, or are due to be, agreed by the Basel Committee. The implementation date has not yet been confirmed. Rabobank expects that the implementation date would not be until 2019 at the earliest, together with a phased-in implementation schedule.

See "Risk Factors—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group's business, financial condition and results of operations".

#### 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”. The 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. The Basel III Reforms include increasing the minimum Common Equity (or equivalent) requirement from 2% of the total risk exposure amount (before the application of regulatory adjustments) to 4.5% (after the application of stricter regulatory adjustments (which, under CRD IV, are gradually phased in from 1 January 2014 until 1 January 2018)). The total Tier 1 capital requirement has increased from 4% of the total risk exposure amount to 6% under CRD IV and the total capital requirement is 8% of the total risk exposure amount under CRD IV. In addition, banks will be required to maintain, in the form of Common Equity (or equivalent), a capital conservation buffer of 2.5% of the total risk exposure amount to withstand future periods of stress, bringing the total Common Equity (or equivalent) requirements to 7%. If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer (generally of up to 2.5% of the total risk exposure amount and also comprised of Common Equity (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% 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 will monitor 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% is appropriate over a full credit cycle and for different types of business models. This assessment will include consideration of whether a wider definition of exposures and an off-setting adjustment in the calibration would better achieve the objectives of the leverage ratio. The Basel Committee will also closely monitor accounting standards and practices to address any differences in national accounting frameworks that are material to the definition and calculation of the leverage ratio. The Dutch government has indicated that Dutch systemically important banks, including Rabobank, should have a leverage ratio of at least 4% by 2018. As at 30 June 2016, the leverage ratio of Rabobank was 5.1%.

In addition, the Basel III Reforms have introduced two international minimum standards intended to promote resilience to potential liquidity disruptions over a 30-day horizon and limit over-reliance on short-term wholesale funding during times of buoyant market liquidity. The first one is referred to as the liquidity coverage ratio (the “**LCR**”) which is being gradually phased in from 1 January 2015. The LCR 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**”), which will be introduced on 1 January 2018. 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 January 2016, the GHOS (Central Bank Governors and Heads of Supervision, which is the oversight body of the Basel Committee) agreed that the Basel Committee would complete its work to address the problem of excessive variability in risk-weighted assets by the end of 2016. The Basel Committee’s programme will include the following key elements:

- (i) consultation on the removal of internal model approaches for certain risks (such as the removal of the Advanced Measurement Approach for operational risk); and
- (ii) consultation on setting additional constraints on the use of internal model approaches for credit risk, in particular through the use of input floors.

The GHOS will review the Basel Committee’s proposals on the risk-weighted framework and the design and calibration of capital floors. Finalisation of the proposals and approval by the GHOS are expected in March 2017.

There can be no assurance that the Basel Committee will not further amend the package of reforms described above. Further, the European Commission, the ECB and the DNB or the Dutch legislator may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on Dutch banks. For example, the Basel Committee is currently undertaking a review of the complete regulatory capital framework. In the market, this review has been colloquially described as ‘Basel IV’ given the potentially significant reforms.

### **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 the Basel III Reforms in the EEA. Both texts were published in the Official Journal of the European Union on 27 June 2013 and became effective on 1 January 2014 (except for capital buffer provisions which 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 2021. The harmonised prudential rules include own funds requirements, an obligation to maintain a liquidity coverage buffer (similar to the LCR, although the CRR obligation does not yet include a requirement to meet a ratio), a requirement to ensure that long-term obligations are adequately met under both normal and stressed conditions and the requirement to report on these obligations. The competent supervisory authorities will evaluate whether capital instruments meet the criteria set out in the CRR. The CRR also includes the obligation to report on a bank’s leverage ratio (this requirement is similar to the leverage ratio requirement introduced by Basel III, however, the CRR does not yet include a requirement to meet a minimum ratio).

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 the 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%, Tier 1 ratio of 6%, total capital ratio of 8% and the capital conservation measures set out in CRD IV (restriction on distributions if a bank does not meet the Combined Buffer Requirement). On 29 April 2014, the DNB announced that, pursuant to the CRD IV/CRR Implementation Act, it intends to impose an additional capital buffer requirement for Rabobank. This systemic risk buffer is equal to 3% of risk-weighted assets and will be phased in between 2016 and 2019.

On 23 November 2016, the European Commission published the Proposals (as discussed and defined in “Risk Factors—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group’s business, financial condition and results of operations”) which comprise certain legislative proposals for amendments to the CRR, the CRD IV Directive, the BRRD, Regulation (EU) 806/2014 (the “**SRM Regulation**”) and a proposed new directive to facilitate the creation of a new asset class of “non-preferred” senior debt. The Proposals cover multiple areas, including the Pillar 2 framework, the leverage ratio, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of “non-preferred” senior debt, the MREL framework and the integration of the TLAC standard into EU legislation. The Proposals are to be considered by the European Parliament and the Council of the European Union and therefore remain subject to change; they are expected to enter into force no earlier than 2019 (or 2017 in the case of the proposal for a new asset class of “non-preferred” senior debt). The final new package of legislation may not include all elements of the Proposals and new or amended elements may be introduced throughout the course of the legislative process.

Pursuant to the 2017 SREP, the ECB has determined that the CET1 Ratio of the Group should be maintained at a minimum level of 7.5%. This 7.5% CET1 capital requirement for the Group comprises the minimum Pillar 1 requirement (4.5%), the Pillar 2 additional own funds requirement (1.75%) and the phasing-in of the capital conservation buffer (1.25%). In addition, the Group is subject to a systemic risk buffer that needs to be applied on top of these CET1 capital requirements and will result in a 1.5% surcharge on a transitional basis for 2017 (bringing the minimum CET1 capital requirement at 1 January 2017 to 9%). The systemic risk buffer is expected to be phased-in up to a level of 3% on a fully-loaded basis in 2019. The capital conservation buffer is expected to be phased-in up to a level of 2.5% on a fully-loaded basis in 2019. The 9% CET1 requirement excludes the Pillar 2 Guidance which is not disclosed and not relevant for the Maximum Distributable Amount.

### *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 the bail-in tool, which comprises a more general power for resolution authorities to write down the claims of unsecured creditors (including holders of senior debt instruments and holders of subordinated debt instruments) of a failing institution or to convert unsecured debt claims to equity. These powers also apply to the Rabobank Certificates.

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 "Risk Factors—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates".

On 9 November 2015, the FSB published its final principles regarding the TLAC of G-SIBs in resolution. The FSB's TLAC principles seek to ensure that G-SIBs will have sufficient TLAC available in a resolution of such an entity, in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. Work is currently ongoing in the EU to implement the TLAC standard into EU legislation. In particular, the European Commission proposed to incorporate TLAC into the capital requirements framework, as an extension to the own funds requirements and as part of the Proposals (as discussed and defined in "Risk Factors—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group's business, financial condition 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 authority. On 23 May 2016, the European Commission adopted RTS on the criteria for determining the MREL under the BRRD. The RTS were published in the EU Official Journal on 3 September 2016. The RTS provide for resolution authorities to allow institutions an appropriate transitional period to reach the applicable MREL requirements.

The required level of MREL for the Group has yet to be set by the SRB. On the basis of the RTS, 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. Moreover, the MREL framework may be subject to substantial change over the coming years, in particular when harmonised with the requirements for TLAC. For instance, in the Proposals, the European Commission has proposed that any systemically important banks in a member state, such as Rabobank, be subject to a firm specific MREL regime under which they would be 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.

As a result, it is not possible to give any assurances as to the ultimate scope and nature of any resulting obligations, or the impact that they will have on Rabobank once implemented. If the Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations. See also "Risk Factors—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", "Risk Factors—Regulators may in the future impose requirements on the Group comparable to the TLAC requirements applicable for G-SIBs. The Group may consequently have to reduce its lending or investments in other operations, which could have a material adverse effect on the Group's business, financial condition and results of operations", "Risk Factors—If the Group has insufficient capital resources to meet the minimum regulatory capital, liquidity restrictions or liquidity ratios, this could result in administrative actions or sanctions, which could have a material adverse effect on the Group's business, financial condition and results of operations" and "Risk Factors—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates".

### *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 the European Banking Union, two further regulations have been enacted: (i) a regulation for the establishment of a single supervisory mechanism (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 the 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 the 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 the 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.

To complement the European Banking Union and the SSM, on 14 July 2014 the European Commission adopted the SRM Regulation to establish the SRM (each as defined, and further described, in "Risk Factors—Recovery and resolution measures may affect the ownership rights of holders of the Offer Certificates as well as the market value of the Offer Certificates"). The SRM establishes 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.

