IMPORTANT NOTICE

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Confirmation of Your Representation: You have been sent the attached Prospectus on the basis that you have confirmed to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Credit Suisse Securities (Europe) Limited, Merrill Lynch International, Morgan Stanley & Co. International plc and Nomura International plc (the "**Joint Lead Managers**") being the sender of the attached, (i) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and (ii) that you consent to delivery by electronic transmission.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) (the "**Issuer**") or the Joint Lead Managers and any person who controls any of them or any director, officer, employee or agent of the Issuer or any Joint Lead Manager or any person who controls either of them or any affiliate of any of the foregoing accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer or any Joint Lead Manager.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorised to deliver the attached Prospectus to any other person.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.

The attached Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. person or to any U.S. address. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Under no circumstances shall the attached Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The attached Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

Prospectus dated 24 July 2013

Rabobank Nederland
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
EUR1,000,000,000 3.875 per cent. Subordinated Notes due 2023

Issue Price of the Notes: 99.107 per cent.

The EUR1,000,000,000 3.875 per cent. Subordinated Notes due 2023 (the "**Notes**") will be issued by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ("**Rabobank Nederland**", the "**Issuer**" or the "**Bank**"). The Notes will bear interest at an interest rate of 3.875 per cent. per annum, from (and including) 25 July 2013 (the "**Issue Date**") to (but excluding) 25 July 2023, payable annually in arrear on each Interest Payment Date (as defined below), as more fully described under ("*Terms and Conditions of the Notes"*). Interest will be payable on 25 July in each year (each, an "**Interest Payment Date**"), commencing on 25 July 2014.

The Notes will have a final maturity date of 25 July 2023. Upon the occurrence of a Tax Law Change or a Capital Event (each as defined in "*Terms and Conditions of the Notes"*), the Notes may be redeemed (at the option of the Issuer) in whole but not in part in an amount equal to their principal amount, together with any accrued and unpaid interest. The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves.

Application has been made to the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or "**AFM**"), in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and regulations thereunder (together "**Dutch securities laws**"), for the approval of this Prospectus for the purposes of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**"). Application has also been made for the Notes to be admitted to trading on NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). References in this Prospectus to the Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and the Council on Markets in Financial Instruments.

The denominations of the Notes shall be EUR100,000 and integral multiples of EUR1,000 in excess thereof, up to and including EUR199,000. The Notes will initially be represented by a temporary global Note without interest coupons in bearer form (the "**Temporary Global Note**"), which will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on the Issue Date. The Temporary Global Note will be exchangeable for interests in a global Note (the "**Global Note**"), without interest coupons, on or after a day which is expected to be 3 September 2013, upon certification as to non-US beneficial ownership. Individual definitive Notes in bearer form ("**Definitive Notes**") will only be available in certain limited circumstances as described herein. See 'Summary of the Provisions Relating to the Notes in Global Form'.

The Notes are expected upon issue to be rated A2, A and AA- by Moody's Investors Service Limited ("**Moody's**"), Standard & Poor's Credit Market Services Limited ("**Standard & Poor's**") and Fitch Ratings Limited ("**Fitch**"), respectively. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The credit ratings included or referred to in this Prospectus have been issued by Moody's, Standard & Poor's and Fitch, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

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

Joint Lead Managers

BofA Merrill Lynch **Credit Suisse**

Morgan Stanley **Nomura**

Rabobank International

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Important Information - Documents Incorporated by Reference*" below).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NEITHER THE ISSUER NOR THE JOINT LEAD MANAGERS SHALL HAVE ANY RESPONSIBILITY THEREFOR.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in 'Subscription and Sale' below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of further restrictions on offers and sales of Notes and distribution of this Prospectus see "*Subscription and Sale*" below.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of Credit Suisse Securities (Europe) Limited, Merrill Lynch International, Morgan Stanley & Co. International plc or Nomura International plc have separately verified the information contained in this Prospectus. Credit Suisse Securities (Europe) Limited, Merrill Lynch International, Morgan Stanley & Co. International plc and Nomura International plc make no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are or should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary.

Unless the context otherwise requires, references in this Prospectus to "**Rabobank Group**", "**Rabobank**" or the "**Group**" are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and its members, subsidiaries and affiliates.

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

In connection with this issue of Notes, Morgan Stanley & Co. International plc (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

All figures in this Prospectus have not been audited, unless stated otherwise. Such figures are internal figures of Rabobank Nederland or Rabobank Group (as defined hereafter).

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Capitalised terms used herein shall, unless otherwise defined, have the same meanings as in the terms and conditions of the Notes (the "Conditions").

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

Business and general economic conditions

The profitability of Rabobank Group could be adversely affected by a worsening of general economic conditions in the Netherlands and/or globally. Banks are still facing persistent turmoil in financial markets following the European sovereign debt crisis that arose in the first half of 2010 and has continued in 2013. In 2012, the Dutch economy contracted more than foreseen at the beginning of the year and was characterised by a drop in consumer spending, rising unemployment, falling house prices and a lack of business investment. These factors have resulted in reduced borrowing and interest rates, and increases in impaired loans. It is expected that 2013 will be another difficult year for the Dutch economy, as structural reform in the Dutch economy and throughout Europe may lead to higher unemployment, lower household purchasing power and low business investment. Factors such as interest rates, exchange rates, inflation, deflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices can significantly affect the activity level of customers and the profitability of Rabobank Group. In 2012, interest rates declined further to historic lows and have remained low in 2013. Persistent low interest rates, or even negative interest rates, could negatively affect the net interest income of Rabobank Group. Also, a prolonged economic downturn, or significantly higher interest rates for customers, could adversely affect the credit quality of Rabobank Group's assets by increasing the risk that a greater number of its customers would be unable to meet their obligations. Moreover, a market downturn and worsening of the Dutch and global economy could reduce the value of Rabobank Group's assets and could cause Rabobank Group to incur further mark-to-market losses in its trading portfolios or could reduce the fees Rabobank Group earns for managing assets or the levels of assets under management. In addition, a market downturn and increased competition for savings in the Netherlands could lead to a decline in the volume of customer transactions that Rabobank Group executes and, therefore, a decline in customer deposits and the income it receives from fees and commissions and interest. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors affecting results of operations — General market conditions*". Continuing volatility in the financial markets or a protracted economic downturn in the Netherlands or Rabobank Group's other major markets could have a material adverse effect on Rabobank Group's results of operations.

Credit risk

Credit risk is defined as the risk that the bank will suffer economic losses because a counterparty cannot fulfil its financial or other contractual obligations arising from a credit contract. A "credit" is each legal relationship on the basis of which Rabobank, 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. A further economic downturn or worsening of the European sovereign debt crisis may result in an increase in credit risk and, consequently, loan losses that are above Rabobank Group's long-term average, which could have a material adverse effect on Rabobank Group's results of operations.

Country risk

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

Unpredictable and unexpected events which increase transfer risk and/or collective debtor risk could have a material adverse effect on Rabobank Group's results of operations.

Interest rate and inflation risk

An important risk component for Rabobank Group is interest rate risk. Interest rate risk is the risk, outside the trading environment, of deviations in net interest income and/or the market value of capital as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for Rabobank Group's liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of Rabobank Group's assets, such as mortgages, which have longer interest rate fixation periods. Sudden and substantial changes in interest rates could have a material adverse effect on Rabobank Group's results of operations. Inflation and expected inflation can influence interest rates. An increase in inflation may: (i) decrease the value of certain fixed income instruments which Rabobank Group holds; (ii) result in surrenders of certain savings products with fixed rates below market rates by banking customers of Rabobank Group; (iii) require Rabobank Group to pay higher interest rates on the securities that it issues; and (iv) cause a general decline in financial markets.

Funding and liquidity risk

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

Market risk

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

Currency risk

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

Operational risk

As a risk type, operational risk has acquired its own distinct position in the banking world. It is understood to mean "the risk of losses resulting from inadequate or failed internal processes, people or systems or from external events". Events of recent decades in modern international banking have shown on several occasions that ineffective control of operational risks can lead to substantial losses. Under the Basel II accord, banks must hold capital for this risk. Examples of operational risk incidents are highly diverse: fraud, claims relating to inadequate products, inadequate documentation, losses due to poor occupational health and safety conditions, errors in transaction processing, non-compliance with the law and system failures. The occurrence of any such incidents could have a material adverse effect on Rabobank Group's results of operations.

Legal risk

Rabobank Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, Rabobank Group is exposed to many forms of legal risk, which may arise in a number of ways. Rabobank Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if Rabobank Group is successful. Although Rabobank Group has processes and controls to manage legal risks, failure to manage these risks could have a negative impact on Rabobank Group's reputation and could have a material adverse effect on Rabobank Group's results of operations.

Tax risk

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

Systemic risk

Rabobank Group could be negatively affected by the weakness and/or the perceived weakness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions and counterparties. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom Rabobank Group interacts on a daily basis. Concerns about the creditworthiness of sovereigns and financial institutions in Europe and the United States remain. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States go hand in hand with concerns regarding the financial condition of financial institutions. Any of the above-mentioned consequences of systemic risk could have an adverse effect on Rabobank Group's ability to raise new funding and its results of operations.

Effect of governmental policy and regulation

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

As of 1 October 2012, the Dutch government introduced a banking tax for all entities that are authorised to conduct banking activities in the Netherlands. The tax is based on the amount of the total liabilities on the balance sheet of the relevant bank as at the end of such bank's preceding financial year, with exemptions for equity, deposits that are covered by a guarantee scheme and for certain liabilities relating to insurance business. The levy on short-term funding liabilities is twice as high as the levy on long-term funding liabilities. In 2012, Rabobank Group was responsible for €196 million of the €600 million tax.

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 will be imposed on banks based in the Netherlands. It is estimated that Rabobank's share of the resolution levy will be approximately €320 million. If further financial institutions are bailed out, additional taxes or levies could be imposed, which may have a material adverse effect on Rabobank's results of operations.

Moreover, in 2015, a new way of financing 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, will come into force. The target level of the fund will be 1 per cent. of total guaranteed deposits in the Netherlands, or €4 billion. Each bank will be required to pay a base premium of 0.0167 per cent. per quarter of its total guaranteed deposits in the Netherlands. A risk add-on may be charged depending on the risk-weighting of the bank. This was originally planned to be introduced in 2012. However, the introduction of the new financing method was first postponed to 1 July 2013 and, following the nationalisation of SNS Reaal, it has been postponed by a further two years. All these factors may have material adverse effects on Rabobank Group's results of operations.

In February 2013, the European Commission issued a proposal for a financial transaction tax. The financial transactions tax would be levied on transactions involving certain financial instruments by financial institutions with an established link to one of the 11 participating member states. These participating member states are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. The financial transactions tax would be assessed on a transaction either if one of the financial institutions is established in one of the 11 participating member states or if the transaction involves financial instruments issued in one of the 11 participating member states. If the proposal is implemented, Rabobank Group may be required to pay the financial transactions tax on certain transactions in financial instruments, possibly beginning on 1 January 2014. The proposal requires further approval by the European Council, and will require consultation with other European Union institutions before it may be implemented by the participating member states. The Dutch Parliament has not adopted the proposal, but may do so in the future. The financial transactions tax, if implemented, may have a material adverse effect on Rabobank's results of operations.

As of 1 July 2012, a personal mortgage loan should not be higher than €320,000 to be eligible for being secured by the Dutch Homeownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woningen* or "**WEW**"), an institution that was founded by the Dutch government in 1993, through the National Mortgage Guarantee Scheme (*Nationale Hypotheek Garantie* or "**NHG**"). As of 1 July 2013, this maximum will be reduced to €290,000 and, as of 1 July 2014, to €265,000.

In 2013, the tax deductibility of mortgage loan interest payments for Dutch homeowners has been restricted. As of 1 January 2013, interest payments on new mortgage loans can only be deducted when the loan is fully redeemed in 30 years on a linear or annuity basis. Moreover, the maximum permissible amount of a residential mortgage has been reduced from 106 per cent. to 105 per cent. of the value of the property. This maximum will be further reduced (by 1 per cent. each year) to 100 per cent. in 2018. This could have a material adverse effect on Rabobank Group's results of operations.

On 21 July 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which provides a broad framework for significant regulatory changes that will extend to almost every area of U.S. financial regulation. Implementation of the Dodd-Frank Act requires detailed rulemaking by different U.S. regulators, including the Department of the Treasury, the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"), the SEC, the Federal Deposit Insurance Corporation (the "**FDIC**"), the Office of the Comptroller of the Currency (the "**OCC**"), the Commodity Futures Trading Commission (the "**CFTC**") and the Financial Stability Oversight Council (the "**FSOC**"), an institution that was established by the Act. This rulemaking process is still going on and will last some more years. Uncertainty remains about the final details, timing and impact of the rules that have not been specified yet, although implementation of many key aspects of the Dodd-Frank Act is ongoing. The Dodd-Frank Act provides for new or enhanced regulations regarding, among other things: (i) systemic risk oversight, (ii) bank capital standards, (iii) the resolution of failing systemically significant financial institutions, (iv) OTC derivatives, (v) the ability of banking entities to engage in proprietary trading activities and invest in hedge funds and private equity (the so-called "**Volcker rule**") and (vi) consumer and investor protection. The further implementation of the Dodd-Frank Act and related final regulations could result in significant costs and potential limitations on Rabobank Group's businesses and may have material adverse effects on Rabobank Group's results of operations.

In the United Kingdom, the Independent Commission on Banking, chaired by Mr. John Vickers, released its Final Report on 12 September 2011. This report recommends that the retail banking activities of banks in the United Kingdom should be structurally separated, by a "ring-fence", from wholesale banking and investment banking activities. 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 conform, 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 commission concludes, among others, that the Liikanen Report is capable of being adopted into law in the Netherlands. This could have a material adverse effect on Rabobank Group's results of operations.

The impact of future regulatory requirements such as Basel III, the Capital Requirements Directive and Regulation, FATCA, the framework recovery plan, the Volcker rule and Vickers report and the Dodd-Frank Act will have far-reaching implications and require implementation of new business processes and models.

Compliance with the rules and regulations places ever greater demands on our management, employees and information technology.

Minimum regulatory capital and liquidity requirements

Rabobank Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Under Basel II, capital requirements are inherently more sensitive to market movements than under previous regimes. Capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of Rabobank Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on Rabobank Group's results of operations. A shortage of available capital may restrict Rabobank Group's opportunities for expansion.

In the future, capital and liquidity requirements will increase. 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". The Basel Committee published its economic impact assessment on 18 August 2010 and, on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements.

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

The reform package will be implemented in the European Economic Area (the "**EEA**") through a regulation and an associated directive ("**CRD IV**"). The regulation establishes a single set of harmonised prudential rules which will apply directly to all credit institutions in the EEA with CRD IV containing less prescriptive provisions which will need to be transposed into national law. Implementation will begin from 1 January 2014, with particular requirements being phased in over a period of time, to be fully effective by 2019.

It is possible that the European Commission and/or the Dutch Central Bank 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.

If the regulatory capital requirements, liquidity restrictions or ratios applied to Rabobank Group are increased in the future, any failure of Rabobank Group to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on Rabobank Group's results of operations.

Credit ratings

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

A downgrading or announcement of a potential downgrade in its credit ratings, as a result of a change in industry outlook, sovereign rating, rating methodology or otherwise, could adversely affect Rabobank Group's access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements all of which could have a material adverse effect on Rabobank Group's results of operations.

Competition

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

Geopolitical developments

Concerns about geopolitical developments (such as tensions surrounding Korea's and Iran's nuclear programme), social unrest (such as the continuing turmoil in Syria), oil prices and natural disasters, among other things, can affect the global financial markets. Since the beginning of the 21st century, accounting and corporate governance scandals have significantly undermined investor confidence from time to time. The occurrence of any such developments and events could have a material adverse effect on Rabobank Group's results of operations.

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events

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

Key employees

Rabobank Group's success depends to a great extent on the ability and experience of its senior management and other key employees. The loss of the services of certain key employees, particularly to competitors, could have a material adverse effect on Rabobank Group's results of operations. The failure to attract or retain a sufficient number of appropriate employees could significantly impede Rabobank Group's financial plans, growth and other objectives and have a material adverse effect on Rabobank Group's results of operations.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

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

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

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

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are subordinated obligations

The Issuer's obligation to make payments under the Notes are subordinated. In particular, the Issuer's obligations under the Notes rank:

(i) subordinated and junior only to present or future unsubordinated indebtedness of the Issuer;

(ii) *pari passu* with Parity Securities any other present or future indebtedness of the Issuer which ranks by or under its own terms or otherwise *pari passu* with the Notes; and

(iii) senior to any other present or future obligation of the Issuer which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Notes.

By virtue of this subordination, payments to the Holders will, in the case of the bankruptcy or dissolution as a result of the insolvency of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to Notes and Coupons have been satisfied in full. In addition, any right of set-off by the Holder or Couponholder in respect of any amount owed to such Holder or Couponholder by the Issuer under or in connection with such Note or Coupon shall be excluded and each Holder or Couponholder shall, by virtue of being the Holder or a Couponholder, as the case may be, be deemed to have waived all such rights of set-off. See also the risk factor entitled "*Bank recovery and resolution regimes*" and "*Statutory loss absorption*".

No limitation on issuing pari passu and senior securities; subordination

The Notes do not limit the Issuer's ability or the ability of any entity in the Rabobank Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Notes.

The issue of any such securities may reduce the amount recoverable by Holders on a winding-up of the Issuer. Accordingly, in the winding-up of the Issuer and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy the amounts owing to the Holders.

Redemption at maturity

The Notes mature on 25 July 2023. Holders have no ability to require the Issuer to redeem their Notes unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are set out in Condition 7.

Notes subject to optional redemption by the Issuer

Upon the occurrence of a Tax Law Change or a Capital Event, the Notes may be redeemed at the option of the Issuer at their principal amount, as more particularly described in the Conditions. Such an optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Statutory loss absorption

On 6 June 2012, the European Commission proposed a new directive, known as the Bank Recovery and Resolution Directive, on a comprehensive framework for dealing with failing banks. This proposed directive includes proposals to give regulators resolution powers, *inter alia*, to write down the debt of a failing bank (or to convert such debt into capital) to strengthen its financial position and allow it to continue as a going concern, subject to appropriate restructuring measures being taken. It is currently unclear whether measures ultimately adopted in this area will apply to any debt currently in issue, or whether grandfathering rules will apply.

It is possible that, pursuant to the Bank Recovery and Resolution Directive or other resolution or recovery rules which may in the future be applicable to the Issuer, new powers may be given to the Dutch Central Bank or another relevant authority/ies (each, a "**Relevant Authority**") which could be used in such a way as to result in the Notes absorbing losses ("**Statutory Loss Absorption**").

Pursuant to the exercise of any Statutory Loss Absorption measures, the Notes could become subject to a determination by the Relevant Authority or the Issuer (following instructions from the Relevant Authority) that all or part of the principal amount of the Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into common equity Tier 1 capital or otherwise be applied to absorb losses. Such determination shall not constitute an Event of Default and Noteholders will have no further claims in respect of any amount so written off or otherwise as a result of such Statutory Loss Absorption.

Any determination that all or part of the principal amount of the Notes will be subject to Statutory Loss Absorption may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Accordingly, trading behaviour in respect of Notes which are subject to Statutory Loss Absorption is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that Notes will become subject to Statutory Loss Absorption could have an adverse effect on the market price of the relevant Notes. Potential investors should consider the risk that a Noteholder may lose all of its investment in such Notes, including the principal amount plus any accrued but unpaid interest, if those Statutory Loss Absorption measures were to be taken.

As used in this risk factor, "**Bank Recovery and Resolution Directive**" means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of, a directive and/or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, the latest draft of which is dated 28 June 2013.

Potential investors should also refer to the risk factors entitled "*Bank recovery and resolution regimes*", "*Basel III Reforms – Loss absorbency at the point of non-viability*" and "*Change of law*".

Bank recovery and resolution regimes

The Dutch legislator has adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**SMFI**"). The SMFI contains similar legislation to the rules outlined in the draft Bank Recovery and Resolution Directive – see the risk factor entitled "*Statutory loss absorption*". Pursuant to the SMFI, substantial new powers are granted to the Dutch Central Bank and the Dutch Minister of Finance enabling them to deal with, inter alia, ailing Dutch banks prior to insolvency. The SMFI empowers the Dutch Central Bank or the Minister of Finance, as applicable, to commence proceedings leading to, inter alia: (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a "bridge bank"; and (iii) public ownership (nationalisation) of the relevant bank and expropriation of its outstanding debt securities (which may include the Notes). Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the Dutch Central Bank or the Minister of Finance, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

Within the context of the resolution tools provided in the SMFI, holders of debt securities of a bank (including the Noteholders) subject to resolution could be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings. The draft Bank Recovery and Resolution Directive includes similar proposals.

In addition, on 10 July 2013, the European Commission announced plans for a new mechanism to apply the substantive rules of the Bank Recovery and Resolution Directive known as the "Single Resolution Mechanism". Under the proposed Single Resolution Mechanism, the European Central Bank (the "**ECB**") would have power to supervise directly banks in the euro area. The ECB, the European Commission and the relevant national authorities would, working together though a Single Resolution Board, have responsibility for managing any resolution of such a bank with an aim of minimising costs to taxpayers.

It is possible that under the SMFI, the Bank Recovery and Resolution Directive, the Single Resolution Mechanism or any other future similar proposals, any new resolution powers given to the Dutch Central Bank or another relevant authority could be used in such a way as to result in the debt instruments of the Issuer, such as the Notes, absorbing losses or otherwise affecting the rights of Noteholders in the course of any resolution of the Issuer.

It is at this stage uncertain whether the proposed Bank Recovery and Resolution Directive and Single Resolution Mechanism will be adopted and, if so, when and in what form. However, the SMFI and, if it were to be adopted in its current form, the Bank Recovery and Resolution Directive could negatively affect the position of Noteholders and the credit rating attached to the Notes, in particular if and when any of the above proceedings would be commenced against the Issuer, since the application of any such legislation may affect the rights and effective remedies of the Noteholders as well as the market value of the Notes.

In addition, potential investors should refer to the risk factors entitled "*Statutory loss absorption*", "*Basel III Reforms – Loss absorbency at the point of non-viability*" and "*Change of law*".

Basel III Reforms - Loss absorbency at the point of non-viability

The Basel III Reforms provide that instruments, such as the Notes, which do not contain any contractual terms providing for their writing off or conversion into ordinary shares upon the occurrence of a Non-Viability Event (as defined below), will, subject to implementation of the Basel III Reforms and to applicable transitional provisions, cease to be eligible to count in full as Tier 2 Capital from 1 January 2013 unless, among other things, the jurisdiction of the relevant bank has in place laws that (i) require such instruments to be written down upon the occurrence of a Non-Viability Event, or (ii) otherwise require such instruments fully to absorb losses before tax payers are exposed to loss.

CRD IV contemplates that the concept of a Non-Viability Event will be implemented in the European Economic Area by way of the Bank Recovery and Resolution Directive. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015, CRD IV indicates that the European Commission shall review and report on whether provision for such a requirement should be contained in CRD IV and, in light of that review, come forward with appropriate legislative proposals.

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

The operation of any such future legislation or guidelines, whether implemented through the Bank Recovery and Resolution Directive, CRDIV or otherwise, may have an adverse effect on the position of Holders. See also the risk factors entitled "*Statutory loss absorption*", "*Bank recovery and resolution regimes*" and "*Change of law*".

As used herein, "**Non-Viability Event**" means the earlier of (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, without which the relevant bank would become non-viable, in each case as determined by the relevant authority. This definition is for illustrative purposes only and may not necessarily reflect the meaning ascribed to the term "Non-Viability Event" (or any term equivalent thereto) pursuant to any law or regulation implementing the Basel III Reforms.

See also the risk factors entitled "*Statutory loss absorption*", "*Bank recovery and resolution regimes*", and "*Change of law*" for further information.

Modification and waiver

The Terms and Conditions of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Agency Agreement may be amended by the Issuer (i) for the purposes of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein or (ii) in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders or the Couponholders, to all of which each Holder and Couponholder shall, by acceptance thereof, consent.

Risks related to the market generally

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

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, or market risks. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will, in the circumstances provided herein, pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. If the Notes are denominated in another currency than the currency of the country in which the Holder is resident, the Holder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Holder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices in another currency than the currency in which the relevant Note 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 interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The Notes are expected to be assigned on issue a rating of A2 by Moody's Investors Service Limited, A by Standard & Poor's Credit Market Services Europe Limited and AA- by Fitch Ratings Ltd. There can be no assurance that the methodology of the ratings agencies will not evolve or that any ratings once given will not be suspended, reduced or withdrawn at any time by the assigning rating agency.

The credit rating(s) of the Notes from time to time may not be reliable and changes to the credit ratings could affect the value of the Notes. Credit ratings may not reflect the potential impact of all risks relating to the value of the Notes. Real or anticipated changes in the credit ratings of the Issuer will generally affect the market value of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

EU Savings Directive

The EU has adopted EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"). The EU Savings Directive requires Member States of the European Union (each an "**EU Member State**") to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person to an individual resident, or to certain other types of entity established, in another EU Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. A number of non-EU countries and territories have adopted similar measures with effect from the same date.