## **Dutch regulation**

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

The ECB is formally the competent authority that supervises the majority of the Group's activities. The day-to-day supervision of the 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. The 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 have a minimum level of own funds (*eigen vermogen*) of €5,000,000. 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*). The 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 directives described above under "—European Union legislation". The regulations of the DNB on solvency supervision have been repealed by the Dutch CRD IV and CRR Regulation.



## **Liquidity**

The regulations relating to liquidity supervision require that a bank maintains sufficient liquid assets against certain liabilities of the bank. The basic principle of the liquidity regulations is that liquid assets must be held against ‘net’ liabilities of banks (after netting out claims and liabilities in a maturity schedule) so that the liabilities can be met on the due dates or on demand, as the case may be. These regulations impose additional liquidity requirements if the amount of liabilities of a bank with respect to one debtor or group of related debtors exceeds a certain limit.

## **Structure**

The 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% 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% 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% 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% 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 the 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% 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 controls. The administrative organisation must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud.

## **Intervention**

Pursuant to the Intervention Act, the DNB has the power to request the application of emergency regulations in respect of banks if it perceives a dangerous development regarding the entity’s own funds, solvency, liquidity or technical provisions and there is a reasonable probability that this development cannot be sufficiently or promptly reversed.

In addition to the Intervention Act, 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 the 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 the 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 Bank Recovery and Resolution Directive (see “—Bank Recovery and Resolution Directive”).

### ***Emergencies***

The FMSA contains an ‘emergency regulation’ which can be declared in respect of a bank by a Dutch court at the request of the DNB if it finds *prima facie* evidence of a dangerous development regarding the bank’s own funds, solvency or liquidity and there is a reasonable probability that this development cannot be sufficiently or promptly reversed. As of the date of the emergency, only the court-appointed administrators have the authority to exercise the powers of the bodies of the bank. A bank can also be declared in a state of bankruptcy by the court.

### **U.S. regulation**

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

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

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 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. Rabobank, N.A. is a national bank subject to regulation, supervision and examination by the OCC.

Under U.S. law, the Group’s activities and those of its subsidiaries in the U.S. are generally limited to the business of banking, and managing or controlling banks and certain other activities that are closely related to banking. As long as Rabobank and Utrecht-America Holdings, Inc. are financial holding companies under U.S. law, the 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% 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 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 U.S. 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 Rabobank N.A. and the New York Branch take into account credit exposures arising from derivative transactions, securities borrowing and lending transactions, and repurchase and reverse repurchase agreements with counterparties.

Additionally, the Dodd-Frank Act provides U.S. regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk, which include any non-U.S. banking organisation, such as the Group, with a branch or agency in the U.S. or a U.S. bank subsidiary and \$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 will be subject to liquidity, risk management requirements, and in certain circumstances, asset maintenance requirements.

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 the Group, are exempt from these limitations with respect to activities that are solely outside of the U.S., subject to certain conditions.

On 10 December 2013, five U.S. federal financial regulatory agencies released the final version of the regulations implementing the Volcker Rule. The conformance period for the Volcker Rule generally ended on 21 July 2015, although the Federal Reserve has granted an extension for certain legacy funds until 21 July 2017. The Group has brought its activities and investments into compliance and implemented a specific compliance program. During the conformance period that ended on 21 July 2015, the Group analysed the final rule, assessed how it would affect its relevant businesses and devised and implemented the related compliance strategy. With respect to the extended conformance period for certain legacy funds, the Group will continue to analyse the final rule, assess how it will affect any relevant businesses and devise and implement an appropriate compliance strategy. Further implementation efforts may be necessary based on subsequent regulatory interpretations, guidelines or examinations.

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. At this time, no Group entity is registered or required to be registered as a swap dealer, major swap participant, security-based swap dealer or majority security-based swap participant (a "**Registered Entity**"). As a Registered Entity, an entity within Rabobank would be subject to additional regulatory requirements with respect to capital, margin requirements for OTC derivative transactions, business conduct standards, and other requirements. As a Registered Entity, compliance with such regulatory requirements under Title VII of the Dodd-Frank Act may be costly and have an adverse impact on the Group. For instance, under the so-called swap "push-out" provisions of the Dodd-Frank Act, certain ABS swaps activities of FDIC-insured banks and uninsured U.S.

branches of non-U.S. banks, such as Rabobank, N.A. and the New York Branch, respectively, could be restricted if such entities are Registered Entities. 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 organization and execute such derivatives on a registered exchange (*e.g.*, a designated contract market or swap execution facility). The Dodd-Frank Act and the rules of the SEC, CFTC and U.S. federal banking regulators promulgated thereunder would also require the Group to comply with certain initial and variation margin requirements in respect of its OTC derivative contracts (the “**Uncleared Swap Margin Rules**”). Phased-in compliance with the Uncleared Swap Margin Rules began on September 1, 2016. The Uncleared Swap Margin Rules may have an adverse effect on the liquidity of the Group and/or its ability to continue to invest and/or hedge in the OTC derivatives market.

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

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

## **MAJOR PARTICIPANTS AND RELATED PARTY TRANSACTIONS**

### **Major Holders of Rabobank Participations and Holders of Rabobank Certificates**

The sole holder of Rabobank Participations is Stichting AK Rabobank. As at the date of this Prospectus, it holds 237,961,365 Rabobank Participations, which represents 100% of the outstanding Rabobank Participations. Stichting AK Rabobank does not have any voting rights in the meeting of the General Members' Council of Rabobank. See "Summary Description of Rabobank Certificates".

There is no obligation under Dutch law or under the Rabobank Articles for holders of Rabobank Certificates to disclose their interest in Rabobank's capital or voting rights.

Rabobank is not aware of any major holder of Rabobank Certificates. Holders of Rabobank Certificates do not have any voting rights in the General Members' Council of Rabobank, however they have voting rights in the meeting of holders of Rabobank Certificates. See "Summary Description of Rabobank Certificates—Rabobank Certificates—Voting Rights".

Rabobank is not directly or indirectly owned or controlled by another corporation or by any foreign government. Rabobank is a cooperative with members. Its members are approximately 2 million customers of Rabobank. The members are represented by approximately 100 chairmen of local supervisory bodies in the meeting of the General Members' Council of Rabobank. See "Group Structure" for more information. The meeting of the General Members' Council of Rabobank has a significant influence on the views adopted in the Group; it is the highest decision making body in the Rabobank governance.

Rabobank is not aware of any arrangement that may, at a subsequent date, result in a change of control.

### **Related Party Transactions**

Rabobank is not aware that any holder of Rabobank Participations, holder of Rabobank Certificates or member of the Executive Board, Supervisory Board or senior management team has any material interest in any transactions of Rabobank which are or were unusual in their nature or conditions or that are or were significant to Rabobank's business.

## THE OFFERING

### Introduction

Stichting AK Rabobank is offering newly-issued Offer Certificates. The Offer Certificates represent interests in a corresponding number of Rabobank Participations to be issued by Rabobank to Stichting AK Rabobank on the Settlement Date. If Settlement does not take place, no Rabobank Participations will be issued by Rabobank to Stichting AK Rabobank and consequently no Offer Certificates will be issued.

The Offering consists of (i) a public offering in the Netherlands and Switzerland to institutional and retail investors and (ii) an offering in various other jurisdictions to institutional investors. The Offer Certificates are being offered outside the U.S. in offshore transactions as defined in, and in accordance with Regulation S under the U.S. Securities Act. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

### Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Expected Date	Time CET
Start of Offering Period	11 January 2017	9:00
End of Offering Period for Retail Investors	16 January 2017	17:30
End of Offering Period for institutional investors	17 January 2017	11:00-16:00
Pricing and Allocation	17 January 2017	
Settlement (payment and delivery)	24 January 2017	
Commencement of trading of the Offer Certificates on Euronext Amsterdam	24 January 2017	9:00

Rabobank may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If Rabobank should decide to do so, Rabobank will make this public through a press release, which will also be posted on Rabobank's website. Any other material alterations will be published through a press release that will also be posted on Rabobank's website and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM.

Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period.

### Offer Price and Number of Offer Certificates

The Offer Price will, subject to the below, not exceed the Maximum Offer Price. The Offer Price and the exact number of Offer Certificates offered will be determined by Rabobank after the end of the Offering Period, including any acceleration or extension, taking into account the quoted trading price of the Rabobank Certificates that are already listed on the business day immediately preceding the date of this Prospectus, the book building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Certificates and other factors deemed appropriate. The Offer Price and the exact numbers of Offer Certificates to be sold will be stated in a Pricing Statement which will be published through a press release that will also be posted on Rabobank's website and filed with the AFM.