If a payment were to be made or collected through an EU Member State (or a third country or territory which has adopted similar measures) which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of the EU Savings Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Integral multiples of less than €100,000

The Notes are denominated in amounts of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. In the event that definitive Notes are required to be issued, a Holder who holds a principal amount which is less than €100,000 in his account with the relevant clearing system at the relevant time would need to purchase a principal amount of Notes such that his holding amounts to at least €100,000 before he may receive a definitive Note in respect of such holding. Except in circumstances set out in the relevant Global Note, investors will not be entitled to receive definitive Notes.

Change of law

The conditions of the Notes are based on Dutch law in effect as 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, guidelines or administrative practices after the date of this Prospectus. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger (see the risk factors entitled "*Statutory loss absorption*", "*Bank recovery and resolution regimes*" and "*Basel III Reforms — Loss absorbency at the point of non-viability*" above for further details).

U.S. Foreign Account Tax Compliance Withholding

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA (as defined in "*Taxation – FATCA withholding*") will affect the amount of any payment received by the ICSDs (see "*Taxation – FATCA withholding*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries. Please see "*Taxation – FATCA withholding*" for more information on this legislation.

IMPORTANT INFORMATION

Responsibility Statement

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and the Dutch securities laws. Rabobank Nederland, having taken all reasonable care to ensure that such is the case, confirms that, to the best of its knowledge, the information contained in this Prospectus with respect to the Group and the Notes or otherwise is in accordance with the facts and does not omit anything likely to affect the import of such information. Rabobank Nederland accepts responsibility accordingly.

Documents incorporated by reference

This Prospectus is to be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and that have been approved by the AFM or filed with it:

(a) the audited consolidated financial statements of Rabobank Group for the years ended 31 December 2010, 2011 and 2012 (in each case, together with the independent auditor's reports thereon and explanatory notes thereto); and

(b) the audited unconsolidated financial statements of Rabobank Nederland for the years ended 31 December 2010, 2011 and 2012 (in each case, together with the independent auditor's reports thereon and explanatory notes thereto).

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus is delivered, a copy of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Such documents may be obtained (i) from the Issuer at its registered office set out at the end of this Prospectus, (ii) by telephoning the Issuer on +31 (0)30 2160000 or (iii) from the Issuer's website at http://www.rabobank.com/content/investor_relations/funding_programmes/bank_capital.jsp. In addition, such documents will be available, without charge, from the principal office in the Netherlands of Rabobank International (as Euronext Amsterdam Listing Agent).

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

FORWARD-LOOKING STATEMENTS

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

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Rabobank Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Rabobank Group will operate in the future.

Important factors that could cause the Rabobank Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, changes or downturns in the Dutch economy or the economies in other countries in which the Rabobank Group conducts business, the impact of fluctuations in foreign exchange rates and interest rates and the impact of future regulatory requirements.

These forward-looking statements speak only as of the date of this Prospectus. Other than as required by law or the rules and regulations of the relevant stock exchange, the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The foregoing paragraph applies to those forward-looking statements which are both set out in this Prospectus and which are incorporated by reference herein — see "*Important Information — Documents incorporated by reference*".

OVERVIEW

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

Issuer of the Notes	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)
Joint Lead Managers...........................	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Merrill Lynch International Morgan Stanley & Co. International plc Nomura International plc
Fiscal Agent and Paying Agent...........	Deutsche Bank AG, London Branch
Listing Agent.......................................	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)
Issue Size	EUR 1,000,000,000
Maturity Date	25 July 2023
Issue Date	25 July 2013
Interest...	The Notes will bear interest at an interest rate of 3.875 per cent. per annum, from (and including) the Issue Date to (but excluding) the Maturity Date, payable annually in arrear on each Interest Payment Date, as more fully described under Condition 4.
Interest Payment Dates	Interest will be payable on 25 July in each year (each, an "**Interest Payment Date**"), commencing on 25 July 2014.
Ranking	The payment obligations under the Notes and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. Subject to exceptions provided by mandatory applicable law, in the case of (a) the bankruptcy of the Issuer; (b) a Moratorium; or (c) dissolution (*ontbinding*) as a result of the insolvency of the Issuer, the payment obligations of the Issuer under the Notes and the Coupons shall rank: (i) subordinated and junior only to present or future unsubordinated indebtedness of the Issuer; (ii) *pari passu* with Parity Securities and any other present or future indebtedness of the Issuer which ranks by or under its own terms or otherwise *pari passu* with the Notes; and (iii) senior to any other present or future obligation of the Issuer which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Notes.

	By virtue of such subordination, payments to Holders and Couponholders will, in the case of the bankruptcy or dissolution as a result of the insolvency of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Notes and Coupons have been satisfied in full.
Redemption for Taxation Reasons	If as a result of a Tax Law Change: (i) there is more than an insubstantial risk that the Issuer will be required to pay Additional Amounts with respect to payments on the Notes; or (ii) interest payable on the Notes when paid would not be deductible by the Issuer for Netherlands corporate income tax liability purposes, then the Issuer may at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest on the relevant date fixed for redemption as more particularly set out in Condition 5*(c)*.
Redemption for Regulatory Reasons..	If a Capital Event has occurred and is continuing, then the Issuer may, at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest, on the relevant date fixed for redemption, as more particularly set out in Condition *5(d)*.
Withholding Tax and Additional Amounts	Notwithstanding Condition 5(c), the Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the Netherlands upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as more particularly set out in Condition 8.
Listing..	Application has been made to list the Notes on NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. It is expected that admission to listing will become effective and dealings are expected to commence on 25 July 2013.
Governing Law	The Notes will be governed by, and construed in accordance with, the law of the Netherlands.
Form	Bearer. The Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable for interests in a permanent global Note, without interest coupons, on or after 3 September 2013, upon certification as to non-US beneficial ownership.
Denomination......................................	EUR100,000 and integral multiples of EUR1,000 in excess thereof, up to and including EUR199,000.
Clearing and Settlement......................	The Notes have been accepted for clearance through the facilities of

	each of Euroclear and Clearstream, Luxembourg.
Rating	The Notes are expected to be assigned on issue a rating of A2 by Moody's Investors Service Limited, A by Standard & Poor's Credit Market Services Europe Limited and AA- by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.
Security Codes	ISIN: XS0954910146 Common Code: 095491014
Selling Restrictions	The United States of America, United Kingdom, Japan, Singapore, Hong Kong, Malaysia, the Republic of China, the People's Republic of China, the Republic of Korea, India, Indonesia, Brazil, Switzerland, France, the Republic of Italy and Israel. The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see 'Subscription and Sale'.

TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes was authorised by a resolution of the Issuer on 18 July 2013 and is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 6 November 2013 and a resolution of the Supervisory Board passed on 26 November 2012. The Agency Agreement which will be entered into in respect of the Notes will be available for inspection during usual business hours at the specified offices of each of the Paying Agents. The Agency Agreement includes the form of the Notes and the Coupons. The Holders and the Couponholders (whether or not the Coupons held are attached to the relevant Notes) are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 Definitions

In these Conditions:

"**Additional Amounts**" means such additional amounts as may be necessary so that the net amount received by the Holders or the Couponholders, after the relevant withholding or deduction of any Relevant Tax, will equal the amount which would have been received in respect of the Notes or the Coupons in the absence of such withholding or deduction;

"**Administrative Action**" means any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations);

"**Agency Agreement**" means the fiscal agency agreement dated 25 July 2013 entered into between the Issuer, the Fiscal Agent and the Paying Agents;

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

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

"**Calculation Amount**" means €1,000 in principal amount of each Note;

A "**Capital Event**" is deemed to have occurred if the Issuer is notified in writing by the Dutch Central Bank to the effect that, as a result only of any amendment to, or change in, the Solvency Rules the whole of the outstanding principal amount of the Notes is fully excluded from Tier 2 Capital and in any such case the relevant amendment or change is one which the Dutch Central Bank is satisfied was not reasonably foreseeable as at the Issue Date. For the avoidance of doubt, there shall be no Capital Event if all or part of the Notes are eligible by their terms to be included in Tier 2 Capital by reason of any transitional or grandfathering provisions under CRD IV;

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

"**Coupon**" means an interest coupon in respect of a Note;

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

"**CRD IV**" means, taken together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations;

"**CRD IV Directive**" means the Directive (2013/36/EU) of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate;

"**CRD IV Regulation**" means the Regulation (EU No. 575/2013) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms;

"**Day-count Fraction**" means (i) in respect of an Interest Amount payable on a scheduled Interest Payment Date, one; and (ii) in respect of an Interest Amount payable other than on a scheduled Interest Payment Date, the number of days in the relevant period from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last);

"**Dutch Central Bank**" means De Nederlandsche Bank N.V., or such other authority having primary supervisory authority with respect to the Rabobank Group;

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

"**Euronext Amsterdam**" means NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.;

"**Event of Default**" means the Issuer becomes bankrupt or an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders) or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time which qualifies as a winding-up of the business of the Issuer (*liquidatie van het bedrijf van de kredietinstelling*);

"**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast;

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

"**Future Capital Instruments Regulations**" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced after the Issue Date including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Dutch Central Bank, the European Banking Authority or other relevant authority, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) to the extent required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;

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

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

"**Interest Payment Date**" means 25 July of each year commencing 25 July 2014;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means 3.875 per cent. per annum;

"**Issue Date**" means 25 July 2013, being the date of the initial issue of the Notes;

"**Issuer**" means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland);

"**Local Rabobank**" means any of the Issuer's local member banks;

"**Moratorium**" means a situation in which an "emergency regulation" (*noodregeling*) as contemplated in Chapter 3.5.5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, is applicable to the Issuer;

"**Notes**" means the €1,000,000,000 3.875 per cent. Subordinated Notes due 2023, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 13 and forming a single series with the Notes;

"**Parity Securities**" means the Issuer's EUR1,000,000,000 5.875 per cent. Subordinated Notes 2009 due 20 May 2019 (ISIN: XS0429484891), EUR1,000,000,000 3.75 per cent. Subordinated Notes due 9 November 2020 (ISIN: XS0557252417), GBP500,000,000 5.25 per cent. Subordinated Notes due 2027 (ISIN: XS0827563452), EUR1,000,000,000 4.125 per cent. Subordinated Notes due 2022 (XS0826634874) and USD 1,500,000,000 3.95 per cent Subordinated Notes due 2022 (US21685WDF14);

"**Paying Agents**" means Deutsche Bank AG, London Branch and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) in their capacity as paying agents, which expression includes any successor and additional paying agents appointed from time to time in connection with the Notes;

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

"**Rabobank Group**" means the Issuer together with its branches and consolidated subsidiaries and the Local Rabobanks;

"**Rating Agency**" means Moody's Investors Service Ltd or Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. or Fitch Ratings Ltd, or their respective successors;

"**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable but, if such payment is improperly withheld or refused, the date on which payment is made;

"**Relevant Tax**" means, collectively, any present or future taxes, duties, assessments or governmental charges of whatever nature, which are imposed or levied by or on behalf of the Netherlands or any authority therein or thereof having power to tax;

"**Solvency Rules**" means the solvency rules from time to time pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (as amended or replaced from time to time) or any other rules or regulations relating to capital to which the Issuer and the Rabobank Group are subject;

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

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

"**Tax Law Change**" means (i) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of the Netherlands or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any Administrative Action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, on or after the Issue Date and, in each case, which the Dutch Central Bank is satisfied is material and was not reasonably foreseeable at the Issue Date;

"**Tier 1 Capital**" means, at any time, all items classified as Tier 1 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group; and

"**Tier 2 Capital**" means, at any time, all items classified as Tier 2 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group.

2 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered and in bearer form in the denominations of EUR100,000, and integral multiples of EUR1,000 in excess thereof, up to and including EUR199,000, each with Coupons attached on issue. No definitive Notes will be issued with a denomination above EUR199,000. Notes of one denomination may not be exchanged for Notes of any other denomination.

(b) Title

Title to the Notes and the Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder or Couponholder, as the case may be.

3 Status and Subordination

(a) Status

The Notes and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders and Couponholders are subordinated as described in Condition 3*(b)*.

(b) Subordination

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Notes and Coupons constitute unsecured obligations of the Issuer and shall, in the case of (a) the bankruptcy of the Issuer, (b) a Moratorium or (c) dissolution (*ontbinding*) as a result of the insolvency of the Issuer, rank:

(i) subordinated and junior only to present or future unsubordinated indebtedness of the Issuer;

(ii) *pari passu* with Parity Securities and any other present or future indebtedness of the Issuer which ranks by or under its own terms or otherwise *pari passu* with the Notes; and

(iii) senior to any other present or future obligation of the Issuer which constitutes or is eligible to constitute Tier 1 Capital or which otherwise ranks by or under its own terms or otherwise, subordinate or junior to the Notes.

By virtue of such subordination, payments to the Holders and Couponholders will, in the case of the bankruptcy or dissolution as a result of the insolvency of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Notes and Coupons have been satisfied in full. In addition, any right of set-off by the Holder or Couponholder in respect of any amount owed to such Holder or Couponholder by the Issuer under or in connection with such Note or Coupon shall be excluded and each Holder or Couponholder shall, by virtue of being the Holder of any Note or a Couponholder, as the case may be, be deemed to have waived all such rights of set-off in full.

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

4 Interest

(a) General

The Notes bear Interest on their principal amount from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Interest shall be payable on the Notes annually in arrear on each Interest Payment Date as provided in this Condition 4.

(b) Interest Rate

The Notes bear interest on their principal amount at the Interest Rate.

If any Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the next day which is a Business Day, without adjustment, interest or further payment as a result thereof.

(c) Interest Accrual, Calculation and Rounding

The Notes will cease to bear Interest from (and including) the date of redemption thereof pursuant to Condition 5 unless payment of all amounts due in respect of the Notes is not properly and duly made, in which event Interest shall continue to accrue, both before and after judgment, at the Interest Rate and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Note shall be calculated per Calculation Amount and shall be equal to the product of the Calculation Amount, the Interest Rate and the relevant Day-count Fraction for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

5 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 25 July 2023.

(b) ***Conditions to Redemption and Purchase***

Any redemption or purchase of the Notes in accordance with Condition 5*(c)*, *(d)* or *(e)* is subject to the Issuer (i) obtaining the prior written consent of the Dutch Central Bank, provided that at the relevant time such consent is required to be given; and (ii) except in the case of any purchase of the Notes in accordance with Condition 5*(e)*, giving not less than 30 nor more than 60 calendar days' notice to the Holders, the Fiscal Agent and the Paying Agents, in accordance with Condition 12, which notice shall be irrevocable.

Prior to the publication of any notice of redemption pursuant to this Condition 5, the Issuer shall deliver to the Fiscal Agent a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

(c) ***Redemption Due to Taxation***

If as a result of a Tax Law Change:

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

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

then the Issuer may, subject to Condition 5*(b)*, having delivered to the Fiscal Agent a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Netherlands experienced in such matters to the effect set out in (i) or, as applicable, (ii) above, and having given the notice required by Condition 5*(b)* specifying the date fixed for redemption, at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest on the relevant date fixed for redemption.

(d) ***Redemption for Regulatory Purposes***

If a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 5*(b)* and having given the notice required by Condition 5*(b)* specifying the date fixed for redemption, at any time redeem all, but not some only, of the Notes at their principal amount together with any accrued and unpaid Interest on the relevant date fixed for redemption.

(e) ***Purchases***

The Issuer or any other member of the Rabobank Group may, subject to Condition 5*(b)*(i) and to applicable law and regulation (including CRD IV once it is in effect in the Netherlands and as then in effect), at any time purchase Notes in any manner and at any price (provided that, if they should be cancelled under Condition 5*(f)* below, they are purchased together with all unmatured Coupons relating to them).

(f) ***Cancellation***

All Notes redeemed by the Issuer pursuant to this Condition 5, and any unmatured Coupons attached to or surrendered with them, will forthwith be cancelled. All Notes and Coupons purchased by or on behalf of the Issuer or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation. Notes and Coupons so surrendered shall be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes or Coupons shall be discharged.

6 Payments

(a) Method of Payment

Payments of principal and Interest shall be made against presentation and surrender of the Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent. Such payments will be made by transfer to a Euro account maintained by the payee with a bank in a city in which banks have access to TARGET.

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 8, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment or other laws to which the Issuer or its Agents agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulating directives or agreement, but without prejudice to Condition 8. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Unmatured Coupons

Upon the due date for redemption of any Note, any unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Note is presented for redemption without all unmatured Coupons, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) Payments on Business Days

A Note or Coupon may only be presented for payment on a business day in the place of presentation (and, in the case of payment by transfer to a Euro account, a day which is a TARGET Business Day). Unless otherwise specified herein, if the day on which the relevant Note or Coupon may be presented for payment falls after the due date for any payment in respect of the Notes or Coupons, the Holder or Couponholder, as the case may be, shall not be entitled to any interest or other sum in respect of such postponed payment. In this Condition, "**business day**" means a day on which commercial banks and foreign exchange markets are open in the place of the location of the specified office of the relevant Paying Agent.

7 Events of Default

If an Event of Default occurs, the Holder of any Note may by written notice to the Issuer at its specified office declare such Note to be forthwith due and payable, whereupon the principal amount of such Note together with any accrued and unpaid Interest to the date of payment shall become immediately due and payable, provided that repayment will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank.

8 Taxation

All payments made by or on behalf of the Issuer in respect of the Notes and the Coupons will be made without withholding or deduction for or on account of Relevant Tax paid by or on behalf of the Issuer, unless the withholding or deduction of such Relevant Tax is required by law. In that event, the Issuer will pay, as further Interest, Additional Amounts, except that no such Additional Amounts will be payable to a Holder or Couponholder (or to a third party on the Holder's or Couponholder's behalf) with respect to any Notes:

(i) if such Holder or Couponholder is liable to such taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands in respect of the Notes or Coupons by reason of such Holder or Couponholder having some connection with the Netherlands other than by reason only of holding Notes or Coupons or the receipt of the relevant payment in respect thereof;

(ii) if such Holder or Couponholder could lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complied, with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority;

(iii) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) if such Holder or Couponholder could lawfully avoid (but has not so avoided) such deduction or withholding by presenting and surrendering the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

9 Prescription

Claims for principal and Interest shall become void unless the relevant Note or Coupon is presented for payment as required by Condition 8 within a period of five years of the appropriate due date.

10 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11 Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons holding or representing whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration or proposals, *inter alia*, (i) to modify the provisions for redemption of the Notes or the dates on which Interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or amounts payable on redemption of, the Notes, (iii) to reduce the Interest Rate in respect of the Notes on the Notes, (iv) to change the currency of payment of the Notes or the Coupons, (v) to modify the provisions concerning the quorum required at any meeting of Holders or (vi) to modify the provisions regarding the status or subordination of the Notes referred to in Condition 3, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in principal amount of the Notes for the time being outstanding or at any adjourned meeting two or more persons holding or representing not less than 25 per cent. in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the Noteholders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

So long as the Notes are represented by a global note and any such global note is held on behalf of a clearing system, the Issuer shall be entitled to rely upon approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding, in accordance with the detailed provisions of the Agency Agreement.

(b) Modification and Waiver

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of, or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Holders or Couponholders.

The Agency Agreement may be amended by the Issuer and the Fiscal Agent, without the consent of any Paying Agent, Holder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders or Couponholders.

12 Notices

Notices to Holders shall be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) and, for so long as the Notes are listed on Euronext Amsterdam and the rules of such exchange so require, in the Euronext Amsterdam N.V.'s Daily Official List and a daily newspaper with general circulation in the Netherlands. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

13 Further Issues

The Issuer may from time to time, without the consent of the Holders or Couponholders, create and issue further instruments ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first interest payment on such further instruments) and so that such further issue shall be consolidated and form a single series with the outstanding Notes.

14 Agents

The Fiscal Agent and Paying Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent and Paying Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and any Paying Agent and to appoint additional or other agents, provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent, (iii) paying agents having specified offices in at least two major European cities (including Amsterdam) and (iv) a Paying Agent having specified office in a major city in a Member State of the European Union other than the United Kingdom that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to such Directive.

Notice of any such termination or appointment and of any change in the specified office of the Fiscal Agent or any Paying Agent will be given to the Holders in accordance with Condition 12. If the Fiscal Agent or any Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint an independent investment bank or financial institution registrar to act as such in its place. The Fiscal Agent and the Paying Agents may not resign their duties or be removed without a successor having been appointed as aforesaid.

15 Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

16 Jurisdiction

The competent courts of Amsterdam, the Netherlands are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders and Couponholders and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

1. Form of Notes

The Notes will initially be represented by a Temporary Global Note without interest coupons in bearer form, which will be deposited on or about the Issue Date with Deutsche Bank AG, London Branch as common depositary on behalf of interests held through Euroclear and Clearstream, Luxembourg.

2. Exchange

The Temporary Global Note is exchangeable in whole or in part for interests in the Global Note on or after a date which is expected to be 3 September 2013, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note.

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

(i) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Notes is not paid when due; or

(iii) with the consent of the Issuer.

If principal in respect of any Notes is not paid when due, the Holder may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in 'Default' below) require the exchange of a specified principal amount of the Global Note (which may be equal to or (provided that if the Global Note is held by or on behalf of Euroclear, Clearstream, Luxembourg and/or the Alternative Clearing System, Euroclear, Clearstream, Luxembourg and/or the Alternative Clearing System agree) less than the outstanding principal amount of Notes represented by the Global Note) for Definitive Notes on or after the Exchange Date specified in such notice.

3. Payments

Payments of principal and interest in respect of Notes represented by the Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of the Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holders for such purpose.

A record of each payment made in respect of Notes represented by the Global Note will be endorsed in the appropriate schedule to such Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of such Notes. Conditions 8(iv) and 14(iv) will apply to the Definitive Notes only.

4. Accountholders

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by the Global Note must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Global Note, and in relation to all other rights arising under the Global

Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the holder of the Global Note, as the case may be, in respect of each amount so paid.

5. Default

The Global Note provides that the Holders may cause the Global Note or a portion of it to become due and payable in the circumstances described in Condition 7 by stating in the notice to the Issuer the principal amount of Notes to which such notice relates. If principal in respect of any Note is not paid when due and payable, the holder of the Global Note may from time to time elect that direct enforcement rights under the provisions of the Global Note shall come into effect as against the Issuer, in favour of the relevant person(s) shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder(s) of such Notes represented by the Global Note. Such election shall be made by notice to the Fiscal Agent and presentation of the Global Note to or to the order of the Fiscal Agent for reduction of the principal amount of Notes represented by the Global Note to EUR zero (or to such other figure as shall be specified in the notice) by endorsement thereon and the corresponding endorsement thereon of such principal amount of Notes in respect of which such direct enforcement rights have arisen. Upon such notice being given the appropriate direct enforcement rights shall take effect.

6. Notices

So long as the Notes are represented by the Global Note and the Global Note is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes, except that so long as the Notes are listed on Euronext Amsterdam and rules of such exchange so require, notices to Holders will also be published on the Euronext Daily Official List.

7. Prescription

Claims against the Issuer in respect of principal and interest on redemption while the Notes are represented by the Global Note will become void unless the Global Note is presented for payment within a period of five years of the appropriate due date in the case of principal and interest.

8. Meetings

The holder of the Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each EUR0.01 principal amount of Notes for which the Global Note may be exchanged.

9. Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Global Note.

DESCRIPTION OF BUSINESS OF RABOBANK GROUP

General

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. At 31 December 2012, it comprised 136 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 43 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate. It serves approximately 10 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food and agri. Rabobank Group entities have strong inter-relationships due to Rabobank's cooperative structure.

Rabobank's stability and creditworthiness is reflected in the ratings awarded by several rating agencies (Standard & Poor's, Moody's, Fitch and DBRS). In terms of Tier 1 capital, Rabobank Group is among the world's 30 largest financial institutions (source: *The Banker*).

Rabobank Group's cooperative core business comprises independent local Rabobanks. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With 826 branches and 2,886 cash-dispensing machines at 31 December 2012, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.6 million retail clients, and approximately 0.8 million wholesale clients, offering a comprehensive package of financial services.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Historically, Rabobank Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, Rabobank Group has also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, Rabobank Group has increased both the number and type of products and services available to its customers in order to diversify from a traditional savings and mortgage-based business to become a provider of a full range of financial products and services, both in the Netherlands and internationally. To this end, Rabobank Group pursues an all-finance concept, meaning that it provides an integrated range of financial services comprising primarily domestic retail banking, wholesale banking and international retail banking, asset management, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers. As part of this all-finance strategy, Rabobank Group focuses on operations that produce fee-based income in addition to its traditional interest-based income sources.

At 31 December 2012, Rabobank Group had total assets of €752.4 billion, a private sector loan portfolio of €458.1 billion, amounts due to customers of €334.3 billion, savings deposits of €149.7 billion and equity of €44.6 billion. Of the private sector loan portfolio, €220.0 billion, virtually all of which were mortgages, consisted of loans to private individuals, €145.6 billion of loans to the trade, industry and services sector and €92.4 billion of loans to the food and agri sector. At 31 December 2012, its core Tier 1 ratio, which is the ratio between core Tier 1 capital and total risk-weighted assets, was 13.2 per cent. and its Tier 1 ratio, which is the ratio between Tier 1 capital and total risk-weighted assets, was 17.2 per cent. For the year ended 31 December 2012, Rabobank Group's efficiency ratio, which is the ratio between total operating expenses and total income, was 65.6 per cent., and the return on equity, or net profit expressed as a percentage of Tier 1 capital, was 5.6 per cent. For the year ended 31 December 2012, Rabobank Group realised a net profit of

€2,112 million and a risk-adjusted return on capital ("**RAROC**"), which is the ratio between net profit and average economic capital, of 9.0 per cent. after tax. At 31 December 2012, Rabobank Group had 59,628 full-time employees. For the year ended 31 December 2012, the rate of absenteeism was 3.6 per cent.

Rabobank Group

Business activities of Rabobank Group

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

Domestic retail banking

The domestic retail banking business comprises the local Rabobanks, Obvion N.V. ("**Obvion**") and Rabohypotheekbank N.V. ("**Rabohypotheekbank**"). In the Netherlands, Rabobank is a large mortgage bank, savings bank and insurance agent. Based on internal estimates, the Group believes it is also the leading bank for the small and medium-sized enterprises sector in the Netherlands. Obvion focuses exclusively on collaboration with independent brokers.

At 31 December 2012, Rabobank Group's domestic retail banking operations had total assets of €386.1 billion, a private sector loan portfolio of €306.5 billion, amounts due to customers of €213.9 billion and savings deposits of €124.7 billion. For the year ended 31 December 2012, Rabobank Group's domestic retail banking operations accounted for 54 per cent., or €7,289 million, of Rabobank Group's total income and 62 per cent., or €1,304 million, of Rabobank Group's net profit. At 31 December 2012, Rabobank Group's domestic retail banking operations employed approximately 28,700 full-time employees.

Local Rabobanks

The 136 (at 31 December 2012) local Rabobanks are independent cooperative entities, each with their own operating areas. With 826 branches and 2,886 cash-dispensing machines at 31 December 2012, they together comprise one of the leading local banks in the Netherlands with a dense branch network. Proximity and commitment to their clients enhances the local Rabobanks' responsiveness and speed of decision-making. Their commitment is reflected in their close ties with local associations and institutions. The local Rabobanks are committed to providing maximum service to their clients by making optimum use of different distribution channels, such as branch offices, the internet and mobile telephones. Together, the local Rabobanks serve approximately 6.6 million retail clients and approximately 0.8 million wholesale clients in the Netherlands with a comprehensive package of financial services. Many private individuals have current, savings and/or investment accounts and/or mortgages with the local Rabobanks. The local Rabobanks constitute a major financier of Dutch industry, from small high street shops to listed enterprises. Furthermore, the local Rabobanks traditionally have had close ties with the agricultural sector and, together, they are the largest insurance broker in the Netherlands (source: Insurance Magazine Yearbook 2012 (*AM Jaarboek 2012*)).

Obvion

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

Rabohypotheekbank

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the local Rabobanks and was owned 100 per cent. by Rabobank Nederland as at 31 December 2012.

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 Nederland and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At 31 December 2012, Rabohypotheekbank had assets of €7.0 billion.

Wholesale banking and international retail banking

Rabobank International

Rabobank International, which is the wholesale banking business and international retail banking business, focuses its activities on the food and agri sector. Rabobank International is a division of Rabobank Nederland and has a presence in 30 countries. Its activities are subdivided into the following regions: the Netherlands, Europe outside the Netherlands, North and South America, Australia and New Zealand and Asia. Across these regions, Rabobank International has created a number of units with global operations: Global Financial Markets, Global Client Solutions, Acquisition Finance, Renewable Energy & Infrastructure Finance, Direct Banking and Trade & Commodity Finance. For optimum service to their clients and markets, the various regions and the units with global operations work closely together. In addition to customer-focused activities, Global Financial Markets manages the trade in money market products for the day-to-day management of the liquidity position, the credit risk and the market risk of Rabobank Group and its clients. Acquisition Finance is involved in financing acquisitions by private equity companies and has a significant market share in the agricultural market. Global Client Solutions offers client-tailored products aimed at both the asset and liability sides of the balance sheet. The Renewable Energy & Infrastructure 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, New Zealand and Poland.

Rabobank's retail activities are performed under the Rabobank label, with the exception of the Irish ACCBank, which is a wholly owned subsidiary, and the Polish Bank BGZ, in which Rabobank International had a 98 per cent. stake at 31 December 2012.

Over the last few years, Rabobank International has strengthened its position in retail banking. In 2010, Rabobank acquired Napa Community Bank as well as specific assets and liabilities of Butte Community Bank and Pacific State Bank in California.

In addition, Rabobank International has interests in private equity. Under the Rabo Capital label, Rabobank Group's investment unit, Rabo Private Equity, focuses on medium-sized Dutch enterprises. Its Rabo Ventures label focuses on new enterprises in the clean technology sector. Rabobank also participates in independent private equity enterprises such as Langholm and a number of Gilde funds.

At 31 December 2012, Rabobank Group's wholesale banking and international retail banking operations had total assets of €530.4 billion and a private sector loan portfolio of €107.5 billion. For the year ended 31 December 2012, Rabobank Group's wholesale banking and international retail banking operations accounted for 30 per cent., or €4,005 million, of Rabobank Group's total income and 33 per cent., or €704 million, of Rabobank Group's net profit. At 31 December 2012, Rabobank Group's wholesale banking and international retail banking operations had approximately 15,800 full-time employees.

Asset management

Rabobank Group's asset management business is handled by Robeco Group N.V. ("**Robeco**"), an asset manager with global operations and by Schretlen & Co N.V. ("**Schretlen & Co**"), a Dutch private bank. In February 2013, Rabobank signed a sale agreement with ORIX Corporation ("**ORIX**"), a Japanese financial services provider relating to the sale of Robeco. On 1 July 2013, Rabobank and ORIX jointly announced that the acquisition of Robeco by ORIX had been completed.

At 31 December 2012, the assets under management and held in custody for clients of Rabobank Group's asset management operations amounted to €221.2 billion. For the year ended 31 December 2012, Rabobank Group's asset management operations accounted for 2 per cent., or €280 million, of Rabobank

Group's total income and 10 per cent., or €216 million, of Rabobank Group's net profit. At 31 December 2012, Rabobank Group's asset management operations had approximately 1,400 full-time employees.

Robeco

Robeco was founded in Rotterdam in 1929. It provides investment products and services to both institutional and private clients around the world. Services to private individuals are provided both through banks and other distribution partners, and through direct channels. Robeco's product range includes equity and fixed-income investments and money market funds and alternative investments funds. In addition to its offices in the Netherlands, Robeco has branches in Europe, the United States, Asia and the Middle East.

At 31 December 2012, Robeco has its statutory seat in Rotterdam. Its issued and fully paid-up share capital amounted to €4,537,803 (4,537,803 shares with a nominal value of €1 each) at 31 December 2012.

For the year ended 31 December 2012, Robeco's net profit was €197 million, corresponding to a profit of €43.5 per share. At 31 December 2012, Rabobank Nederland's liabilities to Robeco amounted to €890 million (bonds), €655 million (current accounts), €0 million (loans and deposits) and €10 million (derivatives). At 31 December 2012, Rabobank Nederland's claims on Robeco amounted to €249 million (loans), €27 million (current accounts), €2 million (professional securities transactions) and €136 million (derivatives).

At 31 December 2012, Robeco managed €188.9 billion in assets.

On 1 July 2013, Rabobank and ORIX jointly announced that the acquisition of Robeco by ORIX had been completed. See the section entitled "Recent developments – Sale of Robeco" for more information regarding the sale of Robeco.

Schretlen & Co N.V.

Schretlen & Co is the asset management specialist within Rabobank Group. The business is focused primarily on high net-worth individuals and medium-sized institutional investors in the Netherlands. Its core activities comprise asset management and advice, combined with estate planning. In addition to its head office in Amsterdam, Schretlen & Co has branches in Apeldoorn, Heerenveen, Rotterdam and Waalre. Rabobank Nederland owns a 100 per cent. equity interest in Schretlen & Co.

At 31 December 2012, Schretlen & Co managed €8.6 billion in assets.

Leasing, De Lage Landen International B.V.

De Lage Landen International B.V. ("**De Lage Landen**") is the subsidiary responsible for Rabobank Group's leasing business. It uses vendor finance to assist producers and distributors in their sales in 36 countries. With its innovative finance programmes, De Lage Landen 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, De Lage Landen operates in nine countries in Europe. In the Netherlands, De Lage Landen strengthens Rabobank Group's position in the Dutch consumer credit market, in part through the Freo online brand.

Rabobank Nederland owned a 100 per cent. equity interest in De Lage Landen at 31 December 2012. De Lage Landen has its statutory seat in Eindhoven, the Netherlands. Its issued share capital amounts to €98,470,307 all of which is owned by Rabobank Nederland. At 31 December 2012, Rabobank Nederland's liabilities to De Lage Landen amounted to €1,029 million. At 31 December 2012, Rabobank Nederland's claims on De Lage Landen amounted to €23,425 million (loans, current accounts, financial assets and derivatives). All liabilities of De Lage Landen are guaranteed (through the cross guarantee system) by Rabobank Nederland and the other participants of this system.

At 31 December 2012, De Lage Landen had a lease portfolio of €29.6 billion. For the year ended 31 December 2012, De Lage Landen accounted for 11 per cent., or €1,457 million, of Rabobank Group's total income and 17 per cent., or €367 million, of Rabobank Group's net profit. At 31 December 2012 Rabobank Group's leasing operations employed approximately 5,100 full-time employees.

Real estate, Rabo Vastgoedgroep Holding N.V.

Rabo Real Estate Group (Rabo Vastgoedgroep Holding N.V. ("**Rabo Vastgoedgroep**")) is a prominent real estate enterprise. It operates in the private and corporate markets and has three core activities: residential and commercial real estate development, real estate finance and serving real estate investors. Bouwfonds Property Development is responsible for residential development and MAB Development for the development of commercial real estate. Financing commercial real estate is done by FGH Bank N.V. ("**FGH Bank**"). Bouwfonds REIM is responsible for real estate-related investments. In addition to these three core activities, Rabo Real Estate Group contributes to social real estate development and financing through Fondsenbeheer Nederland. Rabo Real Estate Group operates mainly in the Netherlands, France and Germany.

For the year ended 31 December 2012, the Rabo Real Estate Group sold 6,312 houses. At 31 December 2012, Rabo Real Estate Group managed €5.5 billion of real estate assets and its loan portfolio amounted to €19.2 billion. For the year ended 31 December 2012, the real estate operations accounted for 3 per cent., or €451 million, of Rabobank Group's total income and (5) per cent., or €(107) million, of Rabobank Group's net profit. At 31 December 2012, Rabobank Group's real estate operations had approximately 1,500 full-time employees.

Participations

Achmea B.V.

At 31 December 2012, Rabobank had a 29 per cent. interest in Achmea B.V. ("**Achmea**"). Rabobank does not exercise control over Achmea and therefore does not consolidate Achmea as a subsidiary in Rabobank's financial statements. Achmea is accounted for as an associate in Rabobank's financial statements in accordance with the equity method. At 31 December 2012, Achmea had a workforce of approximately 18,900 full-time equivalents, and Achmea is the market leader in the area of insurance in the Netherlands (source: Achmea Annual Report 2012), 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 seven other European countries. Rabobank and Achmea work closely together in the area of insurance. Achmea operates in the Dutch domestic market with brands including Centraal Beheer Achmea, FBTO, InShared, Interpolis, Avéro Achmea, Zilveren Kruis Achmea, Agis Zorgverzekeringen, De Friesland Zorgverzekeraar and Syntrus. Interpolis is the prime supplier of insurance products to clients of the local Rabobanks, offering a broad range of non-life, health and life insurance policies for both private individuals and enterprises. Serving over a million private individuals and several hundreds of thousands of enterprises, Interpolis is one of the major players in the Dutch insurance market and in the agricultural sector.

Recent developments

Redemption of Capital Securities

After having obtained approval of the Dutch Central Bank (*De Nederlandsche Bank N.V.*) Rabobank Nederland redeemed the U.S.$130,000,000 Perpetual Non-Cumulative Capital Securities, which were issued on 6 June 2008, on the first call date of 6 June 2013 in accordance with the terms and conditions thereof.

Piet Moerland to retire in 2014

On 20 June 2013, it was announced that Piet Moerland, Chairman of the Executive Board of Rabobank Nederland, will retire in 2014.

Sale of Robeco

Rabobank signed a sale agreement with ORIX in February 2013 relating to the sale of Robeco. On 1 July 2013, Rabobank and ORIX jointly announced that the acquisition of Robeco by ORIX had been completed. ORIX acquired approximately 90.01 per cent. of the equity in Robeco from Rabobank. The total sale price as a result of adjustment to reflect Robeco's most recent financial position was EUR 1,937 million. Robeco's legal structure will remain unchanged. Robeco's banking and assurance activities, which are only based in the Netherlands, were transferred to Rabobank effective 21 June 2013.

Ratings

On 17 January 2013, Standard & Poor's confirmed the long-term counterparty credit rating of Rabobank Nederland of 'AA-'. The outlook for the long-term credit rating is stable.

On 12 March 2013, DBRS confirmed the long-term deposits and senior debt rating of Rabobank Nederland of 'AAA' with a stable trend.

On 13 March 2013, Moody's confirmed Rabobank Netherland's long-term debt and deposit ratings of 'Aa2' and changed the outlook on these ratings from stable to negative.

On 4 April 2013, Fitch confirmed the long-term issuer default rating ("**IDR**") of Rabobank Group of 'AA' and changed the outlook on this rating from stable to negative.

Strategy of Rabobank Group

Rabobank's strategy for the period from 2013 to 2016 is outlined in a new strategic framework (the "**Strategic Framework**"). Rabobank wants to be close to its clients, to be at the heart of society and to focus on sustainable development. In Rabobank's view, products should be as simple as possible and should meet the needs of its clients. Employees have a key part to play in this. Rabobank engages in universal relationship banking in the Netherlands and the rest of the world, and it wants to continue to do so based on its cooperative identity and principles. The Strategic Framework was adopted in September 2012, following which it was translated into policy proposals.

A more distinctive identity

Rabobank puts the interests of its clients first. Many clients are currently experiencing tough times. In keeping with its cooperative principles, Rabobank endeavours to help its clients through this difficult period where possible and appropriate. The cooperative identity helps to further maintain a distinctive edge. Rabobank's aim is to ensure that the cooperative principles are tangible, perceptible and visible to customers and members of Rabobank. In addition, initiatives are being developed to give members greater influence and involvement, since they are the people who keep the bank focused. Rabobank will also be more vigorous in seeking interaction with clients outside the Netherlands, for example, in the form of advisory councils or client panels.

Focusing on the Dutch market

Rabobank has the ambition of becoming the market leader in the Netherlands in order to put it in a strong position to offer appropriate products to its clients. Sufficient scale is needed in order to innovate and develop products, and be able to operate efficiently. Rabobank already holds leading positions in the savings and mortgage markets, the SME sector and the wholesale segment. It wants to hold on to these leading positions and also strengthen its position in selected areas where it is still falling short of its targets. As a socially committed bank, Rabobank continues to take the lead in major political and social debates, such as the debates in the Netherlands regarding the housing market and home loans.

Rabobank would like to develop a model in which treating customers fairly is combined with cost levels that are in line with the rest of the market. In keeping with its cooperative principles, attempts are also being made to reduce costs on a structural basis in the Dutch retail banking business. Besides cost considerations, changing client needs in particular are forcing Rabobank to evaluate critically its branch location policy and the entire service chain, which extends from the local Rabobanks to Rabobank Nederland. Standardisation and virtualisation is expected ultimately to lead to better customer service at lower costs, which, in turn, will lead to a lower employee headcount. Furthermore, the local Rabobanks intend to make the most of any opportunities to introduce a greater focus on the use of cooperative dividends.

Rabobank International and subsidiaries

Rabobank International and its subsidiaries have a part to play in maintaining Rabobank's leading position in the Dutch market. In the rest of the world, Rabobank is aiming to present itself as a cutting-edge and leading food and agri bank. In connection with this aim, Rabobank intends to further improve its services to customers of the local Rabobanks with international operations. Rabobank believes that the activities of Rabobank International and its subsidiaries need to be sufficiently focused on the food and agri sector, serve the real economy and be manageable and responsible from a risk perspective. In addition, the contribution made by different activities to achieving targets at Rabobank Group level will come under greater scrutiny. Moreover, synergies between different Rabobank Group entities will be strengthened further. In the area of investment products, the local Rabobanks have offered their clients the option of choosing between different providers for many years. As a consequence, Robeco's role within Rabobank Group has gradually changed. The distribution model for investment funds will also change on a structural basis owing to the ban on commissions due to regulatory adjustments. Partly in the light of these developments, the strategic options for Robeco were explored, resulting in the sale of the asset management subsidiary to ORIX in February 2013, which was completed on 1 July 2013. At 31 December 2012, Rabobank Group had a 29 per cent. equity interest in Achmea. Achmea is Rabobank's strategic partner in the area of insurance products.

Rabobank's employees

The social landscape and banking climate are undergoing rapid change. Rabobank believes that its employees will need to adapt to these developments since they are the face of the bank and are able to make a difference. Rabobank needs, and has, employees who endorse its distinctive cooperative identity, who feel a sense of commitment to customers and who continue to work on their professional, as well as their personal, development. Rabobank intends to implement a more modest pay and benefits package that shows greater restraint in certain areas, is more in keeping with other sectors and which will gain the support of customers, members and the community.

Sustainability

Sustainable banking is a core principle in Rabobank's Strategic Framework, which Rabobank seeks to achieve by focusing on the long term and on sustainable economic development. During 2012, a programme was launched with the aim of formulating the details of Rabobank's strategy on sustainability for the next few years, in order to facilitate the implementation of the updated Strategic Framework. Four customer promises and three sustainability themes, which serve as the starting points for this strategy, were formulated in 2012. The customer promises are:

- all of Rabobank's products and services make a transparent contribution to sustainable development;
- Rabobank gives priority to sustainable initiatives put forward by members and customers when providing access to capital, and rewards such initiatives with material financial incentives;

- Rabobank makes cutting-edge strategic knowledge available to customers; and
- Rabobank forms networks with customers with the aim of building long-term relationships and accelerating the pace of sustainable development.

These customer promises were used as a basis for defining three specific central themes:

- accelerating the transition towards a global sustainable food and agriculture business;
- promoting a circular economy; and
- strengthening vibrant communities.

These themes were selected on the basis of Rabobank Group's market position, knowledge, ambitions and cooperative roots. They are consistent with the most important local and global environmental, social and economic challenges facing Rabobank and its stakeholders. Rabobank uses these themes as a basis on which it can build a leading position in the area of sustainability. Rabobank intends to expand upon these starting points with a large number of internal and external stakeholders in 2013 to achieve specific goals over the next few years.

Financial frameworks

Adequate capital and liquidity buffers are the key elements of financial robustness. They are therefore prerequisites for, and are vital to, retaining a high credit rating and good access to professional funding. Although Rabobank does not always seek to maximise profit, healthy profit growth is important for ensuring continuity, certainty and further growth. Earnings will be under pressure in the next few years owing to low asset growth, fierce competition in the savings market, increased legislation and regulations, the costs of the ex-ante deposit guarantee scheme, the bank tax and the resolution levy. Therefore, a group-wide focus on restraint and cost reduction is necessary to achieve the desired profit growth.

In Rabobank's view, there will be little scope for growth in lending up to, and including, 2016. Demand for loans will be limited in the Netherlands owing to the state of the economy and the housing market. Elsewhere, opportunities for growth will be utilised on a selective basis. For instance, the international rural and retail banking business are expected to grow slightly in order to shore up activities in several key countries. However, the wholesale banking business and De Lage Landen have limited scope for growth. As at the date of this Prospectus, Rabobank's emphasis is on increasing amounts due to customers and on the further diversification of professional funding.

In the new Strategic Framework, Rabobank Group has specifically set itself the following financial targets in the areas of profitability, solvency and liquidity:

- a return on tier 1 capital of 8 per cent.;
- a core tier 1 ratio of 14 per cent. at year-end 2016; and
- a loan-to-deposit ratio of 1.3 at year-end 2016.

The loan-to-deposit ratio is the ratio of total loans to amounts due to customers. Investments in the workforce and information and communication technology ("**ICT**") will need to be made over the next few years in order for these ambitious targets to be achieved on schedule. Rabobank expects that it will be difficult to achieve these targets if the low economic growth seen in recent years continues until 2016.

Strategy for domestic retail banking

Rabobank is a cooperative that puts its customers' interests first and treats customers fairly. Customers are able to come to Rabobank for any mainstream financial products and services. Rabobank has the ambition of being the market leader in the Netherlands in order to put it in a strong position to offer customers product excellence. Modern distribution channels such as the internet and mobile phone technology are increasingly important in Rabobank's service provision. The local Rabobanks are aiming to consolidate and shore up their position, particularly in the higher segment of the retail market (private banking), in the wholesale market and in metropolitan areas.

Strategy for wholesale banking and international retail banking

Rabobank International focuses on both Dutch and international customers in the food and agri business sectors, and offers these customer groups professional products and services. The two key elements of Rabobank International's strategy are:

- to achieve market leadership in the Netherlands; and
- to play a leading role in the global food and agri business sectors.

A certain level of scale is needed to guarantee the best possible cost price and the highest possible quality of these products. Rabobank seeks to leverage its specialist knowledge in these sectors and its efficiencies of scale to attract and maintain a broader group of customers.

Strategy for leasing

De Lage Landen provides services to the real economy. Its operations are in keeping with Rabobank Group strategy to offer a broad range of financial services in the Netherlands. The Vendor Finance division focuses heavily on the food and agri sector and De Lage Landen has the ambition to increase its share of this market. In addition, with a view to diversification, Vendor Finance also targets a number of other sectors. De Lage Landen has extensive experience in the sectors in which it operates as well as thorough knowledge of these sectors and of the appropriate lease products. As it always has been, teamwork with other divisions of Rabobank Group is the central driving force. In the Netherlands, for instance, De Lage Landen has collaborated closely with the local Rabobanks for many years. The partnership with Rabobank International is also intensifying.

Strategy for real estate

Rabo Real Estate Group is Rabobank Group's centre of expertise in real estate; it is active in the areas of property development, property finance, investment management and community fund management. Being one of the largest real estate enterprises in Europe, Rabo Real Estate Group endeavours to strike a healthy balance between the social, economic and ecological effects of its operations. Its ambition is to rank among the top in sustainability in the property sector. Rabo Real Estate Group's mission is to help clients achieve their ambitions for living, working, shopping and leisure. Rabo Real Estate Group has several divisions. Bouwfonds Property Development develops comprehensive residential areas and small mixed-use projects. MAB Development is one of the leading commercial property developers with a focus on retail and city centre development. FGH Bank specialises in property finance and Bouwfonds REIM manages real estate investment funds. Fondsenbeheer Nederland is an independent manager of seven community funds that actively strive to improve the quality of the living environment.

Strategy for asset management

Robeco has historically formed the centre of Rabobank Group's asset management business. Following the sale of Robeco, Rabobank Group will no longer have an asset management segment, which is now presented separately in the consolidated financial statements and the Annual Report. Schretlen & Co will be included in the business area domestic retail banking, more specific Private Banking. The Annual Report for 2012 will be the last time on which Rabobank Group will report on this segment.

Competition

Rabobank Group competes in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, ING Group and SNS Reaal, and also with smaller financial institutions in specific markets. Over the last few years, banks have increased their emphasis on the credit quality of borrowers. This emphasis, combined with the deregulation of capital markets, has increased competition among banks in the Netherlands significantly. In addition, life insurance companies and pension funds in the Netherlands have become major competitors in the markets for residential mortgage loans and savings deposits. In 2008, several large commercial banks and financial institutions in the Netherlands, including ABN AMRO, ING Group and SNS Reaal, received financial support from the Dutch government. In February 2013, SNS Reaal was nationalised by the Dutch government. These developments may affect the competitive environment in which Rabobank Group operates in the Netherlands. Rabobank expects competition in the Dutch savings market to continue in 2013.

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 have a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 71 per cent. Historically, mortgage lending in the Netherlands has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in Rabobank Group's mortgage-lending operations or in the Netherlands generally. Almost all mortgages in the Netherlands have a maturity of 30 years. Generally, mortgages have a long-term (greater than five years) fixed interest rate, after which period the rate is reset at the current market rate. Customers generally only have the option to prepay a certain percentage on the principal amount on their mortgage loan without incurring a penalty fee, thus reducing the interest rate risks related to mortgage loan refinancing for Rabobank Group.

Market shares in the Netherlands

As an all-finance service provider, Rabobank Group offers a comprehensive package of financial products and services. Set forth below is information regarding Rabobank Group's shares in selected markets. The percentages of market share should be read as percentages of the relevant Dutch market as a whole.

Residential mortgages: For the year ended 31 December 2012, Rabobank Group had a market share of 31.1 per cent. of the total amount of new home mortgages in the Dutch mortgage market by value (22.8 per cent. by local Rabobanks, 7.8 per cent. by Obvion and 0.5 per cent. by Friesland Bank N.V. ("**Friesland Bank**"); source: Dutch Land Registry Office (Kadaster)). Rabobank Group is the largest mortgage-lending institution in the Netherlands (measured by Rabobank's own surveys).

Saving deposits of individuals: At 31 December 2012, Rabobank Group had a market share of 38.8 per cent. of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Rabobank Group is one of the largest savings institution in the Netherlands measured as a percentage of the amount of saving deposits (source: Statistics Netherlands). Of the total saving deposits in the Netherlands, 36.5 per cent. are held by the local Rabobanks, 1.2 per cent. are held by Robeco Direct's savings bank Roparco and 1.1 per cent. by Friesland Bank.