### Change of the Maximum Offer Price

Prior to the Allocation, the Offer Price may be set above the Maximum Offer Price. Investors who have already agreed to purchase or subscribe for the Offer Certificates during the Offering Period prior to the announcement of the determination of the Offer Price above the Maximum Offer Price, shall have the right, exercisable within two business days following the publication of such announcement, to withdraw their acceptances. Any determination of an Offer Price above the Maximum Offer Price, on the last day of the Offering Period will result in the Offering Period being extended by at least two business days. Any determination of an Offer Price above the Maximum Offer Price, on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. Accordingly, all investors, including retail investors from the Netherlands and Switzerland ("**Retail Investors**") will have at least two business days to reconsider their subscriptions. Any determination of an Offer Price above the Maximum Offer Price will be announced in a press release that will be posted on Rabobank's website.

## Offering Period

Subject to acceleration or extension of the timetable for the Offering, prospective institutional investors may subscribe for Offer Certificates during the period commencing at 09:00 CET on 11 January 2017 and ending at a time between 11:00 CET and 16:00 CET (exact time to be published through Bloomberg or other similar forms of communication) on 17 January 2017 and prospective retail investors may subscribe for the Offer Certificates during the period commencing at 09:00 CET on 11 January 2017 and ending at 17:30 CET on 16 January 2017 (the “**Offering Period**”). In the event of an acceleration or extension of the Offering Period, pricing, allocation, admission and first trading of the Offer Certificates, as well as payment (in euro) for and delivery of the Offer Certificates, may be advanced or extended accordingly.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Certificates arises or is noted before the final Settlement of the Offering, a supplement to this Prospectus will be published, the Offering Period will be extended, if so required by the Prospectus Directive, the FMSA or the rules promulgated thereunder, and investors who have already agreed to purchase Offer Certificates may withdraw their subscriptions within two business days following the publication of the supplement, provided that the new factor, material mistake or inaccuracy, arose or was noted before the end of the Settlement Date.

## Subscription and Allocation

The offering to Dutch Retail Investors is being made only by Rabobank and the Co-Lead Managers, and not by any of the other Joint Lead Managers. Dutch Retail Investors who wish to participate in the offering should submit their orders through their financial intermediary. Rabobank is appointed as Retail Coordinator.

Dutch Retail Investors can only subscribe for Offer Certificates on a market order (*bestens*) basis. This means that Dutch Retail Investors will be bound to purchase and pay for the Offer Certificates as indicated in their subscriptions, to the extent such Offer Certificates are allocated to them, at the Offer Price. Dutch Retail Investors can submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from Dutch Retail Investors and for submitting their subscriptions to Coöperatieve Rabobank U.A. as the retail coordinator (the “**Retail Coordinator**”). The Retail Coordinator will consolidate all subscriptions submitted by Dutch Retail Investors to financial intermediaries and inform the Joint Lead Managers and Rabobank.

Retail Investors are entitled to cancel or amend their subscription, at the financial intermediary where their original subscription was submitted, at any time prior to the end of the Offering Period for Retail Investors (if applicable, as accelerated or extended). Such cancellations or amendments may be subject to the terms of the financial intermediary involved. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the subscription for or purchase of Offer Certificates will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Retail Investors. Each of Rabobank, Stichting AK Rabobank, the Joint Lead Managers and the Retail Coordinator are not liable for any action or failure to act by a financial intermediary in connection with any subscription for or purchase of, or purported subscription for or purchase of, Offer Certificates.

Allocation is expected to take place after closing of the Offering Period on or about 17 January 2017, subject to acceleration or extension of the timetable for the Offering. Allocation to investors who subscribed for Offer Certificates will be made by Rabobank and full discretion will be exercised by Rabobank as to whether or not and how to allocate the Offer Certificates subscribed for. There is no maximum or minimum number of Offer Certificates for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. If the Offering is over-subscribed, investors may receive fewer Offer Certificates than they applied to subscribe. Stichting AK Rabobank and Rabobank may, at their own discretion and without stating the grounds therefor, reject any subscriptions in whole or in part. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors’ risk.

Rabobank retains full flexibility to change the intended allocation.

Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions in “Selling and Transfer Restrictions”. If in doubt, investors should consult their professional advisers.

The Joint Lead Managers will communicate to institutional investors the number of Offer Certificates allocated to them on the date that Allocation occurs.

## Payment

Payment (in euro) for, and delivery of, the Offer Certificates will take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information see “Taxation”). Retail Investors may be charged expenses by their financial intermediary. Investors must pay the Offer Price in immediately available funds

in full in euro on or before the Settlement Date (or earlier in the case of an early settlement of the Offering Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement).

### **Delivery, Clearing and Settlement**

The Offer Certificates will be delivered in book-entry form through the facilities of Euroclear and Clearstream. Application has been made for the Offer Certificates to be accepted for clearance through the book-entry facilities of Euroclear and Clearstream.

Delivery of the Offer Certificates is expected to take place on the Settlement Date, through the book-entry facilities of Euroclear and Clearstream, in accordance with their normal settlement procedures.

Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Certificates is expected to commence on or about 24 January 2017.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Certificates will be disregarded, any allotments will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Offer Certificates prior to Settlement are at the sole risk of the parties concerned. Neither Stichting AK Rabobank, Rabobank, the Joint Lead Managers, the Listing and Amsterdam Paying Agent, the Paying Agent nor Euronext Amsterdam N.V. accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer Certificates on Euronext Amsterdam.

### **Voting Rights**

Each Rabobank Certificate confers the right to cast one vote in the meeting of holders of Rabobank Certificates. Rabobank Certificates do not confer the right to cast votes in the General Members' Council of Rabobank. See "Summary Description of Rabobank Certificates—Rabobank Certificates—Voting Rights".

### **Ranking and Payments**

The Offer Certificates will, upon issue, rank equally in all respects amongst themselves and with the existing Rabobank Certificates. The Offer Certificates will carry payment rights as of the date of issue. See "Payments".

### **Listing and Amsterdam Paying Agent**

Coöperatieve Rabobank U.A. is the Listing and Amsterdam Paying Agent with respect to the Rabobank Certificates on Euronext Amsterdam.

### **Paying Agent**

Deutsche Bank AG, London Branch or any other financial institution appointed as paying agent is the Paying Agent with respect to the Rabobank Certificates on Euronext Amsterdam.

### **Retail Coordinator**

Coöperatieve Rabobank U.A. is the Retail Coordinator.



## PLAN OF DISTRIBUTION

### Subscription Agreement

Rabobank, Stichting AK Rabobank and the Managers have entered into a subscription agreement on 11 January 2017 (the “**Subscription Agreement**”) relating to the issue and offering of the Offer Certificates.

Subject to entry into a pricing memorandum between Rabobank, Stichting AK Rabobank and the Joint Lead Managers, which is expected to be entered into on or about 17 January 2017, (the “**Pricing Memorandum**”) and which is a condition for the underwriting obligations of the Joint Lead Managers under the Subscription Agreement, and on the terms of and subject to the conditions set forth in the Subscription Agreement, the Joint Lead Managers have severally and not jointly agreed to use reasonable endeavours to procure subscribers for the Offer Certificates or, failing payment by any subscriber procured by any Joint Lead Manager for any Offer Certificate, to subscribe and pay for the Offer Certificates in equal proportions at the Offer Price. Stichting AK Rabobank has agreed to issue the Offer Certificates at the Offer Price to subscribers procured by the Joint Lead Managers or, failing payment by any subscriber procured by any Joint Lead Manager for any Offer Certificate, to the Joint Lead Managers themselves.

Subject to the satisfaction of these conditions precedent, the proportion of Offer Certificates (if any) that each Joint Lead Manager will be required to purchase is indicated below.

<b>Joint Lead Managers</b>	<b>Underwriting Commitment of Offer Certificates</b>
Coöperatieve Rabobank U.A.	25%
Credit Suisse Securities (Europe) Limited	25%
J.P. Morgan Securities plc	25%
Merrill Lynch International	25%
<b>Total</b>	<b>100%</b>

On the terms of and subject to the conditions set forth in the Subscription Agreement, the Co-Lead Managers have severally and not jointly agreed to use their best efforts to procure subscribers for the Offer Certificates at the Offer Price, and Stichting AK Rabobank has agreed to issue the Offer Certificates at the Offer Price to subscribers procured by the Co-Lead Managers and, failing payment by any subscriber procured by any Co-Lead Manager, to the Joint Lead Managers. The Co-Lead Managers do not have any obligation to subscribe and pay for the Offer Certificates if any subscriber procured by any Manager fails to make payment for any Offer Certificate.