Lending to small and medium-sized enterprises: At 31 December 2012, Rabobank Group had a market share of 43 per cent. of domestic loans to the trade, industry and services sector (i.e. enterprises with a turnover of less than €250 million; measured by Rabobank's own surveys).

Agricultural loans: At 31 December 2012, Rabobank Group had a market share of 85 per cent. of loans and advances made by banks to the Dutch primary agricultural sector (measured by Rabobank's own surveys).

Properties

Rabobank Nederland 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 Rabobank Group entities also own the land and buildings used in the ordinary course of their business activities. In addition, Rabobank Group's investment portfolio includes investments in land and buildings. Rabobank believes that Rabobank Group's facilities are adequate for its present needs in all material respects.

Insurance

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

Legal proceedings

Rabobank Group is involved in governmental, litigation and arbitration proceedings in the Netherlands and in foreign jurisdictions, including the United States, involving claims by and against Rabobank Group which arise in the ordinary course of its businesses, including in connection with Rabobank Group's activities as an insurer, lender, employer, investor, financial adviser, underwriter and taxpayer during a period covering at least the previous 12 months.

While it is not feasible to predict or determine the ultimate outcome of all pending or threatened proceedings and litigation, Rabobank believes that the ultimate outcome of the various proceedings and litigation already commenced, and/or any threatened proceedings and litigation, will not have a material adverse or significant effect on Rabobank Group's financial condition or profitability, given its size, balance sheet, income stream and provisioning policy.

Rabobank has received subpoenas and requests for documents and information from various regulatory agencies and competition and criminal authorities in, *inter alia*, the Netherlands, the United Kingdom, the United States, Japan, Hong Kong, Singapore and Switzerland. The documents and information are requested as part of ongoing investigations conducted by the relevant agencies and authorities and concern the London Interbank Offered Rate ("**LIBOR**") submission processes for various currencies and the Euro Interbank Offered Rate ("**EURIBOR**") submission process. Rabobank was at various times a member of eight of the ten LIBOR panels and the EURIBOR panel, and is a member of the LIBOR panels for three currencies: Pounds Sterling, U.S. Dollar and Euro. Rabobank was never a member of the Tokyo Interbank Offered Rate ("**TIBOR**") panel. Rabobank is cooperating fully with the investigations.

Rabobank, along with other panel banks, has been named as a defendant in a number of putative class action lawsuits and private individual civil suits pending in the U.S. that assert federal and state claims relating to U.S. Dollar LIBOR, Japanese Yen LIBOR, TIBOR, and EURIBOR.

RABOBANK GROUP STRUCTURE

Rabobank Group is comprised of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., its members being the local Rabobanks in the Netherlands and its subsidiaries and participations in the Netherlands and abroad.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank Nederland")

The central institution of Rabobank Group is Rabobank Nederland. Rabobank Nederland is a licensed bank, in the legal form of a cooperative.

The objective of a cooperative is to provide for certain material needs of its members by whom it is effectively owned and controlled.

Rabobank Nederland was formed as a result of the merger of the Coöperatieve Centrale Raiffeisenbank and the Coöperatieve Centrale Boerenleenbank, the two largest banking cooperative entities in the Netherlands. It was incorporated with unlimited duration on 22 December 1970 and registered with the Trade Register of the Chamber of Commerce in Utrecht, under number 30046259.

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

Rabobank uses the trade names of Rabobank Nederland in the Netherlands and Rabobank International outside of the Netherlands.

The executive offices of Rabobank Nederland are located at Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is: +31 (0)30 2160000. The statutory seat of Rabobank Nederland is Amsterdam, the Netherlands.

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

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

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

Local Rabobanks

Membership of Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. The members of Rabobank Nederland, which comprise 136 local Rabobanks in the Netherlands as at 31 December 2012, are all banking cooperatives in their own right.

Each local Rabobank must hold shares in Rabobank Nederland according to an apportionment formula (the "**Apportionment Formula**"). Since 2010, approximately 6 million shares of €1,000 have been issued by Rabobank Nederland to the local Rabobanks, creating own funds of Rabobank Nederland of approximately €6 billion. In 2012, a dividend of €493 million, as approved by the General Meeting of Rabobank Nederland was distributed to the local Rabobanks and in 2013 a dividend of nil is expected to be distributed to the local Rabobanks. In previous years, such distributed dividends to the local Rabobanks amounted to €483 million in

2011, €438 million in 2010, €342 million in 2009 and nil in 2008. At Rabobank Group level, these dividend distributions did not have, and are not expected to have, any impact on equity.

As members of Rabobank Nederland, the local Rabobanks have membership rights such as voting rights at a General Meeting of Rabobank Nederland.

The liability position of members of a cooperative, however, is not comparable to the position of shareholders in a corporation for a number of reasons:

(a) Pursuant to Rabobank Nederland's articles of association, if, in the event of Rabobank Nederland's liquidation (whether by court order or otherwise), its assets prove to be insufficient to meet its liabilities, the local Rabobanks (as members of Rabobank Nederland at the time of the liquidation), as well as those who ceased to be members in the year prior to the liquidation, shall be liable for the deficit in proportion to their respective last adopted balance sheet totals. If it is not possible to recover the share of one or more liable members or former members to address the shortfall, the remaining members shall be liable in the same proportion for the amount not recovered. Under Rabobank Nederland's articles of association, the total amount for which members or former members are liable shall never exceed 3 per cent. of its last adopted balance sheet total.[1]

(b) A system of cross-guarantees operates between the local Rabobanks, Rabobank Nederland and a small number of its Dutch subsidiaries, which stipulates that, if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution's funds in order to enable it to fulfil those obligations.

(c) The local Rabobanks are also party to several compensation agreements whereby shortfalls of local Rabobanks with respect to equity, profitability, loan loss reserves and financing losses are financed by charging all other local Rabobanks.

Traditionally, an important role of Rabobank Nederland has been its function as a bankers' bank for the local Rabobanks. The local Rabobanks are permitted to have accounts only with Rabobank Nederland, which is the sole outlet for each local Rabobank's excess liquidity and which acts as treasurer to the local Rabobanks.

Rabobank Nederland also provides services to the local Rabobanks in the form of support, advice and guidance.

Furthermore, Rabobank Nederland negotiates rights in the name of the local Rabobanks and enters into commitments on their behalf, provided that such commitments have the same implications for all local Rabobanks (for instance, the entering into of collective labour agreements on behalf of the local Rabobanks).

Rabobank Nederland operates its own banking business, which is both complementary to and independent of the business of the local Rabobanks.

Notwithstanding the fact that Rabobank Nederland and the local Rabobanks are supervised by the Dutch Central Bank on a consolidated basis, it is based on article 3:111 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) that Rabobank Nederland has responsibility for supervision of the local Rabobanks and, amongst others, for ensuring compliance by the local Rabobanks with the applicable capital adequacy and liquidity regulations. The capital adequacy regulations are intended to preserve a bank's ability to withstand loan losses and other business risks through reserves and retained earnings. The internal

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1 References in this paragraph to the last adopted balance sheet total are to the unconsolidated balance sheet or the unconsolidated balance sheet total of a local Rabobank drawn up by the board of a local Rabobank at the end of the previous financial year, or, if available, the consolidated balance sheet or the consolidated balance sheet total drawn up by the board of a local Rabobank at the end of the previous financial year.

standards applied by Rabobank Nederland, however, are more conservative than the regulations promulgated by the law. This policy partly reflects the fact that the local Rabobanks, which cannot raise new capital by issuing shares, can only grow and maintain an appropriate ratio of reserves to total liabilities by making profits. Any local Rabobank whose ratio of reserves to total liabilities fails to meet internal solvency standards is subject to stricter supervision by Rabobank Nederland. In particular, Rabobank Nederland may restrict such local Rabobank's authority to make lending decisions within Rabobank Group's lending limits.

The local Rabobanks are organised geographically into 12 Regional Delegates Assemblies (*Kringvergaderingen*), each with a board of six delegates. These board members together form the Central Delegates Assembly (Centrale Kringvergadering), consisting of 72 delegates, who meet at least four times a year. This Central Delegates Assembly has some specific powers of its own. It also advises on the subjects discussed at any General Meeting of Rabobank Nederland, in which each local Rabobank has a number of votes according to the Apportionment Formula.

At 31 December 2012, the 136 local Rabobanks (at that time) themselves had approximately 1.9 million members. The members of the local cooperative Rabobanks are their customers but they do not make capital contributions to the local Rabobanks and they are not entitled to the equity of the local Rabobanks. Such members are not liable for any obligations of the local Rabobanks.

Subsidiaries

Rabobank Nederland also conducts business through separate legal entities, not only in the Netherlands but also worldwide. Rabobank Nederland is the (ultimate) shareholder of more than 1,800 subsidiaries and participations.

Rabobank Group companies focus on retail banking (Rabobank Australia, Rabobank N.A., BGZ), asset management (Robeco), vendor leasing (De Lage Landen) and real estate services (Rabo/Vastgoedgroep). However, see "Recent Developments' - Sale of Robeco" for information regarding the proposed sale of Robeco.

Rabobank Nederland has assumed liability for debts arising from legal transactions for approximately 30 of its Dutch subsidiaries under article 2:403 of the Dutch Civil Code.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and the notes thereto of Rabobank Group incorporated by reference into this Prospectus. Certain figures for Rabobank Group at and for the year ended 31 December 2011 included in the following discussion have been restated as a result of changes in accounting policies and presentation. See "Change in accounting policies and presentations" below for further information. As of 2005, the financial statements have been prepared in accordance with IFRS 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 financial statements but instead is unaudited and derived from the accounting records of Rabobank Nederland, unless otherwise stated.

Business overview*

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. At 31 December 2012, it comprised 136 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 43 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate. It serves approximately 10 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food and agri. Rabobank Group entities have strong relationships due to Rabobank's cooperative structure. At 31 December 2012, Rabobank Group had total assets of €752.4 billion and 59,628 full-time employees.

Rabobank's stability and creditworthiness is reflected in the ratings awarded by several rating agencies (Standard & Poor's, Moody's, Fitch and DBRS). In terms of Tier 1 capital, Rabobank Group is among the world's 30 largest financial institutions (source: *The Banker*).

Rabobank Nederland, the local Rabobanks and certain subsidiaries in Rabobank Group are linked through a "cross-guarantee system". The cross-guarantee system provides for intra-group credit support among Rabobank Nederland, all local Rabobanks and certain of Rabobank Group's subsidiaries that are the other participating institutions. Under the cross-guarantee system, funds are made available by each participating institution if another participant suffers a shortfall in its funds. If a participating institution is liquidated and has insufficient assets to cover its liabilities, the other participating institutions are liable for its debts.

The independent local Rabobanks make up Rabobank Group's cooperative core business. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With 826 branches and 2,886 cash-dispensing machines at 31 December 2012, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.6 million retail clients and approximately 0.8 million wholesale clients, both private and corporate, offering a comprehensive package of financial services.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Factors affecting results of operations

*General market conditions**

Rabobank 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. Banks are still facing persistent turmoil in the financial markets. In the first quarter of 2013, the Dutch state nationalised the bank and insurance group SNS Reaal. This rescue highlights the fragility of European banks and the continued exposure of taxpayers to European banks five years after the financial crisis first erupted. During 2012, the contraction of the Dutch economy negatively impacted Rabobank Group's growth in lending and resulted in loan losses above Rabobank Group's long-term average. It is expected that 2013 will be another difficult year for the Dutch economy. Due to competition for savings in the Netherlands, rates on deposits remained relatively high in 2012. This had a negative impact on the financial results of Rabobank Group. Competition for savings is likely to continue in 2013.

In 2012, 67 per cent. of Rabobank 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 Rabobank Group's operations. However, because of Rabobank 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 Rabobank Group focuses on, i.e. principally food and agri, have historically been impacted by business cycles only in a limited way.

Although Rabobank 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 Rabobank Group's other major markets could have a material negative impact on its results of operations. See "*Risk Factors — Factors that may affect the Issuer's ability to fulfil its obligations under the Notes*".

Stock market fluctuations

Since the outbreak of the financial crisis in the second half of 2007, equity markets have been adversely affected. A decline in the stock markets could adversely affect Rabobank Group's results of operations and its financial assets.

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 Rabobank Group's results. For example, a low interest rate environment could adversely affect Rabobank 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 Rabobank 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 the European sovereign debt crisis is resolved, Rabobank expects that the relatively low interest rate environment that it faced in the recent past is likely to continue in 2013, with a corresponding impact on Rabobank Group's results.

As discussed under “Risk Management — Interest rate risk”, Rabobank Group generally takes a limited interest rate position that is managed within strict limits and designed to take advantage of expected changes in interest rates and the yield curve.

Critical accounting policies

The accounting policies that are most critical to Rabobank 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 Rabobank 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 footnotes to the audited consolidated financial statements incorporated by reference into this Prospectus for additional discussion of the application of Rabobank Group’s accounting policies.

Value adjustments

Rabobank regularly assesses the adequacy of the allowance for loan losses 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.

Rabobank distinguishes:

- Specific allowances for impaired corporate loans. For these loans, impairment is measured on a case-by-case basis. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan’s effective rate.

- Collective allowances for loans that are not significant enough to be assessed individually. Retail portfolios of loans that are not individually assessed for impairment are grouped into pools, based on similar risk characteristics, and are collectively assessed for impairment. The allowance is set using IFRS-adjusted Basel II parameters.

- An Incurred But Not Reported (“**IBNR**”) allowance for losses on loans that have been incurred but have not yet been individually identified at the balance sheet date. Non-impaired loans are included in groups with similar risk characteristics and are collectively assessed for the potential losses, based on IFRS-adjusted expected loss parameters. Furthermore, factors are used which assume that within three to six months impairment will be discovered.

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

The Provisioning Committee headed by the CFO decides twice a year on allowance-taking for all impaired loans above a certain threshold (currently over €45 million) or with an allowance above a predetermined threshold (currently over €15 million).

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 Rabobank 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 and/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 Rabobank Group and for the segment Asset Management for the year ended 31 December 2011 in this Prospectus have been restated (see the Consolidated Financial Statements 2012 Rabobank Group, under note 2.1.1, "Changes in accounting policies and presentation" and note 44 "Discontinued operations"). Where the year ended 31 December 2012 is compared with the year ended 31 December 2011, the restated figures for 2011 are discussed. Where the year ended 31 December 2011 is compared with the year ended 31 December 2010, the non-restated figures for 2011 are discussed.

Results of operations

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

	Year ended 31 December			
(in millions of euro)	2012	2011 (restated)	2011	2010
Interest	9,097	9,174	9,229	8,614
Fees and commission	2,206	2,361	2,981	2,831
Other income	2,149	1,171	1,168	1,271
Total income	13,452	12,706	13,378	12,716
Staff costs	5,325	4,862	5,141	4,919
Other administrative expenses	2,979	2,850	3,001	2,706
Depreciation	527	540	578	571
Operating expenses	8,831	8,252	8,720	8,196
Gross result	4,621	4,454	4,658	4,520
Value adjustments	2,350	1,606	1,606	1,234
Bank tax expense	196	-	-	
Operating profit before taxation	2,075	2,848	3,052	3,286
Taxation	160	355	425	514
Net profit from continued operations	1,915	2,493	2,627	2,772
Net profit from discontinued operations	197	134	-	
Net profit	2,112	2,627	2,627	2,772

Year ended 31 December 2012 compared to year ended 31 December 2011

Total income. Rabobank Group's total income increased 6 per cent. in 2012, rising to €13,452 million compared to €12,706 million in 2011.

Interest. Competition in the Dutch savings market was fierce. Lower margins on saving deposits caused interest income to fall by 1 per cent. to €9,097 million in 2012 compared to €9,174 million in 2011.

Fees and commission. Insurance and securities commissions at the local Rabobanks were down. In addition, as a result of the sale of Swiss-based private bank Sarasin to Safra, Sarasin no longer contributed to commission income as of August 2012. Due, in part, to these developments, commission income decreased 7 per cent. to €2,206 million in 2012 compared to €2,361 million in 2011.

Other income. Other income increased significantly in 2012 to €2,149 million compared to €1,171 million in 2011. Interest rate developments, which led to a steepening of the yield curve and gains on hedge accounting, had a positive effect on other income. The same held true for the completion of the sale of the shares in Yes Bank and Sarasin, for improvements in the share of the profits of Achmea, and for the acquisition of Friesland Bank. This was counteracted by the fact that the fall in credit spread on Rabobank-issued structured notes and high impairment losses on property developments had a negative effect on other income. These developments drove the 84 per cent. increase in other income.

Operating expenses. Rabobank Group's operating expenses rose by 7 per cent. in 2012 to €8,831 million compared to €8,252 million in 2011, mainly due to an increase in staff costs.

Staff costs. Staff costs increased by 10 per cent. to €5,325 million in 2012 compared to €4,862 million in 2011 because of an increase in pension costs in the Netherlands, the UK and the U.S., and a temporary increase in outside staff. These costs also rose due to routine pay increases.

Other administrative expenses. Other administrative expenses rose by 5 per cent. to €2,979 million in 2012 compared to €2,850 million in 2011. The acquisition of Friesland Bank and an increase in consultancy fees at Rabobank International caused an increase in other administrative expenses, whereas the completion of the sale of Sarasin produced a drop in these expenses.

Depreciation. Depreciation charges decreased 2 per cent. to €527 million in 2012 compared to €540 million in 2011. The sale of Sarasin was instrumental in the 2 per cent. drop.

Value adjustments. Because of the challenging economic climate in the Netherlands and the weak property market, a relatively high number of trade, industry and services customers and customers operating in the property sector experienced financial difficulties. This situation forced Rabobank Group to increase its provisions, particularly at the local Rabobanks and FGH Bank. In the aggregate, value adjustments were up 46 per cent. at Group level, rising to €2,350 in 2012 compared to €1,606 million in 2011. At 52 basis points of average lending (2011: 37 basis points), bad debt costs were 27 basis points above the long-term average of 25 basis points (based on the period 2002 to 2011).

Bank tax. The bank tax led to an additional expense item for Rabobank Group of €196 million in 2012. The bank tax did not exist in 2011.

Taxation. The recognised tax expense was €160 million in 2012 compared to €355 million in 2011, which corresponds to an effective tax rate of 7.7 per cent. (2011: 12.5 per cent.).

Net profit. Net profit decreased by 20 per cent. to €2,112 million in 2012 compared to €2,627 million in 2011. An amount of €897 million (2011: €1,549 million) remains net of non-controlling interests and payments on Rabobank Member Certificates (*Rabobank Ledencertificaten*) (the depository receipts of participation rights directly issued by Rabobank Nederland ("**Rabobank Member Certificates**")) and hybrid equity instruments. This amount was used to improve Rabobank's capital position.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income. Rabobank Group's total income increased 5 per cent. in 2011, rising to €13,378 million compared to €12,716 million in 2010.

Interest. Due to an increase in lending and higher margins at De Lage Landen and FGH Bank, interest income increased 7 per cent. to €9,229 million in 2011 compared to €8,614 million in 2010.

Fees and commission. Commission increased 5 per cent. to €2,981 million in 2011 compared to €2,831 million in 2010, as commissions on payment transactions and loans increased.

Other income. Other income fell significantly in 2011 to €1,168 million compared to €1,271 million in 2010. Impairments on land suffered by the real estate business and lower income from the equity interest in Achmea drove the 8 per cent. drop in other income.

Operating expenses. Rabobank Group's operating expenses rose by 6 per cent. in 2011 to €8,720 million compared to €8,196 million in 2010, mainly due to an increase in staff costs.

Staff costs. Staff costs increased by 5 per cent. to €5,141 million in 2011 compared to €4,919 million in 2010. Staff costs rose due to a larger employee base, periodic salary increases and higher pension costs.

Other administrative expenses. Other administrative expenses rose by 11 per cent. to €3,001 million in 2011 compared to €2,706 million in 2010. The administrative expenses rose, in part, due to higher IT and marketing expenses.

Depreciation and amortisation. Depreciation and amortisation charges increased 1 per cent. to €578 million in 2011 compared to €571 million in 2010.

Value adjustments. Rabobank Group saw its bad debt costs increase in 2011 as a result of the climate of economic adversity. Various customer groups hit a rough patch in the second half of 2011 in particular. The continuing poor property market conditions fuelled a rise in bad debt costs in the commercial real estate business. Rabobank International's bad debt costs remained high because of sustained losses suffered by Irish-based ACCBank due to the weak economy and property market. The local Rabobanks were forced to form additional provisions for greenhouse horticulture in 2011 as a result of the EHEC crisis, pursuant to which the EHEC-bacteria caused problems for a part of Rabobank's customers in the Dutch greenhouse horticulture sector. On the aggregate, value adjustments were up 30 per cent. at Group level, rising to €1,606 in 2011 compared to €1,234 million in 2010. At 37 basis points of average lending (2010: 29 basis points), bad debt costs were 13 basis points above the long-term average of 24 basis points (based on the period 2001 to 2010).

Taxation. The recognised tax expense was €425 million in 2011 compared to €514 million in 2010, which corresponds to an effective tax rate of 13.9 per cent. (2010: 15.6 per cent.).

Net profit. Net profit decreased by 5 per cent. to €2,627 million in 2011 compared to €2,772 million in 2010. An amount of €1,549 million (in 2010: €1,846 million) remains net of non-controlling interests and payments on Rabobank Member Certificates (*Rabobank Ledencertificaten*) (the depository receipts of participation rights directly issued by Rabobank Nederland ("**Rabobank Member Certificates**")) and hybrid equity instruments. This amount was used to improve Rabobank's capital position.

Segment discussion*

Domestic retail banking

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

	Year ended 31 December		
(in millions of euro)	2012	2011	2010
Interest	5,180	5,218	4,894
Fees and commission	1,344	1,357	1,321
Other income	765	366	294

	Year ended 31 December		
(in millions of euro)	2012	2011	2010
Total income	7,289	6,941	6,509
Staff costs	2,454	2,258	2,161
Other administrative expenses	1,755	1,609	1,553
Depreciation	151	119	119
Operating expenses	4,360	3,986	3,833
Gross result	2,929	2,955	2,676
Value adjustments	1,329	648	358
Bank tax	91	-	-
Operating profit before taxation	1,509	2,307	2,318
Taxation	205	454	475
Net profit	1,304	1,853	1,843

Year ended 31 December 2012 compared to year ended 31 December 2011

Total income. Domestic retail banking total income increased by 5 per cent., rising to €7,289 million in 2012, compared to €6,941 million in 2011.

Interest. Interest income decreased 1 per cent. to €5,180 million in 2012, compared to €5,218 million in 2011, which was due in particular to lower margins on saving deposits.

Fees and commission. Commission fell by 1 per cent. to €1,344 million in 2012, compared to €1,357 million in 2011, because of fewer loans being issued and lower securities commission.

Other income. Other income rose to €765 million in 2012, compared to €366 million in 2011. Other income is made up primarily of dividends payable by Rabobank Nederland to the local Rabobanks. Besides an increase in dividends, other income was up also because of higher earnings from cash management.

Operating expenses. Total operating expenses for domestic retail banking increased 9 per cent., rising to €4,360 million in 2012, compared to €3,986 million in 2011, principally as a result of an increase in staff costs.

Staff costs. Staff costs increased by 9 per cent. to €2,454 million in 2012, compared to €2,258 million in 2011. A factor contributing to the increase in staff costs was the rise in headcount compared with 2011, particularly in terms of temporary staff. The upswing in staff costs was also attributable to the addition of the Friesland Bank employees.

Other administrative expenses. Other administrative expenses increased 9 per cent. to €1,755 million in 2012, compared to €1,609 million in 2011, due mainly to the acquisition of Friesland Bank.

Depreciation. Depreciation rose to €151 million in 2012, compared to €119 million in 2011, because of higher amortisation charges of software and intangibles.

Value adjustments. The weak economy led to further increases in value adjustments in 2012. In the food and agri sector, loan losses were incurred mostly in greenhouse horticulture. In the trade, industry and services sector, businesses reliant on domestic spending in particular suffered the consequences of low consumer and business demand. Low investment levels caused problems in the building contracting and real estate-related sectors. The sea and coastal shipping sector was also negatively affected. Value adjustments rose by €681 million to reach €1,329 million in 2012, compared to €648 million in 2011. At 44 (2011: 22) basis points of average lending, bad debt costs were above the long-term average of 13 basis points, based on the period 2002 to 2011. Of lending, 69 per cent. is comprised of residential mortgage loans. Bad debt costs on residential mortgage loans stood at 6 (2011: 3) basis points.

Bank tax. The bank tax led to an additional expense item of €91 million in 2012.

Taxation. Taxation decreased in 2012 by €249 million to €205 million compared to €454 million in 2011.

Net profit. Net profit decreased by 30 per cent. to €1,304 million in 2012 compared to €1,853 million in 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income. Domestic retail banking total income increased by 7 per cent., rising to €6,941 million in 2011, compared to €6,509 million in 2010.

Interest. Interest income increased 7 per cent. to €5,218 million in 2011, compared to €4,894 million in 2010, due, in part, to growth in lending and amounts due to customers.

Fees and commission. Commission showed a 3 per cent. rise to €1,357 million in 2011, compared to €1,321 million in 2010.

Other income. An increase in share capital contributed by the local Rabobanks to Rabobank Nederland caused higher dividend distributions by Rabobank Nederland to the local Rabobanks in 2011. This was one of the reasons for the 25 per cent. rise of other income to €366 million in 2011, compared to €294 million in 2010.