In the Subscription Agreement, Rabobank and Stichting AK Rabobank make certain representations and warranties. In addition, Rabobank has agreed to indemnify the Managers against certain liabilities in connection with the Offering.

The Subscription Agreement provides that the obligations of the Managers to procure subscribers for the Offer Certificates at the Offer Price and, in case of the Joint Lead Managers, to subscribe and pay for the Offer Certificates (if any), are subject to a number of conditions for the benefit of the Managers, including, among other things, the following conditions: (i) receipt of legal opinions on certain customary legal matters from legal counsel of Rabobank and the Managers on the Settlement Date; (ii) the execution of documents relating to the Offering and such documents being in full force and effect, (iii) confirmation that Rabobank has issued the Offer Participations to Stichting AK Rabobank and (iv) certain other customary conditions precedent. The Joint Lead Managers, on behalf of the Managers, have the right to waive the satisfaction of any such conditions or part thereof (other than item (ii) above).

Upon the occurrence of certain specific events, such as any of the conditions precedent not being satisfied or waived by the Joint Lead Managers, the Joint Lead Managers (other than Rabobank in its capacity as a Joint Lead Manager), on behalf of the Managers, may elect to terminate the Subscription Agreement at any time prior to the payment of the net subscription moneys for the Offer Certificates to Rabobank.

### **Subscription fees**

In consideration of the agreement by the Joint Lead Managers to procure subscribers for the Offer Certificates at the Offer Price and, in the case of the Joint Lead Managers, to subscribe and pay for the Offer Certificates (if any), Rabobank has agreed to pay the Joint Lead Managers a combined management and underwriting commission of 1.25% of the gross proceeds of the Offering in equal proportions. Rabobank has also agreed to reimburse the Joint Lead Managers for certain expenses incurred by them in connection with the Offering. Rabobank has agreed to pay the Co-Lead Managers a commission of 0.05% of the gross proceeds of the Offering.

### **Stabilisation**

In connection with the Offering, Merrill Lynch International as stabilising manager, or any other person acting for it may, over-allot and effect other transactions with a view to supporting the market price of the Rabobank Certificates at a higher level than that which might otherwise prevail for a period of 30 days after the announcement of the Offer Price. However, there may be no obligation on Merrill Lynch International, or any agent of Merrill Lynch International, to do this. Such transactions may be effected on Euronext Amsterdam and any other securities market, over the counter market, stock exchange or otherwise. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end no later than 30 days after the announcement of the Offer Price. Save as required by law, neither Merrill Lynch International nor any of its agents intends to disclose the extent of any over-allotment and/or stabilisation transactions under the Offering or the amount of any long or short positions.

### **Potential Conflicts of Interest**

The Managers are acting exclusively for Stichting AK Rabobank and Rabobank and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering. The Managers will not be responsible to anyone other than to Stichting AK Rabobank and Rabobank for the listing and trading of the Offer Certificates and any other transaction or arrangement referred to in this Prospectus.

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with Rabobank or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of its business activities, the 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 Rabobank or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with Rabobank routinely hedge their credit exposure to Rabobank consistent with their customary risk management policies. Typically, such Manager and its 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 Rabobank's securities, including potentially the Rabobank Certificates offered hereby. Any such short positions could adversely affect future trading prices of the Offer Certificates. The 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.

As a result of acting in the capacities described above, the Managers may have interests that may not be aligned, or could potentially conflict, with investors' and the Group's interests.

## SELLING AND TRANSFER RESTRICTIONS

No action has been taken by Stichting AK Rabobank, Rabobank or the Joint Lead Managers that would permit, other than pursuant to the Offering, a public offering of the Offer Certificates or possession or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offer of the Offer Certificates in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

### **U.S.**

The Rabobank Certificates, including the Offer Certificates, have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the U.S., and may not be offered or sold except outside the U.S. in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the U.S. or any other jurisdiction. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Certificates as part of its allocation at any time except outside of the U.S. in compliance with Regulation S. Transfer of the Offer Certificates will be restricted and each purchaser of the Offer Certificates in the U.S. will be required to make certain acknowledgements, representations and agreements, as described below.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offer Certificates in the U.S. by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

### ***Regulation S***

Each purchaser of the Offer Certificates outside the U.S. will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision to purchase the Offer Certificates and that:

- (i) The purchaser is authorised to consummate the purchase of the Offer Certificates in compliance with all applicable laws and regulations.
- (ii) The purchaser acknowledges that the Offer Certificates have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the U.S., and are subject to significant restrictions on transfer.
- (iii) The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Certificates was located outside the U.S. at the time the buy order for the Offer Certificates was originated and continues to be located outside the U.S. and has not purchased the Offer Certificates for the benefit of any person in the U.S. or entered into any arrangement for the transfer of the Offer Certificates to any person in the U.S.
- (iv) The purchaser is not an affiliate of Stichting AK Rabobank or Rabobank or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Certificates from Stichting AK Rabobank or Rabobank or an affiliate thereof in the initial distribution of such Offer Certificates.
- (v) The purchaser is aware of the restrictions on the offer and sale of the Offer Certificates pursuant to Regulation S described in this Prospectus.
- (vi) The Offer Certificates have not been offered to it by means of any “directed selling efforts” as defined in Regulation S.
- (vii) Stichting AK Rabobank shall not recognise any offer, sale, pledge or other transfer of the Offer Certificates made other than in compliance with the above restrictions.
- (viii) The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the U.S. and that Stichting AK Rabobank, Rabobank, the Joint Lead Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser irrevocably authorises Stichting AK Rabobank, Rabobank and the Joint Lead Managers to produce this Prospectus to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein.
- (ix) The purchaser undertakes promptly to notify Stichting AK Rabobank, Rabobank and the Joint Lead Managers if, at any time prior to the purchase of the Offer Certificates, any of the foregoing ceases to be true.

## European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Offer Certificates which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State, except (i) in the Netherlands once this Prospectus has been approved by the AFM and published in accordance with the Prospectus Directive and the relevant provisions of the FMSA or (ii) in that Relevant Member State at any time under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State, subject to obtaining the prior consent of the Joint Lead Managers; or
- in any other circumstances falling within the scope of Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Certificates under point (ii) shall require Stichting AK Rabobank, Rabobank or any Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to the prospectus pursuant to Article 16 of the Prospectus Directive.

In the case of any Offer Certificates being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offer Certificates acquired by it in the Offering contemplated in this Prospectus have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Certificates to the public other than their offer or resale in a Relevant Member State to qualified investors as defined in the Prospectus Directive or in circumstances in which the prior consent of the Joint Lead Managers has been obtained to each such proposed offer or resale. Rabobank and the Joint Lead Managers and their respective affiliates and others will rely (and Rabobank acknowledges that the Joint Lead Managers and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any Offer Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Certificates to be offered so as to enable an investor to decide to purchase any Offer Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

## U.K.

Each of the Joint Lead Managers has represented, warranted and agreed to Rabobank and Stichting AK Rabobank that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Offer Certificates in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Offer Certificates in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to Rabobank and Stichting AK Rabobank.

## Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offer Certificates other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (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
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offer Certificates, 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 Offer Certificates 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.

### **Singapore**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Certificates may not be circulated or distributed, nor may the Offer Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Offer Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) 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
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Certificates pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### **Qatar**

This Prospectus does not, and is not intended to constitute, an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Managers have represented and warranted that the Offer Certificates have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar except in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre. Any offering of the Offer Certificates shall not constitute a public offer of securities in the State of Qatar.

By receiving this Prospectus, the person or entity to whom it has been provided understands, acknowledges and agrees that: (i) neither this Prospectus nor the Offer Certificates have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) the persons representing the Managers are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Offer Certificates within the State of Qatar; (iii) this Prospectus may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (iv) no agreement relating to the sale of the Offer Certificates shall be consummated within the State of Qatar.

No marketing of the Offer Certificates has been or will be made from within the State of Qatar and no subscription to the Offer Certificates may or will be consummated within the State of Qatar. Any applications to invest in the Offer Certificates shall be received from outside of Qatar. This Prospectus shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Managers are, by distributing this Prospectus, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

### **Dubai International Financial Centre**

Each Manager has represented and agreed that it has not offered and will not offer the Offer Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “Exempt Offer” in accordance with the Markets Rules Module of the Dubai International Financial Centre Rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the Dubai International Financial Centre Rulebook.