Operating expenses. Total operating expenses for domestic retail banking increased 4 per cent. in 2011, rising to €3,986 million in 2011, compared to €3,833 million in 2010, principally as a result of an increase in staff costs.

Staff costs. The costs of hiring external staff were higher than in 2010. Extra staff were needed to implement the measures dictated by new rules and regulations, and to fill temporary vacancies. Another factor contributing to the 4 per cent. increase in staff costs to €2,258 million in 2011, compared to €2,161 million in 2010, was the salary increase under the collective bargaining agreement.

Other administrative expenses. Other administrative expenses increased 4 per cent. to €1,609 million in 2011, compared to €1,553 million in 2010.

Depreciation. At €119 million in 2011, compared to €119 million in 2010, depreciation was stable.

Value adjustments. Due, in part, to the EHEC crisis in greenhouse horticulture, bad debt costs witnessed a slight increase in the first half of 2011 despite economic growth and the reasonable outlook at the time. There was a considerable downturn in the economy, however, in the second half of the year, causing value adjustments to rise further by 81 per cent. to reach €648 million in 2011, compared to €358 million in 2010. At 22 (2010: 13) basis points of average lending, bad debt costs were above the long-term average of 12 basis points, based on the period 2001 to 2010. Of lending, 69 per cent. is comprised of residential mortgage loans. Bad debt costs on residential mortgage loans stood at 3 (2010: 4) basis points.

Taxation. Taxation decreased in 2011 by €21 million to €454 million compared to €475 million in 2010.

Net profit. Net profit increased by 1 per cent. to €1,853 million in 2011 compared to €1,843 million in 2010.

Wholesale banking and international retail banking

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

	Year ended 31 December		
(in millions of euro)	2012	2011	2010
Interest	2,775	2,957	2,813
Fees and commission	618	586	460
Other income	612	207	306
Total income	4,005	3,750	3,579
Staff costs	1,320	1,116	1,020
Other administrative expenses	976	847	811
Depreciation	120	109	108
Operating expenses	2,416	2,072	1,939
Gross result	1,589	1,678	1,640
Value adjustments	621	686	597
Bank tax	60	-	-
Operating profit before taxation	908	992	1043
Taxation	204	211	269
Net profit	704	781	774

Year ended 31 December 2012 compared to year ended 31 December 2011

Total income. Total income at Rabobank International increased by 7 per cent. to €4,005 million in 2012 compared to €3,750 million in 2011. This increase was attributable in particular to a €405 million rise in other income.

Interest. Interest income declined by 6 per cent. to €2,775 million in 2012, compared to €2,957 million in 2011. The lower deposit interest rate of the European Central Bank was a factor in the 6 per cent drop in interest income.

Fees and commission. Commission increased by 5 per cent. to €618 million in 2012, compared to €586 million in 2011, due, in part, to an increase in commissions on loans.

Other income. In 2012, other income rose by €405 million to €612 million, compared to €207 million in 2011, because of the sale of remaining equity interest in Indian-based Yes Bank and the higher share of the profits of the participation in the Agricultural Bank of China.

Operating expenses. Rabobank International's total operating expenses increased by 17 per cent. to €2,416 million, compared to €2,072 million in 2011. The implementation of changes in international rules and regulations proved to be a substantial cost item whose impact was felt in staff costs and other administrative expenses.

Staff costs. Staff costs rose by 18 per cent. to €1,320 million in 2012, compared to €1,116 in 2011, owing to routine pay increases, higher pension costs and, to a lesser extent, an increase in headcount.

Other administrative expenses. Due, in part, to higher consultancy fees, administrative expenses were up 15 per cent. to €976 million in 2012, compared to €847 million in 2011.

Depreciation. Depreciation grew by 10 per cent. to €120 million, compared to €109 million in 2011, due to higher depreciation charges on software.

Value adjustments. Value adjustments at Rabobank International decreased by 9 per cent. to €621 million in 2012, compared to €686 million in 2011. As ACCBank accounted for €301 million of these value adjustments, reflecting nearly half of the total figure. Bad debt costs amounted to 59 basis points (2011: 73 basis points) of average lending, which is higher than the long-term average of 54 basis points (based on the period 2002 to 2011).

Bank tax. The bank tax led to an additional expense item of €60 million in 2012.

Taxation. Taxation decreased in 2012 by €7 million to €204 million, compared to €211 million in 2011.

Net profit. Net profit decreased by 10 per cent. to €704 million in 2012 compared to €781 million in 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income. Total income at Rabobank International increased by 5 per cent. to €3,750 million in 2011 compared to €3,579 million in 2010, due chiefly to a rise in interest income.

Interest. Interest income rose by 5 per cent. to €2,957 million in 2011, compared to €2,813 million in 2010. Growth in lending contributed to an increase in interest income.

Fees and commission. Commission increased by 27 per cent. to €586 million compared to €460 million in 2010.

Other income. Other income were favourable in 2010 because of the sale of part of the equity interest in Yes Bank. In 2011, other income fell by 32 per cent. to €207 million, compared to €306 million in 2010.

Operating expenses. Rabobank International's total operating expenses increased by 7 per cent. to €2,072 million, compared to €1,939 million in 2010.

Staff costs. Periodic salary increases and an increase in the employee base of 9 per cent. caused staff costs to rise to €1,116 million in 2011, compared to €1,020 in 2010.

Other administrative expenses. Acquisitions in 2010 resulted in extra integration expenses in 2011. Higher information technology and marketing expenses were a factor in the 4 per cent. rise in other administrative expenses to €847 million in 2011, compared to €811 million in 2010.

Depreciation. Depreciation stood at €109 million, compared to €108 million in 2010.

Value adjustments. Value adjustments at Rabobank International were up 15 per cent. in 2011, reaching €686 million, compared to €597 million in 2010, due, in part, to additional allocations to the provision for loan losses at ACCBank. Bad debt costs amounted to 73 (2010: 64) basis points of average lending, which is higher than the long-term average of 54 basis points (based on the period 2001 to 2010).

Taxation. Taxation decreased in 2011 by €58 million to €211 million, compared to €269 million in 2010.

Net profit. Net profit increased by 1 per cent. to €781 million in 2011 compared to €774 million in 2010.

Asset management

The 2012 consolidated financial statements of Rabobank Group recognise the activities undertaken by Robeco as discontinued operations under IFRS, meaning that the figures for 2012 in the segmental information of the financial statements will be reclassified to a single line in the statement of financial position and the statement of income. The statement of income for 2011 will also be restated accordingly. Net profit from continuing operations comprises the former operations of Schretlen & Co and Sarasin. Total net profit from discontinued and continuing operations in the asset management segment stood at €216 million in 2012, compared to €62 million in 2011. The following table sets forth certain summarised financial information for Rabobank Group's asset management business for the years indicated:

	Year ended 31 December			
(in millions of euro)	2012	2011 (restated)	2011	2010
Interest	22	55	163	166
Fees and commission	680	620	979	995
Other income	78	(3)	2	47
Total income	780	671	1,144	1,208
Staff costs	308	279	593	564
Other administrative expenses	135	151	311	287
Depreciation	38	38	114	117
Operating expenses	481	467	1,018	968
Gross result	299	204	126	240
Value adjustments	2	0	(1)	2
Operating profit before taxation	297	204	127	238
Taxation	100	70	65	71
Net profit from discontinued operations - Robeco	197	134	-	-
Net profit from continued operations	19	(72)	-	-
Net profit	216	62	62	167

Year ended 31 December 2012 compared to year ended 31 December 2011

Total income. Total income increased by 16 per cent. in 2012 to €780 million compared to €671 million in 2011, due to higher commission income and other income.

Interest. Total interest income fell by 59 per cent. in 2012 to €22 million compared to €55 million in 2011 due, in part, to lower margins on savings deposits.

Fees and commission. Commission rose by 10 per cent. to €680 million in 2012, compared to €620 million in 2011, due to a strong increase in assets under management.

Other income. Other income grew by €81 million in 2012, reaching €78 million, compared to minus €3 million in 2011, as a result of higher bond values and gains on the sale of debt instruments.

Operating expenses. Total operating expenses increased by 3 per cent. in 2012, rising to €481 million, compared to €467 million in 2011 due to higher staff costs.

Staff costs. Staff costs were 10 per cent. higher, rising to €308 million in 2012, compared to €279 million in 2011, due to routine pay rises.

Other administrative expenses. Other administrative expenses fell by 11 per cent. to €135 million in 2012, compared to €151 million in 2011. Over the past few years, Robeco reduced complexity with respect to the scope of its product offering and its target markets. This reduction in complexity contributed to the decline in other administrative expenses.

Depreciation. Depreciation was stable at €38 million in 2012 compared to €38 million in 2011.

Value adjustments. The total amount of value adjustments for asset management operations was €2 million in 2012 compared to €0 million in 2011.

Taxation. Taxation increased in 2012 by €30 million to €100 million compared to €70 million in 2011.

Net profit. Net profit increased by €154 million to €216 million in 2012, compared to €62 million in 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income. Total income from asset management was 5 per cent. lower in 2011 than in 2010, at €1,144 million compared to €1,208 million in 2010 mainly due to lower commission income and lower other income.

Interest. Total interest income fell by 2 per cent. in 2011, at €163 million compared to €166 million in 2010 mainly due to higher interest expenses on customers.

Fees and commission. Commission was down 2 per cent. to €979 million in 2011, compared to €995 million in 2010, due to market conditions and lower commissions at Transtrend, a Robeco subsidiary.

Other income. The sale of Sarasin contributed to the €45 million fall in other income to €2 million, compared to €47 million in 2010.

Operating expenses. Total operating expenses increased by 5 per cent. in 2011, rising to €1,018 million, compared to €968 million in 2010 mainly due to higher staff costs and higher other operating expenses.

Staff costs. Staff costs were 5 per cent. higher, rising to €593 million in 2011, compared to €564 million in 2010 in part due to an increase in the number of employees.

Other administrative expenses. Other administrative expenses grew by 8 per cent. to €311 million in 2011, compared to €287 million in 2010 in part due to restructuring provision and higher consultants fees.

Depreciation and amortisation. Due to lower amortisation charges of intangible assets, depreciation and amortisation charges decreased by 3 per cent. to €114 million in 2011 compared to €117 million in 2010.

Value adjustments. The total amount of value adjustments for asset management operations was minus €1 million in 2011 compared to €2 million in 2010.

Taxation. Taxation decreased in 2011 by €6 million to €65 million compared to €71 million in 2010.

Net profit. Net profit decreased by €105 million to €62 million in 2011.

Leasing

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

	Year ended 31 December		
(in millions of euro)	2012	2011	2010
Interest	952	778	658
Fees and commission	63	76	83
Other income	442	465	440
Total income	1,457	1,319	1,181
Staff costs	526	455	416
Other administrative expenses	223	269	244
Depreciation and amortisation	47	50	40
Operating expenses	796	774	700
Gross result	661	545	481
Value adjustments	147	144	214
Bank tax	9	-	-
Operating profit before taxation	505	401	267
Taxation	138	97	66
Net profit	367	304	201

Year ended 31 December 2012 compared to year ended 31 December 2011

Total income. De Lage Landen's total income increased by 10 per cent., rising to €1,457 million in 2012, compared to €1,319 million in 2011. The lease portfolio grew due to the provision of a broader range of services to existing customers.

Interest. Interest income was up by 22 per cent. to €952 million in 2012, compared to €778 million in 2011. Active portfolio management helped to grow interest income.

Fees and commission. Higher commission payments to the local Rabobanks resulted in a fall of commission income by 17 per cent. to €63 million, compared to €76 million in 2011.

Other income. Lower residual value gains on lease products caused a decrease in other income by 5 per cent. to €442 million, compared to €465 million in 2011.

Operating expenses. Total operating expenses at De Lage Landen rose by 3 per cent. to €796 million in 2012, compared to €774 million in 2011, due to higher staff costs.

Staff costs. Staff costs were up €71 million, reaching €526 million, compared to €455 million in 2011, because of an increase in the number of temporary outside staff, a higher headcount and an increase in wage costs.

Other administrative expenses. Other administrative expenses were high in 2011 because of project costs incurred for self-developed software. As these costs were lower in 2012, other administrative expenses fell by 17 per cent. to €223 million, compared to €269 million in 2011.

Depreciation. The depreciation item was slightly lower at €47 million, compared to €50 million in 2011.

Value adjustments. De Lage Landen's value adjustments increased by 2 per cent. to €147 million, compared to €144 million in 2011. Due to the global spread of the operations, the increase was very limited.

Expressed in basis points of average lending, bad debt costs stood at 53 basis points (2011: 58 basis points). Bad debt costs are now 16 basis points below the long-term average of 69 basis points (based on the period 2002 to 2011).

Taxation. Taxation increased in 2012 by €41 million to €138 million compared to €97 million in 2011.

Net profit. Net profit increased 21 per cent. to €367 million in 2012 compared to €304 million in 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income. De Lage Landen's total income increased by 12 per cent., rising to €1,319 million in 2011, compared to €1,181 million in 2010.

Interest. Interest income was up by 18 per cent. to €778 million, compared to €658 million in 2010, due to active portfolio management.

Fees and commission. De Lage Landen paid higher commissions in 2011 to the local Rabobanks for new lease referrals. As a result, commission income fell by 9 per cent. to €76 million, compared to €83 million in 2010.

Other income. Increases in residual value gains on lease products caused an increase in other income by 6 per cent. to €465 million, compared to €440 million in 2010.

Operating expenses. Total operating expenses at De Lage Landen rose by 11 per cent. to €774 million in 2011, compared to €700 million in 2010.

Staff costs. Staff costs were up €39 million, reaching €455 million, compared to €416 million in 2010, because of periodic salary increases and a larger workforce on average. The headcount increased by 3 per cent. to 4,964 in 2011 compared to 4,835 in 2010.

Other administrative expenses. Other administrative expenses were up 10 per cent. to €269 million, compared to €244 million in 2010.

Depreciation. The depreciation item increased by 25 per cent. to €50 million, compared to €40 million in 2010, due, in part, to the accelerated amortisation of self-developed software.

Value adjustments. The credit quality of the portfolio improved owing partly to strict risk management. This helped to reduce De Lage Landen's value adjustments, which fell by 33 per cent. to €144 million, compared to €214 million in 2010. Expressed in basis points of average lending, bad debt costs stood at 58 (2010: 90) basis points. Bad debt costs are now 11 basis points below the long-term average of 69 basis points (based on the period 2001 to 2010).

Taxation. Taxation increased in 2011 by €31 million to €97 million compared to €66 million in 2010.

Net profit. Net profit increased 51 per cent. to €304 million in 2011 compared to €201 million in 2010.

Real estate

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

	Year ended 31 December		
(in millions of euro)	2012	2011	2010
Interest	312	282	253
Fees and commission	35	41	26
Other income	104	207	214

	Year ended 31 December		
(in millions of euro)	2012	2011	2010
Total income	451	530	493
Staff costs	193	200	193
Other administrative expenses	89	124	145
Depreciation	19	20	29
Operating expenses	301	344	367
Gross result	150	186	126
Value adjustments	237	129	63
Bank tax	8	-	-
Operating profit before taxation	(95)	57	63
Taxation	12	17	21
Net profit	(107)	40	42

Year ended 31 December 2012 compared to year ended 31 December 2011

Total income. Total income in Rabobank Group's real estate business decreased by 23 per cent. to €451 million in 2012 compared to €530 million in 2011 mainly due to lower other income.

Interest. Interest income increased by €30 million to €312 million in 2012 compared to €282 million in 2011, due to higher margins on new loans and renewals.

Fees and commission. Commission decreased by 15 per cent. to €35 million, compared to €41 million in 2011, because fewer loans were issued than in 2011.

Other income. Higher impairment losses on property developments and strategic land positions contributed to a decrease in other income by 50 per cent. to €104 million in 2012, compared to €207 million in 2011.

Operating expenses. Total operating expenses in Rabobank Group's real estate business declined by 13 per cent. in 2012, falling to €301 million, compared to €344 million in 2011, mainly due to lower other administrative expenses.

Staff costs. The headcount was lower as a result of staff cuts at Bouwfonds Property Development, Bouwfonds REIM, MAB Development and the Management Centre, among other divisions. As a result, staff costs decreased by 4 per cent. to €193 million, compared to €200 million in 2011.

Other administrative expenses. Other administrative expenses, which had been high in 2011 because of a reorganisation allowance, dropped by 28 per cent. to €89 million in 2012, compared to €124 million in 2011.

Depreciation. Depreciation was slightly lower at €19 million in 2012 compared to €20 million in 2011.

Value adjustments. Value adjustments stood at €237 million in 2012, compared to €129 million in 2011, which corresponds to 124 basis points (2011: 69 basis points) of average lending. Bad debt costs rose sharply due to the continued decline in the Dutch property market.

Taxation. Taxation decreased by €5 million to €12 million in 2012 compared to €17 million in 2011.

Net profit. Net profit decreased by €147 million to minus €107 million in 2012 compared to €40 million in 2011.

Year ended 31 December 2011 compared to year ended 31 December 2010

Total income. During 2011, total income in Rabobank Group's real estate business increased by 8 per cent. to €530 million in 2011 compared to €493 million in 2010 due to higher interest and commission income.

Interest. Interest income increased by €29 million to €282 million in 2011 compared to €253 million in 2010, due to an increase in lending and higher margins on new loans and renewals.

Fees and commission. Commission increased by 58 per cent. to €41 million, compared to €26 million in 2010, due to new loans and renewals, particularly in the first half of 2011, and higher commissions at Bouwfonds REIM.

Other income. The increase in revenue from property development, especially in countries other than the Netherlands, was largely offset by impairment losses on available land positions in the Netherlands. Other income fell by 3 per cent. to €207 million in 2011, compared to €214 million in 2010.

Operating expenses. Total operating expenses in Rabobank Group's real estate business declined by 6 per cent. in 2011, falling to €344 million, compared to €367 million in 2010.

Staff costs. Owing, in part, to an increase in headcount, staff costs increased by 4 per cent. to €200 million, compared to €193 million in 2010.

Other administrative expenses. The drop in other administrative expenses was the main factor in lower operating expenses. Other administrative expenses were down 14 per cent. to €124 million in 2011, compared to €145 million in 2010.

Depreciation. Depreciation decreased by €9 million to €20 million in 2011 compared to €29 million in 2010.

Value adjustments. Value adjustments stood at €129 million in 2011, compared to €63 million in 2010, which corresponds to 69 (2010: 36) basis points of average lending. The further decline in the Dutch property market led to an increase in value adjustments at Rabo Real Estate Group.

Taxation. Taxation decreased by €4 million to €17 million in 2011 compared to €21 million in 2010.

Net profit. Net profit decreased by €2 million to €40 million in 2011 compared to €42 million in 2010.

Loan portfolio

Growth in Rabobank's loan portfolio in the Netherlands in 2012 was close to zero because of the challenging economic situation and the uncertainty in the Dutch housing market. Relatively few people bought houses in the Netherlands and many businesses were reluctant to make investments. The loan portfolio outside the Netherlands experienced moderate growth due to the weak global economy. In these difficult circumstances, the loans to customers item increased no more than 4 per cent., or €17.2 billion, to €485.3 billion at 31 December 2012 from €468.1 billion at 31 December 2011. The private sector loan portfolio increased by €9.8 billion to €458.1 billion at 31 December 2012, an increase of 2 per cent. from €448.3 billion at 31 December 2011. Loans to private individuals, primarily for mortgage finance, was up €7.7 billion, or 4 per cent., to €220.0 billion at 31 December 2012. 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 decreased by €2.3 billion to €145.6 billion at 31 December 2012. Lending to the food and agri sector increased by €4.2 billion to €92.4 billion at 31 December 2012, a 5 per cent. increase.

The following table shows a breakdown of Rabobank Group's total lending outstanding to the private sector at 31 December 2012 and 31 December 2011, by category of borrower:

(in millions of euro and as percentage of total private sector lending)	At 31 December			
	2012		2011	
Private individuals	220,029	48%	212,269	47%
Trade, industry and services sector	145,626	32%	147,877	33%
Food and agri sector	92,436	20%	88,191	20%
Total private sector lending	458,091	100%	448,337	100%

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

The following table provides a breakdown of the remaining maturity of Rabobank Group's total loans to customers (public and private sector) and professional securities transactions at 31 December 2012 and 31 December 2011:

(in millions of euro and as percentage of total loans to customers)	At 31 December			
	2012		2011	
Less than 1 year	102,211	21%	111,464	24%
More than 1 year	383,088	79%	356,621	76%
Total loans to customers	485,299	100%	468,085	100%

Funding

At 31 December 2012, amounts due to customers of Rabobank Group were €334.3 billion, an increase of 1 per cent. compared to 31 December 2011. The balance held in savings deposits increased by €9.7 billion to €149.70 billion, an increase of 7 per cent. Other amounts due to customers (including current accounts, repurchase agreements and time deposits) decreased by €5.3 billion to €184.6 billion at 31 December 2012, largely due to a decrease in other due to customers. Time deposits decreased by €2.9 billion to €56.0 billion. At 31 December 2012, debt securities in issue (including certificates of deposit, commercial paper and bonds) totalled €223.3 billion compared to €213.4 billion at 31 December 2011. Savings deposits (except fixed-time deposits, from 1 month to 20 years) generally bear interest at rates that Rabobank Nederland can unilaterally change.

The following table shows Rabobank Group's sources of funding by source at 31 December 2012, 31 December 2011 and 31 December 2010:

(in millions of euro)	Year ended 31 December		
	2012	2011	2010
Savings deposits	149,661	140,028	130,928
Other due to customers	184,610	189,864	167,833
Debt securities in issue	223,336	213,441	196,819
Other financial liabilities at fair value through profit	24,091	25,889	29,867

(in millions of euro)	Year ended 31 December 2012	2011	2010
or loss			
Total	581,698	569,222	525,447

Rabobank Group also receives funds from the inter-bank and institutional market. Rabobank Group's total due to other banks was €27.1 billion at 31 December 2012, a 3 per cent. increase from €26.3 billion at 31 December 2011.

Other financial assets*

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

- Trading financial assets;
- Other financial assets at fair value through profit or loss;
- Available-for-sale financial assets; and
- Held-to-maturity assets.

Other financial assets at 31 December 2012

(in millions of euro)	Trading	Other at fair value through profit or loss	Available-for-sale	Held-to-maturity	Total
Purchased loans	1,767	—	—	—	1,767
Short-term government securities	688	—	2,096	—	2,784
Government bonds	935	4	39,275	—	40,214
Other debt securities	1,690	3,738	8,537	—	14,491
Loans		1,026			
Total debt securities	5,080	4,768	49,908	—	59,756
Venture capital		784	—	—	784
Equity instruments	1,307	359	517	—	2,183
Total other assets	1,307	1,143	517	—	2,967
Total	6,387	5,911	50,425	—	62,723
Category 1(1)	4,107	251	43,889	—	48,247
Category 2(1)	2,197	4,003	6,438	—	12,638
Category 3(1)	83	1,657	98	—	1,838

Note:

(1) Category 1: quoted prices in active markets for identical assets or liabilities; 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); category 3: inputs for the asset or liability not based on observable market data.

	Other financial assets at 31 December 2011				
(in millions of euro)	Trading	Other at fair value through profit or loss	Available-for-sale	Held-to-maturity	Total
Purchased loans	2,091	—	—	—	2.091
Short-term government securities	313	—	1,993	—	2,306
Government bonds	2,150	412	40,604	96	43,262
Other debt securities	1,788	5,622	8,576	13	15,999
Total debt securities	6,342	6,034	51,173	109	63,658
Venture capital	—	571	—	—	571
Equity instruments	1,770	410	757	—	2,937
Total other assets	1,770	981	757	—	3,508
Total	8,112	7,015	51,930	109	67,166
Category 1[(1)]	4,256	1,013	45,506	—	50,775
Category 2[(1)]	3,452	4,506	6,197	—	14,155
Category 3[(1)]	404	1,496	227	—	2,127

Note:

(1) Category 1: quoted prices in active markets for identical assets or liabilities; 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); 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.

	At 31 December		
(in millions of euro)	**2012**	**2011**	**2010**
Guarantees	14,904	10,519	10,084
Letters of credit	5,583	5,487	4,910
Credit granting liabilities	33,061	34,522	34,670
Other contingent liabilities	—	—	66
Total credit related and contingent liabilities	53,548	50,528	49,730
Revocable credit facilities	45,083	44,649	41,229

	At 31 December		
(in millions of euro)	**2012**	**2011**	**2010**
Total credit related commitments	98,631	95,177	90,959

Capital adequacy

The Dutch Central Bank (*De Nederlandsche Bank N.V.*), in conjunction with other bank supervisors, regards the risk asset ratio developed by the Basel Committee as a key supervisory tool and sets individual ratio requirements for banks in the Netherlands. This ratio was designed to meet the dual objectives of strengthening the soundness and stability of the international banking system and of creating a fair and consistent supervisory framework for international banks by means of an international convergence of capital measurement and capital standards. The technique involves the application of risk weightings to assets (which for this purpose includes both balance sheet assets and off-balance sheet items) to reflect the credit and other risks associated with broad categories of transactions and counterparties.

On 1 January 2008, Rabobank Group adopted the Advanced Internal Rating Based ("**AIRB**") Approach to the majority of its significant portfolios that contain credit risk in accordance with the approvals granted by the Dutch Central Bank, and various local regulators, as required. However, there remains a small portion of the portfolio that is subject to the Standardised Approach ("**SA**"). Individually, these portfolios are relatively small or are related to new acquisitions in companies that themselves did not yet follow the AIRB Approach.