### United Arab Emirates

Each Manager has represented and agreed that the Offer Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

### Israel

Neither the offering contemplated by this Prospectus nor the Offer Certificates have been or will be registered with the Securities Authority of the State of Israel. Accordingly, the Offer Certificates may not be offered or sold to the general public in Israel. The Offer Certificates shall be offered only to investors of the types that are listed in the First Schedule to the Securities Law, 5728-1968, of the State of Israel who are not individuals (“**Qualified Israeli Investors**”). Each such offeree must confirm in writing to the relevant Manager that it is a Qualified Israeli Investor and that it is not an individual, specify the category of Qualified Israeli Investor, and confirm that it understands the meaning of being a Qualified Israeli Investor and agrees thereto. Alternatively, if the investment is made through the TACT-Institutional – the trading platform of the Tel Aviv Stock Exchange Ltd. (the “**TASE**”) for institutional investors, a blanket confirmation to this effect previously provided by the offeree to a member of the TASE, which confirmation is still in effect in accordance with the regulations of the TASE, will be acceptable.

### Republic of Italy

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

Each Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Offer Certificates or distribute any copy of this Prospectus or any other document relating to the Offer Certificates in Italy except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to 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
- (ii) 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 Offer Certificates or distribution of copies this Prospectus or any other document relating to the Offer Certificates in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 16190 of 29 October 2007, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

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

## TAXATION IN THE NETHERLANDS

### Taxation in the Netherlands

This paragraph is intended as general information only and it does not present any comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a holder of Rabobank Certificates, which includes holders of Offer Certificates. For Dutch tax purposes, a holder of Offer Certificates may include an individual who or an entity that does not have the legal title of the Offer Certificates, but to whom nevertheless the Offer Certificates are attributed, based either on such individual or entity owning a beneficial interest in the Offer Certificates or based on specific statutory provisions. These include statutory provisions pursuant to which Offer Certificates are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Offer Certificates.

Prospective holders of Offer Certificates should consult their own tax adviser regarding the tax consequences of any acquisition, holding or disposal of Offer Certificates.

This paragraph is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect, unless indicated otherwise.

Any reference in this section made to Dutch taxes, Dutch tax or Dutch tax law must be construed as a reference to taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

### Withholding Tax

No Dutch dividend withholding tax is due on payments made by Rabobank on the Rabobank Participations nor on payments made by Stichting AK Rabobank on the Offer Certificates.

On 20 September 2016, the Dutch State Secretary of Finance sent a letter to parliament in which he announced a proposal for a revision of the Dutch dividend withholding tax position of cooperatives. According to his letter, distributions made by Dutch cooperatives engaged in cross-border holding, group financing or portfolio investment activities to members holding an interest of 5% or more will become subject to Dutch dividend withholding tax, subject to potential relief under domestic tax law or tax treaties. The letter will be followed by a legislative proposal, which if adopted is envisaged to take effect ultimately as per 1 January 2018. The final adopted proposal may deviate from the proposal in the letter. The above should not impact the Dutch dividend withholding tax treatment of the Rabobank Certificates if implemented in accordance with the proposal set forth in the letter.

### Taxation and Residency

Generally, a holder of Offer Certificates will not become subject to Dutch taxes by reason only of holding the Offer Certificates.

A holder of Offer Certificates will not become resident, or deemed resident, in the Netherlands for tax purposes by reason only of holding the Offer Certificates.

### Taxes on Income and Capital Gains

This section does not describe the possible Dutch tax considerations or consequences that may be relevant to a holder of Offer Certificates:

- (i) who is an individual and for whom the income or capital gains derived from the Offer Certificates are attributable to employment activities, the income from which is taxable in the Netherlands;
- (ii) that is an entity which is, pursuant to the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*, the “CITA”), not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as a qualifying pension fund); or
- (iii) that is an investment institution (*beleggingsinstelling*) as described in article 6a or article 28 of the CITA.

### Residents in the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of Offer Certificates:

- (i) individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes (“**Dutch Individuals**”); and
- (ii) entities that are subject to CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes (“**Dutch Corporate Entities**”).

*Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities*

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to income tax at statutory progressive rates with a maximum of 52% with respect to any benefits derived or deemed to be derived from Offer Certificates, including any capital gains realised on the disposal thereof, that are either attributable to:

- (i) an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder (*medegerechtigde*); or
- (ii) miscellaneous activities (*resultaat uit overige werkzaamheden*), including, without limitation, activities which are beyond the scope of normal, active portfolio investment activities.

*Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities*

Generally, a Dutch Individual who owns Offer Certificates but who is not engaged in an enterprise or miscellaneous activities will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Under this regime, irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Offer Certificates, is set at a deemed return on these assets and liabilities. This deemed return equals 4% of the fair market value of the assets reduced by the liabilities and measured, in general, exclusively at the beginning of every calendar year. The tax rate under the regime for savings and investments is a flat rate of 30%. Taxation only occurs if and to the extent the fair market value of the assets reduced by the liabilities exceeds a certain threshold (*heffingvrij vermogen*).

As of 2017, the deemed return under the regime for savings and investments will be calculated differently. The deemed return will still be calculated on the net fair market value of the assets and liabilities taxed under this regime reduced by the aforementioned threshold (*heffingvrij vermogen*). This amount will however be allocated to up to three brackets for which different deemed returns apply. The first bracket includes amounts up to and including €75,000, which amount will be split into a 67% low-return part and a 33% high-return part. The second bracket includes amounts in excess of €75,000 and up to and including €975,000, which amount will be split into a 21% low-return part and a 79% high-return part. The third bracket includes amounts in excess of €975,000, which will be considered high-return in full. By letter of 20 September 2016, the Dutch State Secretary of Finance announced that for 2017, the deemed return on the low-return parts is 1.63% and on the high-return parts is 5.39%. The deemed return percentages will be reassessed every year. The tax rate under the regime for savings and investments remains 30%.

*Dutch Corporate Entities*

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates of up to 25% with respect to any benefits derived or deemed to be derived (including any capital gains realised on the disposal thereof) of Offer Certificates.

*Non-residents in the Netherlands*

A holder of Offer Certificates other than a Dutch Individual or Dutch Corporate Entity will not be subject to any Dutch taxes on income or capital gains in respect of the ownership and disposal or transfer of the Offer Certificates, except if:

- (i) the holder of Offer Certificates, whether an individual or not, derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried out through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Offer Certificates are attributable;
- (ii) the holder of Offer Certificates is an individual and derives benefits from miscellaneous activities carried out in the Netherlands in respect of the Offer Certificates, including (without limitation) activities which are beyond the scope of normal, active portfolio investment activities;
- (iii) the holder of Offer Certificates is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Offer Certificates are attributable; or



- (iv) the holder of Offer Certificates is an individual and is entitled to a share in the profits of an enterprise, other than by way of securities or from employment activities, which enterprise is effectively managed in the Netherlands and to which enterprise the Offer Certificates are attributable.

Under certain specific circumstances, Dutch taxation rights could be restricted pursuant to treaties for the avoidance of double taxation.

#### **Gift Tax or Inheritance Tax**

No Dutch gift tax or inheritance tax is due in respect of any gift of the Offer Certificates by, or inheritance of the Offer Certificates on the death of, a holder of Offer Certificates, except if:

- (i) at the time of the gift or death of the holder of Offer Certificates, the holder of Offer Certificates is resident, or is deemed to be resident, in the Netherlands;
- (ii) the holder of Offer Certificates passes away within 180 days after the date of the gift of the Offer Certificates and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands; or
- (iii) the gift of the Offer Certificates is made under a condition precedent and the holder of Offer Certificates is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

#### **Other Taxes and Duties**

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a holder of Offer Certificates by reason only of the purchase, ownership and disposal or transfer of the Offer Certificates.

## **U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT**

### **FATCA Withholding**

Pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, such sections of the U.S. Internal Revenue Code and the regulations thereunder commonly referred to as FATCA, “foreign financial institutions”, including Rabobank, may in the future be required to withhold U.S. tax on certain payments they make (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the U.S. (“IGAs”) to implement FATCA in their domestic legislation. These IGAs modify the way in which FATCA applies to foreign financial institutions in their jurisdiction. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold U.S. tax under FATCA from any payments that it makes. Certain aspects of the application of FATCA and IGAs to instruments such as the Offer Certificates, including whether withholding would ever be required thereunder with respect to payments made on instruments such as the Offer Certificates, are, however, still uncertain and may be subject to change.

Even if in the future withholding would be required with respect to payments made on instruments such as the Offer Certificates pursuant to FATCA or the applicable IGA, such withholding would not apply to foreign passthru payments prior to 1 January 2019, or, if later, the date of publication in the U.S. Federal Register of final regulations defining the term foreign passthru payment. Furthermore, grandfathering provisions may apply for instruments already issued on that date. If, due to the non-compliance with FATCA or IGA requirements by the holder, withholding would be required pursuant to FATCA or the applicable IGA, no additional amounts will be payable to the holder of Rabobank Participations or to the holder of Rabobank Certificates.