The core Tier 1 ratio, the Tier 1 ratio and the total capital ratio are the most common ratios used to measure solvency. The core Tier 1 ratio expresses the relationship between core Tier 1 capital and total risk-weighted assets. At 31 December 2012, Rabobank Group's core Tier 1 ratio stood at 13.2 per cent. (year-end 2011; 12.7 per cent.).

Risk-weighted assets were down €0.8 billion to €222.8 billion at 31 December 2012 compared to €223.6 billion 31 December 2011. Retained earnings were a contributing factor in the €1.0 billion increase in core Tier 1 capital to €29.3 billion at 31 December 2012 compared to €28.3 billion at 31 December 2011. See "Regulation of Rabobank 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 31 December 2012, Rabobank Group's Tier 1 ratio stood at 17.2 per cent. (year-end 2011: 17.0 per cent.). The minimum requirement set by external supervisors is 4.0 per cent.

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 31 December 2012, the total capital ratio stood at 19.0 per cent. (year-end 2011: 17.5 per cent.). This exceeds the current minimum requirement set by the external supervisors of 8.0 per cent.

The following table sets forth the risk-weighted capital ratios of Rabobank Group at 31 December 2012, 31 December 2011 and 31 December 2010:

Development in capital and solvency ratios

	At 31 December		
(in millions of euro, except percentages)	**2012**	**2011**	**2010**
Core Tier 1 capital	29,307	28,324	27,735
Core Tier 1 ratio	13.2%	12.7%	12.6%

	At 31 December		
(in millions of euro, except percentages)	**2012**	**2011**	**2010**
Tier 1 capital	38,412	37,964	34,461
Tier 1 ratio	17.2%	17.0%	15.7%
Qualifying capital	42,375	39,088	35,734
Total capital ratio	19.0%	17.5%	16.3%

Selected statistical information*

The following section discusses selected statistical information regarding Rabobank 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 Rabobank Group's results between periods.

Return on equity and assets

The following table presents information relating to Rabobank Group's return on equity and assets for each of the past five years:

(in percentages)	2012	2011	2010	2009	2008
Return on assets(1)	0.28	0.38	0.42	0.37	0.47
Return on equity(2)	4.70	6.17	7.00	6.37	8.67
Equity to assets ratio(3)	5.96	6.19	4.84	5.82	5.47

Notes:

(1) Net profit as a percentage of total average assets, based on month-end balances.

(2) Net profit as a percentage of average equity, based on quarter-end balances.

(3) Average equity divided by average total assets, based on quarter-end balances.

The following table presents information relating to payments on Rabobank Member Certificates for each of the past five years:

(in millions of euro, except percentages)	2012	2011	2010	2009	2008
Outstanding Rabobank Member Certificates(1)	6,587	6,551	6,368	6,275	6,180
Payments	328	315	303	318	316
Average yield	4.98%	4.81%	4.76%	5.07%	5.11%

Note:

(1) Average Outstanding Rabobank Member Certificates based on month-end balances.

Loan portfolio

Rabobank 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 Rabobank Group's loan portfolio by sector at 31 December 2012, 31 December 2011 and 31 December 2010:

	At 31 December		
(in millions of euro)	***2012***	***2011***	***2010***
Private sector lending	458,091	448,337	436,292
Government clients	3,764	3,557	5,602
Securities transactions due from private sector lending	11,410	7,026	7,840
Interest rate hedges (hedge accounting)	12,034	9,165	6,207
Total loans to customers	485,299	468,085	455,941
Value adjustments in loans to customers	(3,715)	(3,089)	(2,610)
Reclassified assets	4,224	5,588	6,954
Gross loans to customers	484,790	465,586	451,597

The following table sets forth a geographic breakdown of Rabobank Group's loan portfolio at 31 December 2012, 31 December 2011 and 31 December 2010:

	At 31 December		
(in millions of euro)	***2012***	***2011***	***2010***
The Netherlands	2,584	1,764	1,847
Other countries in the EU zone	408	771	484
North America	444	484	510
Latin America	5	7	11
Asia	256	465	2,603
Australia	5	12	10
Other countries	61	54	137
Total government clients	3,764	3,557	5,602
The Netherlands	341,614	332,489	320,446
Other countries in the EU zone	35,737	38,540	38,283
North America	42,010	40,876	41,245
Latin America	11,414	10,950	9,739
Asia	6,284	5,672	7,925
Australia	20,812	19,666	18,555
Other countries	220	144	99
Total private sector lending	458,091	448,337	436,292

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 amounts correspond with the statement of financial position.

Payments due by period (in millions of euro)	At 31 December 2012 On demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Cash and cash equivalents	64,198	3,903	2	0	0	68,103
Due from other banks	14,619	17,005	1,545	1,943	274	35,386
Trading financial assets	1,316	768	582	2,260	1,461	6,387
Other financial assets at fair value through profit or loss	0	8	1,217	1,205	3,481	5,911
Derivative financial instruments	300	4,912	4,374	22,332	33,505	65,423
Loans to customers	28,166	41,362	32,683	85,437	297,651	485,299
Available-for-sale financial assets	56	3,957	3,189	6,718	36,505	50,425
Deferred tax assets	—	—	62	—	559	621
Other assets (excluding employee benefits)	1,019	4,947	1,534	2,088	304	9,892
Total financial assets	109,674	76,862	45,188	121,983	373,740	727,447
Due to other banks	2,520	16,101	2,047	5,157	1,234	27,059
Due to customers	238,013	56,293	10,962	14,309	14,694	334,271
Debt securities in issue	1	46,851	61,091	77,756	37,637	223,336
Derivative financial instruments and other trade liabilities	10,001	5,182	4,580	26,788	28,249	74,800
Other debts (excluding employee benefits)	1,570	6,800	466	828	18	9,682
Other financial liabilities at fair value through profit or loss	1,532	920	3,294	8,340	10,005	24,091
Deferred tax liabilities	—	—	23	—	673	696
Subordinated debt	0	12	22	540	4,833	5,407
Total financial liabilities	253,637	132,159	82,485	133,718	97,343	699,342
Net liquidity surplus/(deficit)	**(143,963**)	(55,297)	(37,297)	(11,735)	276,397	28,105

The above breakdown was compiled on the basis of contract information, without taking into account actual movements 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. The regulations of the supervisory authority are also factored in. Based on the liquidity criteria of the Dutch Central Bank, Rabobank had a substantial liquidity surplus at 31 December 2012 and throughout 2012. The average liquidity surplus was 44 per cent. of the total liquidity requirement. The surplus at 31 December 2012 was 41 per cent.

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.

Interest rate sensitivity

The key indicators used for managing the interest rate risk are the Basis Point Value, the Equity at Risk and the Income at Risk.

The Basis Point Value ("**BPV**") is the absolute loss of market value of equity after a parallel increase of the yield curve with 1 basis point. In 2012, the BPV did not exceed €12 million.

Long-term interest rate risk is measured and managed using the Equity at Risk concept. Equity at Risk is the sensitivity of Rabobank Group equity's market value to interest rate fluctuations. A 100 basis point overnight upward parallel shock of the curve will result in a 1.4 per cent. drop in market value of equity.

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 5 basis points over a one-year period, net interest income would decrease by €18 million.

*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 31 December 2012, there were no cross-border outstandings exceeding 1 per cent. 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, stating the name of the country and the aggregate amount of cross-border outstandings in each foreign country where such outstandings exceeded 1 per cent. of total assets, by type of borrower:

(in millions of euro)	Banks	Public authorities	Private sector	Total
At 31 December 2012				
France	4,448	6,001	4,213	14,662
Germany	3,556	6,605	5,751	15,912
United Kingdom	11,441	3,775	14,709	29,925
Poland	28	3,024	7,733	10,785
United States	5,294	14,471	53,871	73,636
Brazil	1,462	663	6,219	8,344
Australia	794	919	15,566	17,279
At 31 December 2011				
France	1,629	6,305	3,686	11,620
Germany	2,809	7,335	6,237	16,381
United Kingdom	8,312	3,020	10,062	21,394

(in millions of euro)	Banks	Public authorities	Private sector	Total
Poland	149	2,440	6,562	9,151
United States	4,446	10,556	52,424	67,426
Brazil	1,217	921	6,423	8,561
Australia	433	423	14,614	15,470
At 31 December 2010				
France	4,398	12,151	3,368	19,917
Germany	4,054	9,441	5,955	19,450
Ireland	228	177	6,880	7,285
United Kingdom	7,650	440	10,377	18,467
Poland	70	2,970	5,982	9,022
United States	6,685	6,876	55,551	69,112
Brazil	955	1,040	5,267	7,262
Japan	2,918	5,207	210	8,335
Australia	824	888	14,363	16,075

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. Rabobank 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 Rabobank Group loans by main sector at 31 December 2012:

	At 31 December 2012		
(in millions of euro)	On balance	Off balance	Total
Grain and oilseeds	16,111	754	16,865
Animal protein	17,747	288	18,035
Dairy	15,436	141	15,577
Fruit and vegetables	9,365	194	9,559
Farm inputs	6,024	832	6,856
Food retail	5,730	221	5,951
Beverages	3,921	21	3,942
Flowers	3,159	8	3,167
Sugar	2,268	114	2,382
Miscellaneous crop farming	2,682	4	2,686
Other	9,993	122	10,115
Total private sector lending to food and agri	92,436	2,700	95,136
Lessors of real estate	29,516	36	29,552

	At 31 December 2012		
(in millions of euro)	On balance	Off balance	Total
Finance and insurance (except banks)	19,835	1,588	21,423
Wholesale	17,844	4,540	22,384
Activities related to real estate	7,142	1,355	8,497
Manufacturing	9,300	1,872	11,172
Transportation and warehousing	7,196	297	7,493
Construction	7,066	1,424	8,490
Healthcare and social assistance	6,017	34	6,051
Professional, scientific and technical services	5,983	243	6,226
Retail (except food and beverages)	4,642	908	5,550
Utilities	2,448	695	3,143
Information and communication	1,444	69	1,513
Arts entertainment and leisure	1,404	20	1,424
Other	25,789	2,104	27,893
Total private sector lending to trade, manufacturing and services	145,626	15,186	160,812
Private individuals	220,029	193	220,222
Total private sector lending	458,091	18,079	476,170

Apart from due from other banks (€35.4 billion at 31 December 2012 which is 5 per cent. of total assets), Rabobank's only significant risk concentration is in the portfolio of loans to private individuals which accounted for 48 per cent. of the total loan portfolio at 31 December 2012. 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 20 per cent. in 2012. The proportion of the total loan portfolio attributable to trade, industry and services was 32 per cent. at 31 December 2012. 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 per cent. of the total loan portfolio.

Impaired loans

Loans for which an allowance has been taken are called impaired loans. At 31 December 2012, these loans amounted to €11,203 million (2011: €9,958 million). The allowance for loan losses amounted to €3,842 million (2011: €3,222 million), which corresponds to a 34 per cent. (2011: 32 per cent.) coverage. Over and above this allowance, additional coverage is raised through collateral and other securities. Rabobank Group forms allowances at an early stage and applies the one-obligor principle, 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 31 December 2012, impaired loans corresponded to 2.4 per cent. (2011: 2.2 per cent.) of the private sector loan portfolio.

The following table provides an analysis of Rabobank Group's impaired loans by business at 31 December 2012, 31 December 2011 and 31 December 2010:

	At 31 December		
(in millions of euro)	***2012***	***2011***	***2010***
Domestic retail banking	5,317	4,559	3,577
Wholesale banking and international retail banking	3,456	3,493	2,649
Leasing	905	832	960
Real estate	1,525	1,066	793
Other	0	8	70
Rabobank Group	11,203	9,958	8,049

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 the past three years:

	At 31 December			
(in millions of euro)	***2012***	***2011***	***2010 (restated)***	***2010***
Domestic retail banking	1,543	1,376	1,325	2,030
Wholesale banking and international retail banking	889	670	585	1,915
Asset management	1	12	9	9
Leasing	451	444	387	387
Real estate	205	94	45	45
Other	0	14	13	13
Total balance at 1 January	3,089	2,610	2,364	4,399
Domestic retail banking	1,783	1,119	1,124	1,124
Wholesale banking and international retail banking	1,214	1,333	1,296	1,296
Asset management	0	1	7	7
Leasing	264	313	287	287
Real estate	240	147	67	67
Total additions	3,501	2,913	2,781	2,781
Domestic retail banking	(424)	(465)	(759)	(759)
Wholesale banking and international retail banking	(572)	(578)	(665)	(665)
Asset management	(2)	(1)	(1)	(1)
Leasing	(64)	(127)	(29)	(29)
Real estate	(2)	(18)	(4)	(4)
Total reversal of impairments	(1,064)	(1,189)	(1,458)	(1,458)
Domestic retail banking	(1,376)	(590)	(415)	(235)
Wholesale banking and international retail banking	(658)	(542)	(581)	(1,560)

	At 31 December			
(in millions of euro)	***2012***	***2011***	***2010 (restated)***	***2010***
Asset management	0	(2)	(6)	(6)
Leasing	(196)	(199)	(219)	(219)
Real estate	(67)	(19)	(14)	(14)
Other	0	(14)	0	0
Total written off	(2,297)	(1,366)	(1,235)	(2,034)
Domestic retail banking	501	103	101	101
Wholesale banking and international retail banking	(28)	6	35	34
Asset management	1	(9)	3	3
Leasing	12	20	18	18
Real estate	0	1	0	0
Other	0	0	1	1
Total other	**486**	121	158	157
Domestic retail banking	2,027	1,543	1,376	2,261
Wholesale banking and international retail banking	845	889	670	1,020
Asset management	0	1	12	12
Leasing	467	451	444	444
Real estate	376	205	94	94
Other	0	0	14	14
Total other balance at 31 December	3,715	3,089	2,610	3,845

*Due to customers**

The following table presents a breakdown of due to customers at 31 December 2012, 31 December 2011 and 31 December 2010. Interest rates paid on time deposits and savings deposits reflect market conditions and not all current accounts/settlement accounts earn interest.

	At 31 December		
(in millions of euro)	**2012**	**2011**	**2010**
Time deposits	56,006	58,931	46,846
Current accounts/settlement accounts	81,640	73,443	71,147
Repurchase agreements	2,299	2,669	2,017
Other	21,525	34,147	25,966
Total due to customers by businesses	161,470	169,190	145,976
Savings deposits	149,661	140,028	130,928
Current accounts/settlement accounts	15,122	12,988	15,812
Other	8,018	7,686	6,045

	At 31 December		
(in millions of euro)	**2012**	**2011**	**2010**
Total due to customers by individuals	172,801	160,702	152,785
Total due to customers	334,271	329,892	298,761

Short-term borrowings*

Short-term borrowings are borrowings with an original maturity of one year or less. These are included in Rabobank Group's consolidated statement of financial position under "Debt securities in issue". An analysis of the balance of short-term borrowings at 31 December 2012, 31 December 2011 and 31 December 2010 is provided below.

(in millions of euro)	2012	2011	2010
Year-end balance	61,476	70,307	72,795
Average balance	72,290	74,246	80,424
Maximum month-end balance	82,795	79,737	88,623

Long-term borrowings

Long-term borrowings are borrowings with an original maturity of more than one year. These are included in Rabobank Group's consolidated statement of financial position under "Debt securities in issue" and "Other financial liabilities at fair value through profit or loss". An analysis of the balance of long-term borrowings at 31 December 2012, 31 December 2011 and 31 December 2010 is provided below.

(in millions of euro)	2012	2011	2010
Year-end balance	185,952	169,024	153,891
Average balance	184,554	164,471	141,209
Maximum month-end balance	191,074	169,024	153,891

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of Rabobank Group, which have been audited by Ernst & Young Accountants LLP, the independent auditor in the Netherlands, with the exception of the bad debt costs, the latter being derived from the annual report of Rabobank Group. The data should be read in conjunction with the consolidated financial statements, related notes incorporated by reference herein and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Prospectus. The Rabobank Group audited consolidated financial statements for the year ended 31 December 2012 and 31 December 2011 have been prepared in accordance with IFRS as adopted by the European Union.

Consolidated statement of financial position

	At 31 December	
(in millions of euro)	***2012***	***2011***
Assets		
Cash and cash equivalents	68,103	70,430
Due from other banks	35,386	25,221
Trading financial assets	6,387	8,112
Other financial assets at fair value through profit or loss	5,911	7,015
Derivative financial instruments	65,423	58,973
Loans to customers	485,299	468,085
Available-for-sale financial assets	50,425	51,930
Held-to-maturity financial assets	0	109
Investments in associates	3,649	3,340
Intangible assets	2,343	2,802
Property and equipment	6,500	6,132
Investment properties	1,489	784
Current tax assets	597	571
Deferred tax assets	621	995
Other assets	11,939	12,210
Non-current assets held for sale and discontinued operations	8,338	14,956
Total assets	752,410	731,665

	At 31 December	
(in millions of euro)	***2012***	***2011***
Liabilities		
Due to other banks	27,059	26,259
Due to customers	334,271	329,892

	At 31 December	
(in millions of euro)	***2012***	***2011***
Debt securities in issue	223,336	213,441
Derivative financial instruments and other trade liabilities	74,800	64,931
Other debts	9,950	8,422
Other financial liabilities at fair value through profit or loss	24,091	25,889
Provisions	752	765
Current tax liabilities	205	324
Deferred tax liabilities	696	893
Subordinated debt	5,407	2,413
Liabilities held for sale and discontinued operations	7,216	13,435
Total liabilities	707,783	686,664

	At 31 December	
(in millions of euro)	***2012***	***2011***
Equity		
Equity of Rabobank Nederland and local Rabobanks	27,858	26,500
Equity instruments issued directly		
Rabobank Member Certificates	6,672	6,614
Capital Securities	7,114	7,645
	41,644	40,759
Equity instruments issued by subsidiaries		
Capital Securities	236	167
Trust Preferred Securities III to VI	1,340	1,399
	1,576	1,566
Other non-controlling interests	1,407	2,676
Total equity	44,627	45,001
Total equity and liabilities	752,410	731,665

Consolidated statement of income

	Year ended 31 December	
(in millions of euro)	***2012***	***2011***
Interest income	21,702	21,299

	Year ended 31 December	
(in millions of euro)	***2012***	***2011***
Interest expense	12,605	12,125
Interest	9,097	9,174
Commission income	2,553	2,726
Commission expense	347	365
Fees and commission	2,206	2,361
Income from associates	255	(20)
Net income from financial assets and liabilities at fair value through profit or loss	823	657
Gains/(losses) on available-for-sale financial assets	114	(174)
Other income	957	708
Income	13,452	12,706
Staff costs	5,325	4,862
Other administrative expenses	2,979	2,850
Depreciation	527	540
Operating expenses	8,831	8,252
Value adjustments	2,350	1,606
Bank tax	196	—
Operating profit before taxation	2,075	2,848
Income tax expense	160	355
Net profit from continuing operations	1,915	2,493
Net profit from discontinued operations	197	134
Net profit	2,112	2,627
Of which attributable to Rabobank Nederland and local Rabobanks	897	1,549
Of which attributable to holders of Rabobank Member Certificates	328	315
Of which attributable to Capital Securities	717	612
Of which attributable to Trust Preferred Securities III to VI	75	73
Of which attributable to non-controlling interests	95	78
Net profit for the year	2,112	2,627

Financial ratios:

	2012	*2011*
Total capital ratio	19.0%	17.5%
Tier 1 ratio	17.2%	17.0%

	2012	*2011*
Core Tier 1 ratio	13.2%	12.7%
Equity capital ratio[(1)]	15.3%	14.7%
Bad debt costs (in basis points of average lending)	52	37

Note:

(1) The equity capital ratio is calculated by dividing retained earnings and Rabobank Member Certificates by total of risk-weighted assets.

RISK MANAGEMENT

Rabobank Group places a high priority on the management of risk and has extensive procedures in place for systematic risk management. Within Rabobank Group, the risk management policies relating to interest rate risk, market risk and liquidity risk are developed and monitored by the Balance Sheet and Risk Management Committee Rabobank Group ("**BRMC-RG**") in cooperation with the Group Risk Management department. The BRMC-RG is responsible for balance sheet management, establishing risk policy, setting risk measurement standards, broadly determining limits and monitoring developments, and advising the Executive Board on all relevant issues regarding risk management. The Group Operational Risk Committee ("**GORC**") focuses on operational risks, whereas the Group's risk management policies relating to credit risk are developed by the Policy Credit Committee Rabobank Group in cooperation with the Group Risk Management and the Credit Risk Management department. These committees report to the Executive Board, which is ultimately responsible for risk management within Rabobank Group.

The principal risks faced by Rabobank Group are credit risk, country risk, interest rate risk, liquidity risk, market risk and operational 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

Relating the profit achieved on a certain activity to the capital required for that activity produces the Risk Adjusted Return On Capital ("**RAROC**"). RAROC is calculated by dividing economic return by economic capital. The calculation and review of RAROC across Rabobank Group's business activities and entities assists Rabobank Group in striking a balance between risk, returns and capital for both Rabobank Group and its constituent parts. This approach encourages each individual group entity to ensure appropriate compensation for the risks it runs. RAROC is therefore an essential instrument for positioning products in the market at the right price.

The use of the RAROC model to classify Rabobank Group's activities also plays a role in the allocation of capital to the various group entities and the different risk categories. If the calculated RAROC lags behind a formulated minimum result to be achieved, which is a reflection of the costs of the capital employed, economic value is wasted. A higher RAROC implies the creation of economic value. For the year ended 31 December 2012, Rabobank realised a RAROC, which is the ratio between net profit and average economic capital, after tax of 9.0 per cent.

Credit risk

Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent credit policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. At 31 December 2012, 48 per cent. of Rabobank Group's credit loan portfolio to the private sector consisted of loans to private individuals, mainly residential mortgages, which tend to have a very low risk profile in relative terms. The remaining 52 per cent. was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

Approval of larger credit applications is decided on by committees. A structure consisting of various committees has been established, with the total exposure including the requested financing determining the applicable committee level. The Executive Board itself decides on the largest credit applications. Rabobank

Group has three Policy Credit Committees ("**PCCs**"): Rabobank Group PCC and the Rabobank International and Member Banks PCCs. Rabobank Group PCC establishes Rabobank Group's credit risk policy. Rabobank Group entities define and establish their own credit policies within this framework. In this context, the Member Banks PCC is responsible for domestic retail banking and the Rabobank International PCC for wholesale banking and international retail banking. Rabobank Group PCC is chaired by the CFO and the Executive Board is represented by three members. The CFO also chairs the Rabobank International and Member Banks PCCs. The PCCs are composed of representatives from Rabobank Group's most senior management levels. For corporate loans, a key concept in Rabobank Group's policy for accepting new clients is the "know your customer" principle, meaning that loans are granted only to corporate clients whose management, including their integrity and expertise, is known and considered acceptable by Rabobank Group. In addition, Rabobank Group is familiar with the industry in which a client operates and can assess its clients' financial performance. Corporate social responsibility implies responsible financing; accordingly, corporate social responsibility guidelines apply to the lending process as well.

With respect to the management of Rabobank Group's exposure to credit risk, Rabobank Nederland's Credit Risk Management department and Group Risk Management department play a key role. Credit applications beyond certain limits are subject to a thorough credit analysis by credit officers of Credit Risk Management. Group Risk Management monitors Rabobank Group's credit portfolio and develops new methods for quantifying credit risks.

Risk profiling is also undertaken at the portfolio level using internal risk classifications for portfolio modelling. Internal credit ratings are assigned to borrowers by allocating all outstanding loans into various risk categories on a regular basis.

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

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

EAD is the expected exposure to the client in the event of, and at the time of, a counterparty's default. At year-end 2012, the EAD of the total Advanced IRB loan portfolio was €606 billion (2011: €606 billion). This EAD includes the expected future usage of unused credit lines. As part of its approval process Rabobank Group uses the Rabobank Risk Rating system, which indicates the counterparty's PD over a one-year period. The counterparties have been assigned to one of the 25 rating classes, including four default ratings. These default ratings are assigned if the customer defaults, the form of which varies from payment arrears of 90 days to bankruptcy. The weighted average PD of the total Advanced IRB loan portfolio is 1.03 per cent. (2011: 1.06 per cent.). This improvement in PD was caused by a change in the PD of existing debtors as well as by changes in the composition of the portfolio (inflow and outflow of clients), the implementation of new models and policy changes.

The following table shows the impaired loans (i.e. the amount of loans for which an allowance has been taken) of 31 December 2012, 2011 and 2010 per business unit as a percentage of private sector loans:

Impaired loans/private sector lending per business unit

	At 31 December		
(in percentages)	*2012*	*2011*	*2010*
Domestic retail banking	1.73	1.54	1.56
Wholesale banking and international retail banking	3.35	3.46	3.25
Leasing	3.18	3.10	3.93
Real Estate	8.24	5.53	4.40
Rabobank Group	2.47	2.25	2.16

Bad debt costs

Once a loan has been granted, ongoing credit management takes place as part of which new information, both financial and non-financial, is assessed. The bank monitors if the client meets all its obligations and whether it can be expected the client will continue to do so. If this is not the case, credit management is intensified, monitoring becomes more frequent and a closer eye is kept on credit terms. Guidance is provided by a special unit within Rabobank Group, particularly in case of larger and more complex loans granted to businesses whose continuity is at stake. If it is likely that the debtor will be unable to fulfil its contractual obligations, this is a matter of impairment and an allowance is made which is charged to income.