Holders of Rabobank Certificates and prospective holders of Offer Certificates should consult their own tax adviser regarding how FATCA applies to their acquisition, holding or disposal of Rabobank Certificates.

## INDEPENDENT AUDITORS

Ernst & Young Accountants LLP has audited the Group's consolidated financial statements for the three years ended 31 December 2015, 31 December 2014 and 31 December 2013, and has issued unqualified independent auditor's reports thereon, which are incorporated by reference into this Prospectus.

The Group's condensed consolidated interim financial information for the six-month period ended 30 June 2015 has not been audited but has been reviewed by Ernst & Young Accountants LLP. The independent auditor's review report is incorporated into this Prospectus by reference. The Group's condensed consolidated interim financial information for the six-month period ended 30 June 2016 has not been audited by PricewaterhouseCoopers Accountants N.V. The independent auditor's review report is incorporated into this Prospectus by reference.

Each of Ernst & Young Accountants LLP and PricewaterhouseCoopers Accountants N.V. has no interest in Rabobank or in Stichting AK Rabobank. Ernst & Young Accountants LLP and PricewaterhouseCoopers Accountants N.V. are both independent registered audit firms. The address of Ernst & Young Accountants LLP is Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. The address of PricewaterhouseCoopers Accountants N.V. is Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. The auditors signed the independent auditor's reports on behalf of Ernst & Young Accountants LLP and PricewaterhouseCoopers Accountants N.V. respectively are each members of the Royal Netherlands Institute of Chartered Accountants (Koninklijke Nederlandse Beroepsorganisatie van Accountants).

Each of Ernst & Young Accountants LLP and PricewaterhouseCoopers Accountants N.V. has given, and has not withdrawn, its consent to the incorporation by reference of its reports on the Group's financial information in this Prospectus in the form and context in which they are incorporated.

Rabobank confirms that the information in the independent auditors' reports incorporated by reference into this Prospectus has been accurately reproduced and that as far as Rabobank is aware and able to ascertain from information published by the independent auditors, no facts have been omitted which would render the auditors' reports inaccurate or misleading.

## GENERAL INFORMATION

### Corporate Resolutions

On 17 October 2016, the Executive Board resolved to issue Rabobank Participations to Stichting AK Rabobank subject to Supervisory Board approval and Settlement taking place. This resolution has been approved by the Supervisory Board on 20 October 2016 subject to the Settlement taking place. On 3 November 2016, the management board of Stichting AK Rabobank adopted a resolution to acquire and to manage the issued Rabobank Participations by way of administration (*ten titel van beheer*) in exchange for Offer Certificates which shall be granted to the investors upon Settlement taking place.

### Significant Change in the Group's Financial or Trading Position

There has been no significant change in the financial or trading position of the Group, and there has been no material adverse change in the financial position or prospects of the Group, since 30 June 2016.

### Availability of Documents

Subject to applicable laws, the following documents (or copies thereof) may be obtained free of charge from Rabobank's website ([www.rabobank.com](http://www.rabobank.com)):

- this Prospectus;
- the Rabobank Articles, as most recently amended on 1 January 2016;
- the Terms and Conditions;
- the Stichting Articles, as most recently amended on 16 January 2014;
- the Participation Rules effective as of 1 January 2016;
- the Group's audited consolidated financial statements, including the notes thereto, as of and for the financial years ended 2014 and 2013;
- the Group's unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2015;
- the Group's annual report for the year end 31 December 2015; and
- the Group's interim report for the six-month period ended 30 June 2016.

In addition, copies of the above documents will be available free of charge at Rabobank's offices during normal business hours from the date of this Prospectus until at least the Settlement Date.

### Clearing and Settlement

The Offer Certificates have been accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). The ISIN is XS1002121454 and the common code is 100212145.

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The incorporation by reference extends to the parts indicated below and the English language versions of the documents only, unless otherwise indicated below. Non-incorporated parts of the documents listed below are either not relevant for the investor or covered elsewhere in this Prospectus.

- The Group's audited consolidated financial statements, including the notes thereto, prepared in accordance with IFRS for the financial year ended 2015, and the independent auditor's report dated 17 February 2016, relating thereto.
- The Group's audited consolidated financial statements, including the notes thereto, prepared in accordance with IFRS for the financial year ended 2014, and the independent auditor's report dated 31 March 2015, relating thereto.
- The Group's audited consolidated financial statements, including the notes thereto, prepared in accordance with IFRS for the financial year ended 2013, and the independent auditor's report dated 24 February 2014, relating thereto.
- The Group's unaudited condensed consolidated interim financial information, including the notes thereto, for the six-month period ended 30 June 2016, and the independent auditor's review report dated 15 August 2016, relating thereto, as set out in the Group's interim report for the six-month period ended 30 June 2016.
- The Group's unaudited condensed consolidated interim financial information, including the notes thereto, for the six-month period ended 30 June 2015, and the independent auditor's review report dated 17 August 2015, relating thereto, as set out in the Group's interim report for the six-month period ended 30 June 2015.
- Pages 314 up to (and including) 318 of the Group's annual report for the year end 31 December 2015 ("Risk management organisation", "Risk management framework", "Risk Measurement" and "(Regulatory) Developments").
- Pages 2, 3 ("Key figures") 40 ("Risk strategy", "Risk culture" and "Risk appetite"), 50 ("Liquidity risk") and 51 ("Liquidity position") of the Group's interim report for the six-month period ended 30 June 2016.
- The Rabobank Articles, as most recently amended on 1 January 2016.
- The Terms and Conditions.
- The Stichting Articles, as most recently amended on 16 January 2014.
- The Participation Rules effective as of 1 January 2016 (Dutch language version only).

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Rabobank will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, a copy of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Such documents may be obtained (i) from Rabobank at its registered office set out at the end of this Prospectus, (ii) by telephoning Rabobank on +31 (0) 30 216 0000 or (iii) from Rabobank's website at [www.rabobank.com](http://www.rabobank.com) under 'investor relations', 'funding' and 'capital'.

### No Incorporation of Website

The contents of Rabobank's website, including any websites accessible from hyperlinks on Rabobank's website, do not form part of and are not incorporated by reference into this Prospectus.

## DEFINITIONS

The following definitions are used in this Prospectus:

<b>Achmea</b>	Achmea B.V.
<b>AFM</b>	The Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten)
<b>Allocation</b>	The allocation of the Offer Certificates
<b>Alternative Reference Loan</b>	One or more loans which, in the opinion of the Executive Board, coincide(s) as closely as possible with the yield, nature, remaining term and creditworthiness of the debtor(s) with a Dutch State loan having a remaining term between 9.5 and 10.5 years
<b>Audited Consolidated Financial Statements</b>	The audited consolidated financial statements for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU pursuant to EU Regulation No 1606/2002 (IFRS) and comply with Part 9 of Book 2 of the Dutch Civil Code.
<b>Banking Act</b>	Italian Financial Services Act, Legislative Decree No. 385 of 1 September 1993
<b>Banking Code</b>	The banking code for Dutch banks as adopted as binding by the Board of the Netherlands Bankers' Association on 9 September 2009, in response to the report entitled 'Restoring Trust' (' <i>Naar herstel van vertrouwen</i> ') of the Advisory Committee on the Future of Banks in the Netherlands, and revised in 2015
<b>Basel Committee</b>	The Basel Committee on Banking Supervision of the Bank for International Settlements
<b>Basel I</b>	Review of the Basel Guidelines dated June 1999
<b>Basel II</b>	Review of Basel I dated June 2004
<b>Basel III</b>	Review of Basel II, still needs to come into effect
<b>Basel III Reforms</b>	The Basel Committee's final guidance on a number of fundamental reforms to the regulatory capital framework (dated 16 December 2010 and 13 January 2011)
<b>Bouwfonds IM</b>	Bouwfonds Investment Management
<b>BPV</b>	Basis Point Value
<b>BRRD</b>	Bank Recovery and Resolution Directive (Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council)
<b>Business Day</b>	Each day on which both (i) TARGET2 (Trans-European Automated Real-Time Gross Settlement Express Transfer 2) and (ii) banks in the Netherlands are open for payments in euro
<b>Calculation Period</b>	Each period of three months in respect of which the Reference Loan Return is calculated, running (i) from and including 26 March to and including 25 June, (ii) from and including 26 June to and including 25 September, (iii) from and including 26 September to and including 25 December and (iv) from and including 26 December to and including 25 March in each year

<b>Capital Regulations</b>	Any requirements of Dutch law or contained in the regulations, requirements, guidelines and policies of the ECB, the DNB or any other relevant competent authority at such time, or of the European Parliament and the European Council, then in effect in the Netherlands relating to capital adequacy and applicable to the Group, including but not limited to CRD IV and CRR
<b>CET1 Ratio</b>	The ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Group to the Risk Weighted Assets of the Group, in each case calculated on a consolidated basis and expressed as a percentage
<b>CFTC</b>	U.S. Commodity Futures Trading Commission
<b>CITA</b>	The Dutch Corporate Income Tax Act 1969
<b>Clearing System Business Day</b>	Monday to Friday inclusive, except for 25 December and 1 January
<b>Clearstream</b>	Clearstream Banking, <i>société anonyme</i>
<b>Code</b>	The Dutch corporate governance code issued on 9 December 2003 and as amended as of 1 January 2017
<b>Co-Lead Managers</b>	ING Bank N.V. and ABN AMRO Bank N.V., in their capacity as co-lead managers
<b>Collins Amendment</b>	Section 171 of the Dodd-Frank Act
<b>Combined Buffer Requirement</b>	The total Common Equity Tier 1 Capital required to meet the requirement for the capital buffers applicable to the Group: a capital conservation buffer, a countercyclical capital buffer, and other systemically important institutions buffer and a systemic risk buffer
<b>Common Depositary</b>	Deutsche Bank AG, London Branch
<b>Common Equity Tier 1 Capital</b>	At any time, means the common equity tier 1 capital (or an equivalent or successor term) at such time of the Group on a consolidated basis in accordance with the Capital Regulations and taking into account any transitional arrangements under the Capital Regulations which are applicable at such time
<b>CONSOB</b>	<i>Commissione Nazionale per le Società e la Borsa</i>
<b>CRD IV</b>	CRD IV Directive and CRR
<b>CRD IV/CRR Implementation Act</b>	An amendment act amending the FMSA and thereby implementing the CRD IV Directive into Dutch law, which entered into force on 1 August 2014
<b>CRD IV Directive</b>	Capital Requirements Directive (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC)
<b>CRR</b>	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
<b>DCC</b>	Dutch Civil Code
<b>Distributable Items</b>	The amount of the profits at the end of the latest financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or Rabobank's bye-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of Rabobank, those losses and reserves being determined on the basis of the individual accounts of Rabobank and not on the basis of the consolidated accounts
<b>DLL</b>	DLL International B.V.

<b>DNB</b>	The Dutch Central Bank (De Nederlandsche Bank N.V.), a public limited company with its registered office in Amsterdam
<b>Dodd-Frank Act</b>	Dodd-Frank Wall Street Reform and Consumer Protection Act
<b>DRN</b>	Deferred Remuneration Note
<b>Dutch Corporate Entities</b>	Entities that are subject to the CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes
<b>Dutch CRD IV and CRR Regulation</b>	Regulation on specific provisions set out in CRD IV and CRR ( <i>Regeling specifieke bepalingen CRD IV en CRR</i> )
<b>Dutch Deposit Guarantee Scheme</b>	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
<b>Dutch Individuals</b>	Individuals who are resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes
<b>EBA</b>	The European Banking Authority
<b>ECB</b>	European Central Bank
<b>EEA</b>	European Economic Area
<b>EU</b>	European Union
<b>EURIBOR</b>	Euro Interbank Offered Rate
<b>euro or EUR or €</b>	The lawful currency of the European Economic and Monetary Union
<b>Euroclear</b>	Euroclear Bank S.A/N.V.
<b>Euronext Amsterdam</b>	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
<b>Executive Board</b>	The Executive Board ( <i>raad van bestuur</i> ) of Rabobank
<b>FBOs</b>	Foreign banking organisations
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>Federal Reserve</b>	Federal Reserve System
<b>FGH Bank</b>	FGH Bank N.V.
<b>Final Recovery Framework</b>	The final recovery framework published by the Dutch Derivatives Committee on 19 December 2016
<b>Financial Services Act</b>	Italian Legislative Decree no. 58 of 24 February 1998
<b>FMSA</b>	Dutch Financial Markets Supervision Act ( <i>Wet op het financieel toezicht</i> )
<b>FSB</b>	Financial Stability Board
<b>FTEs</b>	Full-time equivalents of the Group's employees (internal and external)
<b>G-SIBs</b>	Global systemically important banks
<b>G-SII Buffer</b>	The global systemically important institutions buffer
<b>General Members' Council of Rabobank</b>	The council in which the members of Rabobank are represented ( <i>Algemene Ledenraad</i> )
<b>GHOS</b>	The Group of Central Bank Governors and Heads of Supervision
<b>Group</b>	The group within the meaning of Section 2:24b DCC which is headed by Rabobank
<b>IAS</b>	International Accounting Standard
<b>IFRS</b>	International Financial Reporting Standards as endorsed by the European Union
<b>Intervention Act</b>	Dutch banking legislation dealing with failing banks ( <i>Wet bijzondere maatregelen financiële ondernemingen</i> )
<b>Investor's Currency</b>	Principal currency or currency unit of an investor's financial activities



<b>IRB</b>	Internal Rating-Based
<b>Issuers Regulation</b>	CONSOB regulation No. 11971 of 14 May 1999
<b>Joint Lead Managers</b>	Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International and Rabobank
<b>JST</b>	Joint supervisory teams
<b>LCR</b>	Liquidity coverage ratio
<b>LIBOR</b>	London Interbank Offered Rate
<b>Listing and Amsterdam Paying Agent</b>	Coöperatieve Rabobank U.A.
<b>Liikanen Report</b>	The final report of the High-level Expert Group on reforming the structure of the EU banking sector, published on 2 October 2012 under the chair of Mr Erkki Liikanen
<b>Managers</b>	The Joint Lead Managers together with the Co-Lead Managers
<b>Maximum Distributable Amount</b>	An amount calculated by the method set out in Article 141 of the CRD IV
<b>Maximum Offer Price</b>	115.040% of €25, being the closing trading price of the Rabobank Certificates on Euronext Amsterdam on 10 January 2017
<b>MREL</b>	Minimum requirement for own funds and eligible liabilities
<b>NAICS</b>	North America Industry Classification System
<b>New York Branch</b>	Rabobank's New York Branch
<b>NSFR</b>	Net stable funding ratio
<b>O-SII</b>	The other systemically important institutions buffer
<b>Obvion</b>	Obvion N.V.
<b>OCC</b>	The Office of the Comptroller of the Currency
<b>Offer Certificates</b>	The Rabobank certificates ( <i>Rabobank certificaten</i> ) issued and offered by Stichting AK Rabobank with a nominal amount of €25.00 each. The Offer Certificates represent interests in a corresponding number of Rabobank Participations to be issued by Rabobank to Stichting AK Rabobank on Settlement
<b>Offering</b>	The offering of newly-issued Offer Certificates by Stichting AK Rabobank with a nominal amount of €25.00 each
<b>Offering Period</b>	The period during which the Offering will take place, commencing at 9:00 CET on 11 January 2017 until a time between 11:00 CET and 16:00 CET (exact time to be published through Bloomberg or other similar forms of communication) on 17 January 2017 for prospective institutional investors and at 9:00 CET on 11 January 2017 until 17:30 CET on 16 January 2017 for prospective retail investors, subject to acceleration or extension of the timetable for the Offering
<b>Offer Price</b>	The price of the Offer Certificates
<b>OTC</b>	Over-the-counter
<b>P2G</b>	Pillar 2 guidance with which banks are expected to comply but breach of which does not automatically trigger any legal action
<b>P2R</b>	Pillar 2 requirements which are binding and breach of which can have direct legal consequences for banks
<b>Participation Rules</b>	The rules which describe the rights and conditions that apply to the Rabobank Participations effective as of 1 January 2016 ( <i>Rabobank participatiereglement</i> )
<b>Paying Agent</b>	Deutsche Bank AG, London Branch or any other financial institution appointed as paying agent