The following table sets forth Rabobank Group's bad debt costs for the three years ended 31 December 2012, 2011 and 2010 per business unit as a percentage of private sector lending:

Bad debt costs/average private sector lending per business unit

	Year ended 31 December		
(in percentages)	*2012*	*2011*	*2010*
Domestic retail	0.44	0.22	0.13
Wholesale banking and international retail banking	0.59	0.73	0.64
Leasing	0.53	0.58	0.90
Real estate	1.24	0.69	0.36
Rabobank Group	0.52	0.37	0.29

Structured credit

Rabobank Group's trading and investment portfolios have limited direct exposure to more structured investments, which amounted to €4.0 billion at 31 December 2012, compared to €4.6 billion at 31 December 2011, of which the majority, 76 per cent. (2011: 79 per cent.), is single A-rated or higher.

In a number of cases, monoline insurers are the counterparty to credit default swaps that hedge the credit risk of certain investments. In most cases, solvency objectives are the main reason for the existence of these hedges rather than the credit quality of these investments. The creditworthiness of a number of monoline insurers is subject to downward pressure, which was also reflected by the downgrading of the credit ratings of these institutions. Counterparty risk relating to these monoline insurers arises in case the value of the credit default swaps with these counterparties increases, due to a decrease of the fair value of the underlying investments, or because other insured investments can lead to payment claims against these insurers. In this, the credit quality of the investments and time-related aspects are taken into account. At 31 December 2012, the total counterparty risk before provisions amounted to €728 million. The total provisions on that date ended up at €634 million. The remaining counterparty risk at 31 December 2012 amounted to €94 million.

Given these figures, further downgrades of monoline insurers would have a limited impact, because, for the major part of this type of counterparty, risk provisions have already been made.

Country risk

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

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

At Rabobank Group level, the country risk outstanding, including additional capital requirements for transfer risk, is reported every quarter to Rabobank Group's Balance Sheet and Risk Management Committee Rabobank Group (the "**BRMC-RG**") and the Country Limit Committee. The calculations of additional capital requirements for transfer risk are made in accordance with internal guidelines and cover all countries where transfer risk is relevant. Since concerns about the euro increased, the outstanding country risk, including the sovereign risk for relevant countries, has been reported on a monthly basis. Special Basel II parameters, specifically EATE (Exposure at Transfer Event), PTE (Probability of Transfer Event) and LGTE (Loss Given Transfer Event), are used to calculate the additional capital requirement for transfer risk. These calculations are made in accordance with internal guidelines and cover all countries where risk is relevant.

At 31 December 2012, the collective debtor risk for non-OECD countries was €24.6 billion and the net transfer risk before provisions for non-OECD countries was €10.7 billion, which corresponds to 1.4 per cent. of total assets (2011: 1.7 per cent.).

Risk in non-OECD countries

in millions of euros						31 December 2012
Regions	**Europe**	**Africa**	**Latin America**	**Asia/ Pacific**	**Total**	**As % of total assets**
Economic country (exclusive of derivatives	913	542	9,685	13,425	24,565	3.3%
Risk-mitigating components:						
- local currency	154	124	6,532	3,646	10,457	
- third-party coverage of country	154	187	288	285	914	
- deductions for transactions with lower risk	0	57	490	1,911	2,457	
Net country risk before allowance	*605*	*174*	*2,375*	*7,582*	*10,737*	1.4%
						As % of total allowance
Total allowance for economic country risk	2	0	172	141	315	8.2%

At 31 December 2012, Rabobank Group exposure to government bonds issued by Ireland and Italy was €202 million. Rabobank Group no longer held any government bonds issued by Greece, Portugal or Spain. Rabobank Group holds no government bonds issued by Cyprus. There was a limited exposure to Greek state-guaranteed bonds of €24 million. The bonds issued by financial institutions in the countries referred to in the following table are mainly Spanish covered bonds backed by additional collateral provided by the issuing entity.

Government exposure at year-end 2012 (in millions of euro)

Country	Government bonds	State-guaranteed bonds	Bonds issued by financial institutions	Total	Cumulative changes through profit or loss at 31 December 2012
Greece	—	24	—	24	47
Ireland	54	—	41	95	—
Italy	148	—	56	204	—
Portugal	—	—	—	—	—
Spain	—	—	1,338	1,388	67
Total	202	24	1,435	1,661	114

Based on Rabobank Group's accounting policies, it has been established with respect to the Greek government bonds and a number of bonds issued by financial institutions that impairment losses need to be recognised; these positions have been impaired to their fair market value at 31 December 2012. The average valuation of the Greek government bonds and state-guaranteed bonds was 34 per cent. at year-end 2012.

Exposure to European government bonds other than Dutch, German and French is very limited.

Interest rate risk

Rabobank Group is exposed to structural interest rate risk in its balance sheet. Interest rate risk can result from, among other things, mismatches in assets and liabilities; for example, mismatches between the periods for which interest rates are fixed on loans and funds entrusted. Rabobank Group uses three indicators for managing, controlling and limiting short- and long-term interest rate risk: Basis Point Value, Income at Risk and Equity at Risk. Based on the Basis Point Value, Income at Risk and Equity at Risk analyses, the Executive Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to the Group's interest rate risk profile.

Rabobank Group's short-term interest rate risk can be quantified by looking at the sensitivity of net interest income (interest income less interest expenses, before tax) for changes in interest rates. This "Income at Risk" figure represents the change in net interest income for the coming 12 months, due to parallel increases/decreases in interest rates, assuming no management intervention. The Income at Risk calculation also takes account of changes in client savings and prepayments behaviour in reaction to interest rate movements and changes in the pricing policy of savings products. In the past, the applied interest rate scenarios were based on the assumption that all money and capital market interest rates will show an even and parallel increase/decline by 200 basis points during the first 12 months. Given the low interest rate environment and the assumption that interest rates cannot become negative, the methodology which assumed a 200 basis point decline has been replaced by an alternative methodology that assumes an interest rate decline by 75 basis points in 2011 and 5 basis points in 2012. The simulation of the possible net interest income development is based on an internal interest rate risk model. This model includes certain assumptions regarding the interest rate sensitivity of products with interest rates that are not directly linked to a certain money or capital market rate, such as savings of private customers.

Rabobank Group's long-term interest rate risk is measured and controlled based on the concept of "Equity at Risk", which is the sensitivity of Rabobank Group's economic value of equity to an instant parallel change in interest rates of 200 basis points. The economic value of equity is defined as the present value of the assets less the present value of the liabilities plus the present value of the off-balance sheet items. In the Equity at Risk calculation, client behaviour and the bank's pricing policy are supposed to show no changes, while all market interest rates are assumed to increase by 100 basis points at once. Just as in the Income at Risk calculation, the impact analysis of these scenarios is based on an internal interest rate risk model. In that model, balance sheet items without a contractual maturity, like demand savings deposits and current accounts, are included as a replicating portfolio. Equity at Risk is expressed as a percentage. This percentage represents the deviation from the economic value of equity at the reporting date.

At 31 December 2012, the Income at Risk ("**IatR**") and Equity at Risk ("**EatR**") for Rabobank Group were as follows:

(in millions of euro, except percentages)	2012	2011
	5 bp decline	75 bp decline
Income at Risk (€ million)	(18)	(216)
Equity at Risk	1.4%	2.2%

Rabobank Group performs complementary scenario analyses to access the impact of changes in customer behaviour and the economic environment.

Liquidity risk

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

Responsibility for the day-to-day management of liquidity exposures, the raising of professional funding on the money market and the capital market, and the management of the structural position lies with Rabobank Group's Treasury department, which reports to the CFO. In keeping with the Basel principles, the policy is aimed at financing long-term loans by means of stable funding, specifically amounts due to customers and long-term funding from the professional markets. Rabobank Group's funding and liquidity risk policy also entails strictly limiting outgoing cash flows at the wholesale banking business, maintaining a large liquidity buffer and raising sufficient long-term funding in the international capital market. The retail banking division is assumed to be largely self-funding thanks to money raised from customers. The division raised more than enough money to fund operations in 2012, thanks to growth in amounts due to customers at the retail banking division outpacing growth in lending.

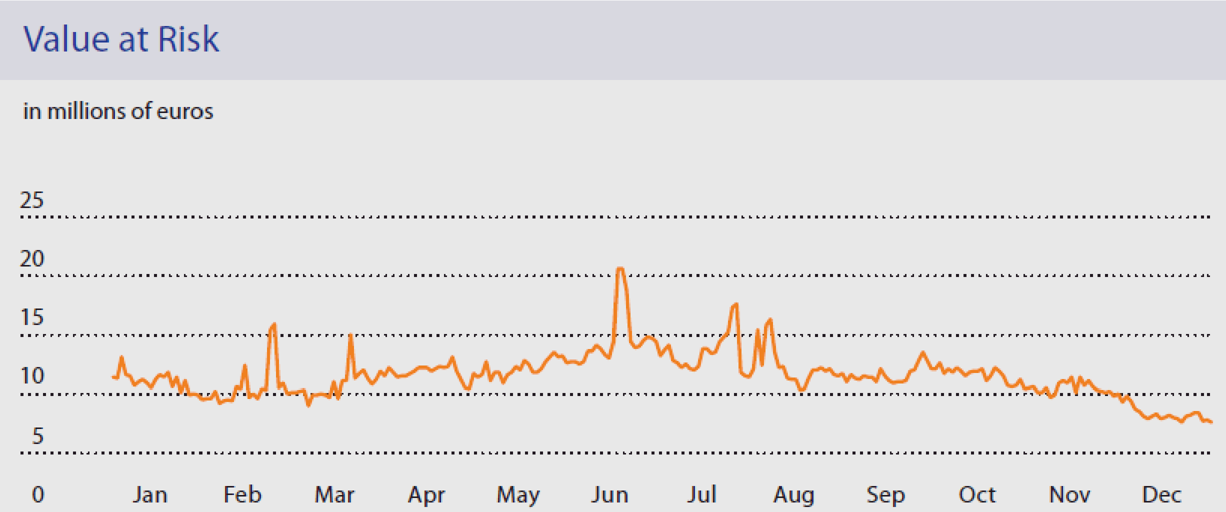
Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group. Rabobank has developed several methods to measure and manage liquidity risk, including a method for calculating the survival period, i.e. the period that the liquidity buffer will hold up under severe market-specific or idiosyncratic stress. In the most severe stress scenario, it is assumed that the Bank no longer has access to the capital markets, i.e. no long- or short-term debt can be issued or refinanced. During 2012, Rabobank more than satisfies the minimum survival period of three months in all the internally used scenarios.

Market risk

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

For the year ended 31 December 2012, the Value at Risk, based on a one-day holding period and 97.5 per cent. confidence level, fluctuated between €7.6 million (2011: €10 million) and €20.6 million (2011: €24 million), with an average of €11.6 million (2011: €16 million). The slight decrease of the average Value at Risk compared to 2011 follows from changes in positions and activities.

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 BRMC-RG, in evaluating Rabobank Group's market positions.



Source: Rabobank Group Annual Report 2012

Operational risk

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

Rabobank has received subpoenas and requests for documents and information from various regulatory agencies and competition and criminal authorities in, *inter alia*, the Netherlands, the United Kingdom, the United States, Japan, Hong Kong, Singapore, and Switzerland. The documents and information are requested as part of ongoing investigations conducted by the relevant agencies and authorities and concern the LIBOR submission processes for various currencies and the EURIBOR submission process. Rabobank was at various times a member of eight of the ten LIBOR panels and the EURIBOR panel, and is a member of the LIBOR panels for three currencies: Pounds Sterling, U.S. Dollar and Euro. Rabobank was never a member of the TIBOR panel. Rabobank is cooperating fully with the investigations.

Rabobank, along with other panel banks, has been named as a defendant in a number of putative class action lawsuits and private individual civil suits pending in the U.S. that assert federal and state claims relating to U.S. Dollar LIBOR, Japanese Yen LIBOR, TIBOR, and EURIBOR.

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 0.8 at 31 December 2012 (2011: 1.3). The non-trading books are only exposed to the translation risk on capital invested in foreign activities and on issues of hybrid equity instruments not denominated in euros. To monitor and manage translation risk, Rabobank follows a policy of protecting equity against exchange rate fluctuations.

GOVERNANCE OF RABOBANK GROUP

Corporate governance

In recent years, the corporate governance of organisations has been of particular public interest. On account of its cooperative organisation, Rabobank's corporate governance is characterised by a robust system of checks and balances. As a result, this governance is in many respects even stricter than in listed enterprises. The members of the independent, cooperative local Rabobanks exercise influence at a local level. As members of Rabobank Nederland, the local Rabobanks in turn play a very important part in the policy-making within Rabobank's organisation. For example, a distinguishing feature in Rabobank Group's governance is the Central Delegates Assembly, Rabobank Group's parliament, which meets at least four times a year and where Rabobank Nederland's members are able to participate in virtually all Rabobank Nederland's strategic decisions.

Although the Dutch Corporate Governance Code does not apply to the cooperative as a legal form of enterprise, Rabobank Nederland's corporate governance is broadly consistent with this code. Rabobank also observes the Banking Code, which was adopted in 2009 by the Netherlands Bankers' Association and came into force on 1 January 2010.

Executive Board

The Executive Board (*raad van bestuur*) of Rabobank Nederland is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities. The management of Rabobank Group is based on its strategic principles and, by extension, on the interrelationship between risk, return and equity. This includes responsibility for the achievement of the objectives of Rabobank Group as a whole, its strategic policy with the associated risk profile, its results, the social aspects of its business and their relevance to the enterprise, the synergy within Rabobank Group, compliance with all relevant laws and regulations, the management of business risks and the financing of Rabobank Group. The Executive Board reports on all these aspects to the Supervisory Board (*raad van commissarissen*) of Rabobank Nederland, the Central Delegates Assembly and the General Meeting (*algemene vergadering*) of Rabobank Nederland. The members of the Executive Board are appointed by the Supervisory Board for a four-year period, but their contracts of employment are for an indefinite period. Reappointments likewise are for a four-year term. Members may be dismissed and suspended by the Supervisory Board. The Supervisory Board determines the remuneration of the members of the Executive Board and reports on this to the Committee on Confidential Matters of the Central Delegates Assembly. The principles of the remuneration policy for the Executive Board, as recommended by the Supervisory Board, are established by the Central Delegates Assembly. Finally, the Supervisory Board periodically assesses and follows up on the Executive Board's performance.

Supervisory Board

The Supervisory Board performs the supervisory role within Rabobank Nederland. This means that the Supervisory Board supervises the policy pursued by the Executive Board and the general conduct of affairs of Rabobank Nederland and its affiliated entities. As part thereof, the Supervisory Board monitors the compliance with the law, the Articles of Association and other relevant rules and regulations. In practice, this means that the achievement of Rabobank Group's objectives, the strategy, business risks, the design and operation of the internal risk management and control systems, the financial reporting process and compliance with laws and regulations are discussed at length and tested regularly. In addition, the Supervisory Board has an advisory role in respect of the Executive Board.

The Supervisory Board has five committees: the Audit & Compliance Committee, the Cooperative Issues Committee, the Appointments Committee, the Remuneration Committee and the Appeals Committee. These committees perform preparatory and advisory work for the Supervisory Board.

In the performance of their duties, the members of the Supervisory Board act in the interests of all stakeholders of Rabobank Nederland and its affiliated entities. Certain key Executive Board decisions are subject to Supervisory Board approval. Examples include decisions on strategic collaboration with third parties, major investments and acquisitions, as well as the annual adoption of policy plans and the budget.

The members of the Supervisory Board are appointed by the General Meeting of Rabobank Nederland on the recommendation of the Supervisory Board. However, the Executive Board, Rabobank Nederland's Works Council and the General Meeting of Rabobank Nederland are each entitled to nominate individuals for consideration by the Supervisory Board. The independence of the individual members, among other factors, is an important consideration for nomination and appointments of Supervisory Board members. Any semblance of a conflict of interests must be avoided. The profile for the Supervisory Board sets standards for its size and composition, taking into account the nature of the enterprises carried on by Rabobank Nederland and its activities, and for the expertise, backgrounds and diversity of the Supervisory Board members. The profile for the Supervisory Board is drawn up in consultation with the Committee on Confidential Matters of the Central Delegates Assembly and is adopted by the General Meeting of Rabobank Nederland. The Supervisory Board's desired composition and the competencies represented in it are specific areas of attention, within the profile's framework, when nominating candidates for appointment or reappointment.

The Committee on Confidential Matters of the Central Delegates Assembly determines the remuneration of the Supervisory Board members. The Supervisory Board, headed by its Chairman, continually assesses its own performance, both as a collective body and in terms of its separate committees and individual members. Initiatives are developed regularly to keep Supervisory Board members abreast of developments or to increase their knowledge in various areas.

Member influence

As a cooperative, Rabobank has members, not ordinary shareholders like companies do. The local cooperative Rabobanks are members of Rabobank Nederland and hence have an important role in the working of Rabobank Nederland's governance. In that context, a key element is the open and transparent culture, with clear accountability for the management and supervision and the assessment thereof. The influence and control of the local Rabobanks are manifested through their representation in two bodies: the Central Delegates Assembly and the General Meeting of Rabobank Nederland.

Central Delegates Assembly

The local Rabobanks are geographically divided into 12 local committees, each of which has its own board of directors. The local committees jointly form the Central Delegates Assembly, which meets four times a year. The members of the Central Delegates Assembly have largely been appointed – via local committees – by clients/members as their representative at the local and collective level. Ahead of every Central Delegates Assembly, the local committees discuss the matters placed on the agenda. In addition, the local committees themselves can submit items for their own meeting. The local committees and Central Delegates Assembly have a significant influence on the views adopted in the Rabobank organisation, as they are involved, for instance, in policy preparation, policy-making and policy implementation.

The Central Delegates Assembly also considers other matters beside the proposed policy, and is, for instance, authorised:

- to set rules to be complied with by all local Rabobanks;
- to determine the Strategic Framework, though which it determines the Group's strategic direction; and
- to approve the budget for the activities of Rabobank Nederland for the local Rabobanks.

The Central Delegates Assembly will issue advice in advance on specific matters where decision-making is reserved by the articles of association to the General Meeting of Rabobank Nederland. It advises either the local Rabobanks, the Executive Board or the General Meeting of Rabobank Nederland.

The Central Delegates Assembly is a forum in which matters are discussed in great depth. This includes not only matters arising from the specific roles and responsibilities of the Central Delegates Assembly, as the Central Delegates Assembly also acts as a sounding board. The discussions in the Central Delegates Assembly are also guided by the shared aim of consensus between the local Rabobanks and Rabobank Nederland.

The Executive Board of Rabobank Nederland informs the Central Delegates Assembly of the policies pursued and discusses them with it. To enable it to operate responsively, the Central Delegates Assembly has appointed committees with specific responsibilities from among its members.

General Meeting of Rabobank Nederland

The General Meeting (*algemene vergadering*) of Rabobank Nederland is the body through which all local Rabobanks, as members of Rabobank Nederland, can exercise direct control. The General Meeting of Rabobank Nederland deals with important issues, such as the adoption of the financial statements, approval and endorsement of management and supervision, amendments to the articles of association and regulations, and the appointment of members of the Supervisory Board. The Central Delegates Assembly issues advice prior to the General Meeting of Rabobank Nederland on all the items on the agenda. This procedure ensures that, prior to the General Meeting of Rabobank Nederland, these subjects have been discussed in detail on a local, regional and central level. Because of the special relationship between Rabobank Nederland and its members, the General Meeting of Rabobank Nederland enjoys almost full attendance.

Local Rabobanks

Each local Rabobank has a joint Board of Directors comprised of banking professionals that form the bank's consultative management. This Board of Directors is appointed by the local Supervisory Board with the approval of Rabobank Nederland.

The Board of Directors operates under the supervision of the local Supervisory Board. The Board of Directors is composed in a balanced and complementary manner in order to ensure the management's effectiveness. One of the Board of Directors' key tasks is to ensure and safeguard member involvement and member influence.

Supervisory Board

The members of the local Supervisory Board are nominated by the local Supervisory Board and appointed by the members council. One of the main responsibilities of the local Supervisory Board is to conduct supervision across the full breadth of the cooperative Rabobank.

This encompasses the policy of the Board of Directors and the general course of affairs relating to the cooperative and its operations. The local Supervisory Board is authorised to rule on the general policy and to provide the Board of Directors with solicited and unsolicited advice. Major decisions made by the Board of

Directors require the approval of the local Supervisory Board. It furthermore oversees compliance with the applicable legislation and regulations. Appointing, appraising, suspending and dismissing members of the Board of Directors are also the responsibility of the local Supervisory Board.

The local Supervisory Board and the Board of Directors of the local Rabobank jointly represent the local Rabobank in the committee meetings as a member of Rabobank Nederland.

Accountability for the supervision conducted by the local Supervisory Board is rendered in a meeting of the members council and through a report included in the annual report.

Members council

Each local Rabobank has a members council in order to ensure that member control and influence are strongly and structurally embedded. A members council is a delegation from the total group of members who are chosen by and from the members and it therefore comprises a cross-section of the local community. A members council consists of 30 to 50 members. The Statutory Board engages the members council to assess its policy in order to make its services as suitable as possible. The members council influences and monitors the course of the local Rabobank and forms the link to the Bank's broad member basis. It performs an influential, sounding board, advisory and control role and serves as the link between the broad member basis on the one hand and the Bank on the other.

The members council's activities include adopting the financial statements and appointing the members of the local Supervisory Board.

Employee influence within Rabobank Group

Rabobank attaches great value to consultations with the various employee representative bodies. Employee influence within Rabobank Group has been enabled at various levels. Issues concerning the business of Rabobank Nederland are handled by Rabobank Nederland's Works Council. Subsidiaries such as Robeco, De Lage Landen, Orbay and Rabo Real Estate Group each have their own Works Councils with consultative powers on matters concerning these enterprises. In addition, each local Rabobank has its own Works Council to discuss matters concerning that particular local Rabobank.

The Group Works Council of Member Banks ("**GOR AB**") is a cooperative-structure based employee representative body that represents the interests of the employees of the local Rabobanks on issues that concern all the local Rabobanks or a majority thereof. In the case of a proposed decision, as defined in the Dutch Works Councils Act, that affects the majority of the local Rabobanks, it is submitted for approval or advice to the GOR AB. In the case of a proposed decision that does not affect the majority of all local Rabobanks, the GOR AB does not interfere with the position of the Works Councils of the local Rabobanks.

Rabobank Group also has an employee representative body at a European level, the European Working Group ("**EWG**"), in which employees of Rabobank offices from the EU member states are represented. The EWG holds discussions with the Executive Board at least twice a year about developments within Rabobank Group. This does not affect the role of the national employee representative bodies.

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Members of Supervisory Board and Executive Board

Supervisory Board of Rabobank Nederland

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

Name	Born	Year Appointed[1]	Term Expires	Nationality
Wout (W.) Dekker, Chairman	1956	2010	2016	Dutch
Antoon (A.J.A.M.) Vermeer, Vice Chairman	1949	2002	2014	Dutch
Irene (I.P.) Asscher-Vonk	1944	2009	2017	Dutch
Leo (L.N.) Degle	1948	2012	2016	German
Louise (L.O.) Fresco	1952	2006	2014	Dutch
Leo (S.L.J.) Graafsma	1949	2010	2014	Dutch
Erik (E.A.J.) van de Merwe	1950	2010	2016	Dutch
Marinus (M.) Minderhoud	1946	2002	2014	Dutch
Cees (C.P.) Veerman	1949	2007	2015	Dutch

Note:

(1) As a result of a 2002 amendment of the management organisation of Rabobank Nederland, the former supervisory council was replaced by the Supervisory Board due to which the appointment date for a number of supervisory directors was fixed at 2002 even though they had been previously on the supervisory council.