<b>Payment Date</b>	29 March, 29 June, 29 September and 29 December in each year (or, if the date is not a Business Day, the next following Business Day or, if this next following Business Day occurs in a subsequent month, the final Business Day before the day in question)
<b>Payment Period</b>	Each period of three months in respect of which payments (if any) on the Rabobank Participations are determined, running (i) from and including 30 December to and including 29 March, (ii) from and including 30 March to and including 29 June, (iii) from and including 30 June to and including 29 September, and (iv) from and including 30 September to and including 29 December in each year
<b>Pillar 1</b>	Basel II consists of three pillars. Pillar I reinforces the risk- sensitive requirements by laying out principles for banks to assess the adequacy of their capital
<b>Pillar 2</b>	Basel II consists of three pillars. Pillar 2 provides for supervisors to review the Pillar 1 assessments to ensure banks have adequate capital to support their risks
<b>Proposals</b>	Legislative proposals published by the European Commission on 23 November 2016 for amendments to the CRR, the CRD IV Directive, the BRRD, the SRM Regulation and a proposed new directive to facilitate the creation of a new asset class of “non-preferred” senior debt
<b>Prospectus</b>	This prospectus dated 11 January 2017
<b>Pricing Statement</b>	A pricing statement containing the exact number of Offer Certificates to be sold
<b>QIS</b>	Comprehensive quantitative impact study conducted by the Basel Committee in 2016
<b>Qualified Israeli Investors</b>	Investors of the types that are listed in the First Schedule to the Securities Law, 5728-1968, of the State of Israel who are not individuals
<b>Rabo Vastgoedgroep</b>	Rabo Vastgoedgroep N.V.
<b>Rabobank</b>	Coöperatieve Rabobank U.A.
<b>Rabobank Articles</b>	The articles of association of Rabobank, as amended from time to time, most recently on 1 January 2016
<b>Rabobank Certificates</b>	Registered Rabobank Certificates issued by Stichting AK Rabobank with respect to Rabobank Participations issued by Rabobank and administered by Stichting AK Rabobank, to which the Terms and Conditions apply
<b>Rabobank Participations</b>	Registered participation rights issued by Rabobank pursuant to Article 18 of the Rabobank Articles with a nominal value of €25.00 each
<b>Rabohypotheekbank</b>	Rabohypotheekbank N.V.
<b>RAROC</b>	Risk Adjusted Return On Capital
<b>Recovery Framework</b>	The Dutch Derivatives Committee’s advice and recovery framework from 5 July 2016 on the reassessment of SME interest rate derivatives
<b>Reference Loan</b>	The most recent Dutch State loan with a remaining term between 9.5 and 10.5 years or, if there is no such loan, a Dutch State loan with a remaining term between 9 and 11 year
<b>Reference Loan Return</b>	The three-month arithmetical average of the effective return of the Reference Loan and, if applicable, the Alternative Reference Loan
<b>Registered Entity</b>	A swap dealer, major swap participant, security-based swap dealer or majority security-based swap participant
<b>Regulation S</b>	Regulation S under the U.S. Securities Act
<b>Relevant Member State</b>	Each member state of the EEA which has implemented the Prospectus Directive
<b>Retail Coordinator</b>	Coöperatieve Rabobank U.A.

<b>Retail Investor</b>	A retail investor from the Netherlands and Switzerland is either: (i) a natural person resident in the Netherlands which also includes those employees of the Group who meet the terms and conditions that will be communicated directly to them; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person
<b>Risk Weighted Assets</b>	At any time, the aggregate Total Risk Exposure Amount of the Group at such time
<b>RMC</b>	The Group's Risk Management Committee
<b>RNA</b>	Rabobank National Association
<b>Robeco</b>	Robeco Groep N.V.
<b>ROIC</b>	Return on invested capital: a profitability measure that 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 equity
<b>RTS</b>	A paper published by the EBA on 3 July 2015 setting out final draft regulatory technical standards on the criteria for determining the MREL under the BRRD
<b>SEC</b>	Securities and Exchange Commission
<b>Settlement</b>	Payment (in euro) for, and delivery of, the Offer Certificates
<b>Settlement Date</b>	On or around 24 January 2017
<b>SRB</b>	Single Resolution Board
<b>SREP</b>	The supervisory review and evaluation process to determining the amount and composition of additional own funds requirements
<b>SRM</b>	Single Resolution Mechanism
<b>SSM</b>	A regulation for the establishment of a single supervisory mechanism 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
<b>SSM Framework Regulation</b>	Council Regulation (EU) 1024/2013 of October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions
<b>Stichting AK Rabobank</b>	Stichting AK Rabobank Certificaten
<b>Stichting Articles</b>	The articles of Stichting AK Rabobank dated 16 January 2014 and as amended from time to time
<b>Subscription Agreement</b>	Subscription agreement entered into by Stichting AK Rabobank, Rabobank, the Joint Lead Managers and the Co-Lead Managers on 11 January 2017 with respect to the issue and offering of the Offer Certificates in connection with the Offering
<b>Superintendent</b>	The Superintendent of Financial Services of the State of New York
<b>Supervisory Board</b>	The supervisory board ( <i>raad van commissarissen</i> ) of Rabobank
<b>Supervisory Board Rules</b>	The rules of procedure adopted by the Supervisory Board regarding its functioning and internal organisation
<b>TASE</b>	Tel Aviv Stock Exchange Ltd.
<b>Terms and Conditions</b>	The terms and conditions of administration of Stichting AK Rabobank
<b>The Netherlands</b>	The part of the Kingdom of the Netherlands located in Europe
<b>Tier 1 Capital</b>	Has the meaning ascribed thereto (or to any equivalent terms) in the Capital Regulations from time to time
<b>TLAC</b>	A specific term sheet for total loss-absorbency capacity

<b>Total Risk Exposure Amount</b>	At any time, the total risk exposure amount of the Group at such time, calculated on a consolidated basis in accordance with the Capital Regulations and taking into account any transitional arrangements under the Capital Regulations which are applicable at such time
<b>Unaudited Condensed Consolidated Interim Financial Information</b>	The unaudited condensed consolidated interim financial information of the Group for the six-month periods ended 30 June 2016 and 30 June 2015 which have been prepared in accordance with IAS 34 'Interim financial reporting', as adopted by the European Union.
<b>Uncleared Swap Margin Rules</b>	Requirements to comply with certain initial and variation margin requirements in respect of its over-the-counter derivative contracts with other Registered Entities pursuant to the Dodd-Frank Act and the rules of the SEC, CFTC and federal banking regulators
<b>U.K.</b>	United Kingdom
<b>U.S.</b>	United States of America
<b>U.S. Internal Revenue Code</b>	U.S. Internal Revenue Code of 1986, as amended
<b>U.S. Securities Act</b>	The United States Securities Act of 1933, as amended
<b>\$</b>	The U.S. dollar, the lawful currency in the U.S.
<b>Volcker Rule</b>	Regulations pursuant to the Dodd-Frank Act regarding the ability of banking entities and their affiliates to engage as principal in proprietary trading activities or to sponsor or invest in or engage in certain transactions with hedge, private equity and other similar funds
<b>Wijffels Report</b>	The final report of 28 June 2013 of a committee established by the Dutch government in November 2012, the 'Commissie Structuur Nederlandse banken', chaired by Mr Herman Wijffels, to investigate the applicability of the Liikanen Report to the Dutch banking sector and the manner in which a defaulting bank might be split up and resolved.
<b>Works Council</b>	The works council ( <i>ondernemingsraad</i> ) of Rabobank
<b>WRR</b>	Wholesale, Rural & Retail

## **RABOBANK**

### **Coöperatieve Rabobank U.A.**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

## **STICHTING AK RABOBANK**

### **Stichting AK Rabobank Certificaten**

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The Netherlands

## **LEGAL ADVISERS TO RABOBANK**

### **De Brauw Blackstone Westbroek N.V.**

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1082 MD Amsterdam  
The Netherlands

## **JOINT LEAD MANAGERS**

### **Credit Suisse Securities (Europe) Limited**

One Cabot Square  
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United Kingdom

### **J.P. Morgan Securities plc**

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London E14 5JP  
United Kingdom

### **Merrill Lynch International**

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London EC1A 1HQ  
United Kingdom

### **Coöperatieve Rabobank U.A.**

Croeselaan 18  
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The Netherlands

## **CO-LEAD MANAGERS**

### **ING Bank N.V.**

Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

### **ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
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## **LEGAL ADVISERS TO THE MANAGERS**

### **Linklaters LLP**

WTC Amsterdam  
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## **INDEPENDENT AUDITORS**

*As auditors up until financial year ended 31 December  
2015*

### **Ernst & Young Accountants LLP**

Cross Towers, Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

*As auditors as from financial year started 1 January 2016*

### **PricewaterhouseCoopers Accountants N.V.**

Thomas R. Malthusstraat 5  
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## **LISTING AND AMSTERDAM PAYING AGENT**

### **Coöperatieve Rabobank U.A.**

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## **PAYING AGENT AND COMMON DEPOSITARY**

### **Deutsche Bank AG, London Branch**

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

## **RETAIL COORDINATOR**

### **Coöperatieve Rabobank U.A.**

Croeselaan 18  
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