Mr. W. Dekker (Wout)

Date of birth	10 November 1956
Former profession	– Professional supervisory director
Main position	Chairman of the Supervisory Board of Rabobank Nederland
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Macintosh Retail Group N.V. – Member of the Supervisory Board of Randstad N.V. Other auxiliary positions: – Member of the Taskforce Biodiversity & Natural Resources – Member of the Advisory Council for Issuers NYSE Euronext Amsterdam
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the	June 2012 - June 2016

Supervisory Board

Mr. A.J.A.M. Vermeer (Antoon)

Date of birth	21 October 1949
Profession	Professional director/supervisory director
Main position	Member of a dairy farming partnership (*maatschap melkveehouderijbedrijf*)
Nationality	Dutch
Additional positions	<u>Supervisory Directorships:</u> – Vice-Chairman of the Supervisory Board of Rabobank Nederland – Member of the Supervisory Board of Eureko B.V. <u>Other additional positions:</u> – Member of the Board of Governors of the ZLTO Food, Farming and Agribusiness Chair, Tilburg University – Chairman Board of Supervision of HAS Den Bosch
Date of first appointment to the Supervisory Board	June 2002
Current term of appointment to the Supervisory Board	June 2010 - June 2014

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

Date of birth	5 September 1944
Profession	Professional supervisory director
Main position	None
Nationality	Dutch
Auxiliary positions	<u>Supervisory Directorships:</u> – Member of the Supervisory Board of Rabobank Nederland – Member of the Supervisory Board of KLM – Member of the Supervisory Board of Arriva Nederland – Member of the Supervisory Board of Philip Morris Holland <u>Other auxiliary positions:</u> – Chairman of the Episcopal Court (*Bisschoppelijk Scheidsgerecht*) – Chairman of the National Arbitration Board for Schools (*Landelijke Geschillencommissie Scholen*)
Date of first appointment to the Supervisory Board	June 2009

Current term of appointment to the Supervisory Board	June 2013 – June 2017

Mr. L.N. Degle (Leo)

Date of birth	15 August 1948
Profession	Professional director/supervisory director
Main position	None
Nationality	German
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Rabobank Nederland – Member of the Supervisory Board of Berlage B.V. – Member of the Supervisory Board of Ten Kate B.V.
Date of first appointment to the Supervisory Board	June 2012
Current term of appointment to the Supervisory Board	June 2012 - June 2016

Mrs. L.O. Fresco (Louise)

Date of birth	11 February 1952
Profession	– Professor – Professional director/supervisory director – Advisor
Main position	– University Professor, University of Amsterdam
Nationality	Dutch
Auxiliary positions	Supervisory Directorships: – Member of the Supervisory Board of Rabobank Nederland – Non-executive Director, Unilever N.V./Unilever PLC Other auxiliary positions: – Crown-Appointed Member of the Social and Economic Council of the Netherlands (SER) – Honorary Professor at Wageningen University – Vice-chairman of the Board of Supervision of the United Nations University in Tokyo – Member of the Royal Holland Society of Sciences and Humanities – Member of the Royal Netherlands Academy of Arts and

Sciences

- Member of the Real Academia de Ingenieria (Spanish Academy of Engineering Sciences)
- Member of the Royal Swedish Academy of Agriculture and Forestry
- Member of the Advisory Board of World Food Prize (*Wereldvoedselprijs*)
- Member of the Board of Praemium Erasmianum Foundation (*Erasmusprijs*)
- Member of the Board of the Royal Concertgebouw Orchestra (*Concertgebouworkest*)
- Member of the Trilateral Commission of France, Japan and the U.S.
- Columinst NRC Handelsblad, NRC Next and NRC International
- Extraordinary member of the Dutch Safety Board
- Advisor of the Office Chérifien des Phosphates (Groupe OCP) Morocco
- Member of the Strategic Advisory Board of the Director General of the Food and Agriculture Organization (FAO), UN-Rome

Date of first appointment to the Supervisory Board	June 2006
Current term of appointment to the Supervisory Board	June 2010 – June 2014

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

Date of birth	29 March 1949
Former profession	– Accountant/associate of an audit, tax and advisory firm
Main position	None
Nationality	Dutch
Auxiliary positions	– Member of the Supervisory Board of Rabobank Nederland – Deputy member of the “Accountantskamer” (discliplinary court for accountants) resulting from the “Wet Tuchtrechtspraak Accountants” (Act on disciplinary actions against accountants)
Date of first appointment to the Supervisory Board	September 2010
Current term of appointment to the Supervisory Board	September 2010 - June 2014

Mr. E.A.J. van de Merwe (Erik)

Date of birth	30 December 1950
Profession	– Advisor
Nationality	– Professional director/professional supervisory director
Auxiliary positions	Dutch
	Supervisory Directorships:
	– Member of the Supervisory Board of Rabobank Nederland
	– Chairman of the Supervisory Board (and audit committee) of Staalbankiers N.V.
	– Chairman of the Supervisory Board (and audit committee) of Achmea Bank Holding N.V.
	– Member of the Supervisory Board (and audit committee) of Achmea B.V.
	Other auxiliary positions:
	– Non-executive Chairman of GWK Travelex N.V.
	– Member of the Board of Governors of the postgraduate study Corporate Compliance and Integrity, VU University Amsterdam
	– Member of the Board of Governors of the postgraduate study Financial Professional in Banking, VU University Amsterdam
	– Member of the Board of Supervision and Chairman of the audit committee of the Dutch Burns Foundation (*Nederlandse Brandwonden Sticht*ing)
	– Member of the Supervisory Council Euro Tissue Bank
	– Member of the Advisory Council Dutch Institute of Internal Auditors (IIA)
	– Member of the Arbitration committee Dutch Securities Institute (DSI)
	– Jurymember Sijthoff Award
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the Supervisory Board	June 2012 -June 2016

Mr. M. Minderhoud (Marinus)

Date ofbBirth	13 September 1946
Profession	Professional supervisory director
Main position	None
Nationality	Dutch
Auxiliary positions	Supervisory Directorships:

- Member of the Supervisory Board of Rabobank Nederland
- Member of the Supervisory Board of De Friesland Zorgverzekeraar
- Vice-Chairman of the Supervisory Board of Eureko B.V.
- Chairman of Vodafone International Holdings B.V.
- Chairman of Vodafone Europe B.V.

Date of first appointment to the Supervisory Board	June 2002
Current term of appointment to the Supervisory Board	June 2011 — June 2014

Mr. C.P. Veerman (Cees)

Date of birth 8 March 1949

Profession
- Professor
- Professional director/supervisory director

Main positions
- CEO of Bracamonte B.V. in Groesbeek
- Professor at Tilburg University and Wageningen University focusing on the field of sustainable rural development from a European perspective
- Crop farmer

Nationality Dutch

Auxiliary positions

Supervisory Directorships:
- Member of the Supervisory Board of Rabobank Nederland
- Chairman of the Supervisory Board of USG People
- Chairman of the Supervisory Board of Koninklijke Reesink N.V.
- Member of the Supervisory Board of Barenbrug Holding B.V.
- Member of the Supervisory Board of Ikazia Hospital Rotterdam
- Member of the Supervisory Board of KDS
- Chairman of the Board of Supervision of Deltares
- Chairman of the Supervisory Board of the Dutch Postcode Loterij
- Chairman of the Board of Supervision of the Foundation VU University Mecial Centre Amsterdam
- Chairman of the Board of Supervision of the Foundation Naturalis Biodiversity Center

Other auxiliary positions:

	– Member of the Advisory Board of Prominent – Member of the Governing Board of the Netherlands Organisation for Scientific Research (NWO) – Chairman of the Projectcouncil North/South Line – Chairman of the Board of directors of the Society for Watercompanies in the Netherlands (VEWIN)
Date of first appointment to the Supervisory Board	June 2007
Current term of appointment to the Supervisory Board	June 2011 - June 2015

Executive Board of Rabobank Nederland[2]

Name	Born	Year Appointed	Nationality
Piet (P.W.) Moerland, Chairman	1949	2009	Dutch
Bert (A.) Bruggink, CFO	1963	2004	Dutch
Berry (B.J.) Marttin	1965	2009	Dutch and Brazilian
Sipko (S.N.) Schat	1960	2006	Dutch
Hans (J.A.M.) van der Linden	1951	2012	Dutch

Piet (P.W.) Moerland: Mr. Moerland was appointed to Rabobank Nederland's Executive Board as of 1 January 2003 and was appointed Chairman of the Executive Board of Rabobank Nederland as of 1 July 2009. Mr. Moerland is responsible for Audit Rabobank Group and the Supervisory and Legal and Fiscal Affairs directorates. His portfolio furthermore includes the Knowledge & Economic Research, Corporate Social Responsibility (CSR) and Communications directorates. After completing his degree and dissertation in the field of economics at the Erasmus University of Rotterdam in 1978, Mr. Moerland undertook a position with Rabobank Nederland's Central Group Staff from 1979 to 1980. Mr. Moerland then took a position as a professor of business administration with a focus on economics at the University of Groningen from 1981 to 1987 and as a professor of business economics with a focus on corporate finance at the University of Tilburg from 1988 to 1998. Mr. Moerland also had a sponsored chair as a professor of corporate governance at the University of Tilburg from 1999 to 2002. Mr. Moerland is a member of the supervisory board of Rabohypotheekbank and a member of the shareholders' council of Rabo Development B.V. Outside Rabobank, Mr. Moerland serves as member of the board of Unico Banking Group, member of the board of directors of International Raiffeisen Union (IRU), member of the board of the National Co-operative Council for Agriculture and Horticulture of the Netherlands (NCR) and member of the board of the Dutch Bach Association.

2 Piet van Schijndel was a member of the Executive Board until he retired on 30 November 2012. Also Gerlinde Silvis was a member of the Executive Board until she stood down with effect from 25 January 2013.

Bert (A.) Bruggink: Mr. Bruggink was appointed as Chief Financial Officer of the Executive Board of Rabobank Nederland as of 15 November 2004. Mr. Bruggink is responsible for Control Rabobank Group, Credit Risk Management, Group Risk Management, Treasury Rabobank Group and Special Asset Management Rabobank. Mr. Bruggink joined Rabobank Group in 1986. After several different jobs in Finance and Control within Rabobank Group, he became Head of Finance and Control Rabobank International (1994-1998) and Group Finance Director Rabobank Group (1998-2004). As CFO, he fulfils several additional functions. He is a member of the supervisory boards of Rabohypotheekbank, IPB Holding B.V., Rabo Herverzekeringsmaatschappij N.V., Robeco, the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) and Friesland Bank. Mr. Bruggink is chairman of the board of the Stichting Rabobank Pensioen Fonds. Furthermore, he is a member of the Supervisory Board of ROVA, member of the supervisory board of Windesheim University of Applied Sciences and professor at Twente University.

Hans (J.A.M.) van der Linden: Mr. van der Linden was appointed to Rabobank Nederland's Executive Board as of 1 December 2012. Mr. van der Linden joined Rabobank Nederland in 1975. During a period of 20 years, he fulfilled various managerial positions within the segment of the bank that focuses on entrepreneurs and businesses. In the years preceding his appointment as member of the Executive Board of Rabobank Nederland, he successively served as Director of Risk Management Local Member Banks, Director of Audit Rabobank Group and Chairman of the Executive Board of Rabo Real Estate Group. Mr. van der Linden is chairman of the supervisory boards of Obvion, De Lage Landen and Rabohypotheekbank. Mr. van der Linden is a member of the board of directors of the NVB (Association of Dutch Banks). Furthermore, he is a member of the board of governors of the Department of Accountancy at Tilburg University and he is chairman of REVAK Nuenen (swimming association for handicapped people).

Berry (B.J.) Marttin: Mr. Marttin was appointed to Rabobank Nederland's Executive Board as of 1 July 2009. Mr. Marttin joined Rabobank in 1990. Within the Executive Board, Mr. Marttin is responsible for the international retail network, the regional international operations, international risk management and Rabobank Development. Shortly after earning his degree in business administration in Brazil, he went to work for Rabobank as an international management trainee. During the more than 14 years that he worked for Rabobank International on various continents and in a range of roles, he gained extensive experience as an international banker in both wholesale banking and retail banking. After fulfilling a number of positions in Brazil, Mr. Marttin was appointed senior marketing officer in Curacao. In 1997 he continued his career as Head of International Corporates in Hong Kong. Mr. Marttin subsequently moved to Indonesia four years later to take up an appointment as Head of Risk Management. Thereafter, Mr. Marttin served as Deputy General Manager of Rural Banking in Australia and New Zealand. Prior to his appointment to Rabobank Nederland's Executive Board, he was Chairman of the board of directors of Rabobank Amsterdam. Mr. Marttin serves as chairman of the Foundation Supervision Internal Market Rabo Extra Member Notes (Stichting Toezicht Interne Markt Rabo Extra Ledenobligaties) and member of the supervisory boards of Rabohypotheekbank and De Lage Landen. Mr. Marttin is a member of the board of directors of Rabobank International Holding, a member of the board of RI Investments Holding B.V. and chairman of the shareholders' council of Rabo Development B.V. Mr. Marttin is a member of the Steering Committee Unico Banking Group, vice chairman of the board of directors of the American Chambers of Commerce in the Netherlands, member of the Dutch Trade Board, member of the Amsterdam Climate Council, member of the supervisory boards of Wageningen University and the Sustainable Trade Initiative (*Initiatief Duurzame Handel*), chairman of the advisory board of Amsterdam University College and member of the advisory board of JINC.

Sipko (S.N.) Schat: Mr. Schat was appointed to Rabobank Nederland's Executive Board as of 1 July 2006. Mr. Schat is responsible for Rabobank International's Wholesale Clients division, leading the Wholesale management team. Areas of responsibility are Wholesale Clients Netherlands, Wholesale Clients International, Professional Products and Global Financial Markets. Mr. Schat took a position as in-house counsel with Rabobank Nederland between 1985 and 1990. Mr. Schat was senior manager Structured Finance between 1990 and 1995, Head Corporate Finance of Rabobank Ireland plc between January 1994 and December 1994, Head Structured Finance Europe between 1995 and 1999 and Head Corporate Finance of Rabobank International between 1999 and 2002. Mr. Schat also held positions as Head Corporate Finance (worldwide), member of the Supervisory Board of Rabobank Ireland plc and Managing Director of Rabo Merchant Bank N.V. As of April 2002, Mr. Schat has been responsible for North and South America and, as of September 2004, responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also a member of the supervisory boards of Rabo Vastgoedgroep, Rabohypotheekbank, Bank Sarasin & Cie AG and Paris Orléans SCA. Mr. Schat is a member of the board of directors of Rabobank International Holding and a member of the board of RI Investments Holding B.V. Mr. Schat also holds some external positions on behalf of the Rabobank Group: member of the Advisory Committee of Issuing Institutions (Euronext), member of the board of the Confederation of Netherlands Industry and Employers VNO-NCW, member of the Steering Committee of Unico Banking Group and member of the Advisory Council Executive Master Business Valuation at the University of Groningen.

Administrative, management and supervisory bodies — conflicts of interests

The Issuer is not aware of any potential conflicts of interest between the duties to Rabobank and their private interests or other duties of the persons listed above under "Supervisory Board of Rabobank Nederland" and "Executive Board of Rabobank Nederland".

Administrative, management and supervisory bodies — business address

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

REGULATION OF RABOBANK GROUP

Rabobank Nederland is a bank organised under the laws of the Netherlands. The principal Dutch law on supervision applicable to Rabobank Nederland is the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), which entered into force on 1 January 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or the "**AFM**") and the Dutch Ministry of Finance (*Ministerie van Financiën*). Rabobank Nederland and the various Rabobank Group entities are also subject to certain European Union ("**EU**") legislation, which has a significant impact on the regulation of Rabobank Group's banking, asset management and broker-dealer businesses in the EU, and the regulation and supervision of local supervisory authorities of the various countries in which Rabobank Group does business.

Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements (the "**Basel Committee**") develops international capital adequacy guidelines based on the relationship between a bank's capital and its credit risks. In this context, on 15 July 1988, the Basel Committee adopted risk-based capital guidelines (the "**Basel guidelines**"), which were implemented by banking regulators in the countries that have endorsed them. The Basel guidelines are intended to strengthen the soundness and stability of the international banking system. The Basel guidelines are also intended to reduce competitive inequality among international banks by harmonising the definition of capital and the rules for the evaluation of asset risks and by establishing a uniform target capital base ratio (capital to risk-weighted assets). Supervisory authorities in each jurisdiction have, however, some discretion in determining whether to include particular instruments as capital under the Basel guidelines and to assign different weights, within a prescribed range, to various categories of assets. The Basel guidelines were adopted by the European Community and applied to all banks and investment firms in the EU, and on 1 January 1991, the Dutch Central Bank implemented them and they were made part of Dutch regulations.

In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988. A new accord ("**Basel II**" - the previous Basel guidelines being referred to as "**Basel I**") was published in June 2004. Basel II is a flexible framework that is more closely in line with internal risk control and that results in a more sophisticated credit risk weighting. The Basel II framework, consisting of three "pillars", reinforces these risk-sensitive requirements by laying out principles for banks to assess the adequacy of their capital ("**Pillar 1**") and for supervisors to review such assessments to ensure banks have adequate capital to support their risks ("**Pillar 2**"). It also seeks to strengthen market discipline by enhancing transparency in banks' financial reporting ("**Pillar 3**").

Basel II provides a range of options for determining the capital requirements for credit risk and also operational risk. In comparison to Basel I, Pillar 1 of Basel II aligns the minimum capital requirements more closely to each bank's actual risk of economic loss. Pursuant to Pillar 2, effective supervisory review of banks' internal assessments of their overall risks is exercised to ensure that bank management is exercising sound judgement and has reserved adequate capital for these risks. Pillar 3 uses market discipline to motivate prudent management by increasing transparency in banks' public reporting.

Instead of the previous "one size fits all" approach, under Basel II banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility to select approaches that are most appropriate for their operations and their financial market infrastructure.

For credit risk, banks can choose between the "Standardised Approach", the "Foundation Internal Ratings Based Approach" and the "Advanced Internal Ratings Based Approach". The Standardised Approach is based on external credit ratings and is the least complex. The two Internal Ratings Based Approaches allow banks to use internal credit rating systems to assess the adequacy of their capital. The Foundation Internal Ratings Based Approach allows banks to use their own credit rating systems with respect to the "Probability of Default". In addition to this component of credit risk, the Advanced Internal Ratings Based Approach allows banks to use their own credit rating systems with respect to the "Exposure at Default" and the "Loss Given Default". Rabobank Group has chosen the most sophisticated approach, the Advanced Internal Ratings Based Approach.

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

Under Basel III, capital and liquidity requirements will increase. On 17 December 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". The Basel Committee published its economic impact assessment on 18 August 2010 and, on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements. On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final view on Basel III though it has subsequently suggested several amendments and refinements to Basel III, particularly with respect to its liquidity requirements, capital requirements for exposures to central counterparties, and other areas. The Basel Committee has indicated that it continues to consider potential revisions to the Basel III regime.

The framework 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 Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement from 2 per cent. (before the application of regulatory adjustments) to 4.5 per cent. (after the application of stricter regulatory adjustments which will be gradually phased in from 1 January 2014 until 1 January 2018). The total Tier 1 capital requirement will increase from 4 per cent. to 6 per cent. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer of 2.5 per cent. to withstand future periods of stress, bringing the total common equity (or equivalent) requirements to 7 per cent. If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer of up to 2.5 per cent. of common equity (or other fully loss-absorbing capital) may be applied as an extension of the conservation buffer. Furthermore, banks considered to have systemic importance should have loss-absorbing capacity beyond these standards. The capital requirements are to be supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio will also be introduced. The reform package will be implemented in the European Economic Area (the "**EEA**") through a regulation and an associated directive ("**CRD IV**"). The regulation establishes a single set of harmonised prudential rules which will apply directly to all credit institutions in the EEA with CRD IV containing less prescriptive provisions which will need to be transposed into national law. Implementation will begin from 1 January 2014, with particular requirements being phased in over a period of time, to be fully effective by 2019.

The Basel Committee's reforms have introduced two international minimum standards for liquidity risk supervision with the aim of ensuring banks have an adequate liquidity buffer to absorb liquidity shocks. The first one is the liquidity coverage ratio ("**LCR**"; to be introduced on 1 January 2015), which is a test to promote 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. In January 2013, the Basel Committee announced revisions to the LCR that may make compliance less costly for banks. The second one is a net stable funding ratio ("**NSFR**"; to be introduced on 1 January 2018), which is a test to promote resilience over a longer period by creating additional incentives for banks to fund their activities with more stable funding on an ongoing basis. The NSFR test is similar to the LCR except the period over which it is tested is one year.

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

European Union standards

The European Union had adopted a capital adequacy regulation for credit institutions in all its member states based on the Basel I guidelines. In 1989, the EC adopted the Council Directive of 17 April 1989 on the "own funds" of credit institutions (the "**Own Funds Directive**"), defining qualifying capital ("**own funds**"), and the Council Directive of 18 December 1989 on a solvency ratio for credit institutions (the "**Solvency Ratio Directive**" and, together with the Own Funds Directive, the "**Capital Directives**"), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The Capital Directives required EU member states to transform the provisions of the Solvency Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks operating in the member states. The Capital Directives permitted EU member states, when transforming the Capital Directives into national law, to establish more stringent, but not more lenient requirements. In 1993, the EC adopted the Directive of 15 March 1993 on the capital adequacy of investment firms and credit institutions ("**EEC Directive 1993/6**") and in 2000 the Directive of 20 March 2000 on the taking up and pursuit of the Business of Credit Institutions ("**EC Directive 2000/12**"), which directive consolidated various previous directives, including the Capital Directives.

EC Directive 2000/12 and EEC Directive 1993/6 have been recast by EC Directives 2006/48 and 2006/49 (the "**Capital Requirements Directive**"), respectively, to introduce the capital requirements framework agreed by the Basel Committee. The rules on capital requirements reflect the flexible structure and the major components of Basel II, tailored to the specific features of the EU market. The simple and intermediate approaches of Basel II have been available from January 2007 and the most advanced approaches since January 2008.

On 16 December 2002, the EU adopted a directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. This directive aims to address the supervisory issues that arise from the blurring of distinctions between the activities of firms in each of the banking, securities, investment services and insurance sectors. The main objectives of the directive are to:

- ensure that a financial conglomerate has adequate capital;
- introduce methods for calculating a conglomerate's overall solvency position;
- deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- prevent situations in which the same capital is used simultaneously as a buffer against risk in two or more entities which are members of the same financial conglomerate ("**double gearing**") and where a parent issues debt and downstreams the proceeds as equity to its regulated subsidiaries ("**excessive leveraging**").

The directive was implemented in the Netherlands in the Dutch Financial Supervision Act that came into effect on 1 January 2007.

The Capital Requirements Directive has been amended three times in 2009 and once in 2010 to repair shortcomings identified in the original Capital Requirements Directive. The amendments entered into force as of 31 December 2010 and certain further amendments as of 31 December 2011. Further amendments to the Capital Requirements Directive (known as 'CRDIV') are expected to take place from 1 January 2014 onwards, which will include amendments to implement the Basel III Reforms (see the risk factor entitled "*Minimum regulatory capital and liquidity requirements*").

In 2010, agreement was reached at EU level on the introduction of a new supervisory structure for the financial sector. The new European architecture consists of the existing national authorities and the newly created European Systemic Risk Board ("**ESRB**") and the following three European Authorities: European Banking Authority ("**EBA**"), European Insurance and Occupational Pensions Authority ("**EIOPA**") and European Securities and Markets Authorities ("**ESMA**"). These institutions have been in place since 1 January 2011. Operational day-to-day supervision continues to be with national supervisors.

The European Commission has also proposed a draft Bank Recovery and Resolution Directive – see the risk factors entitled "*Statutory loss absorption*" and "*Bank recovery and resolution regimes*". The Bank Recovery and Resolution Directive addresses different issues, such as prevention tools and early intervention and final resolution mechanisms. Rabobank Group generally supports the Basel Committee and European Commission reform programmes to strengthen the global capital and liquidity regulations and reduce market volatility. Notwithstanding, a number of proposals may hamper traditional retail-oriented institutions in their intermediary function, and thus reduce their ability to play their important role in the European economy. Further, the new rules still allow national regulators a measure of autonomy. For instance, the liquidity requirements assign relatively extensive powers to national regulators, which may affect the level playing field in the European Internal Market. Hence, the biggest challenge for policy makers and supervisors is to take a coordinated and unified approach by means of the banking union proposals. It is essential that supervisors and regulators across the globe adopt a more consistent and coordinated approach (for example, while Europe is already introducing Basel III, Basel II is not yet fully applied in the U.S.).

If the regulatory capital requirements, liquidity restrictions or ratios applied to Rabobank Group are increased in the future, any failure of Rabobank Group to maintain such increased regulatory capital ratios could result in administrative actions or sanctions, which may have an adverse effect on Rabobank Group's operating results, financial condition and prospects.

Dutch regulation

General

As of September 2002, banking supervision in the Netherlands has been divided into prudential supervision, carried out by the Dutch Central Bank, and conduct of business supervision, carried out by the AFM.

Pursuant to authority granted under the Dutch Financial Supervision Act, the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of Rabobank Group's activities. The AFM supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the Dutch Financial Supervision Act.

Scope of the Dutch Financial Supervision Act

A bank is any enterprise whose business it is to receive repayable funds from outside a closed circle and from others than professional market parties, and to grant credits for its own account. Rabobank

Nederland and various Rabobank Group entities, including each of the local Rabobanks, are banks and, because they are engaged in the securities business as well as the commercial banking business, each is considered a “universal bank”.

Licensing

Under the Dutch Financial Supervision Act, a bank established in the Netherlands is required to obtain a licence from the Dutch Central Bank before engaging in any banking activities. 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 board of supervisory directors; and (iii) the bank must have a minimum own funds (*eigen vermogen*) of €5,000,000. Also, the Dutch Central Bank shall refuse to grant a licence if, among other things, it is of the view that (i) the persons who determine the day-to-day policy of the bank have insufficient expertise to engage in the business of the bank, (ii) the trustworthiness of the persons who determine the policy of the bank is not 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*). In addition to certain other grounds, the licence may be revoked if a bank fails to comply with the requirements for maintaining it.

Reporting and investigation

A bank is required to file with the Dutch Central Bank its annual financial statements in a form approved by the Dutch Central Bank, 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 Dutch Central Bank, which also has the option to demand more frequent reports.

Rabobank Nederland and the local Rabobanks 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 Dutch Central Bank. Rabobank Nederland’s independent auditor audits these reports annually.

Under the Dutch Financial Supervision Act, Rabobank Nederland is required to make its annual financial statements and its semi-annual financial statements generally available to the public within four months and two months, respectively, of the end of a period to which the financial information relates. The annual and semi-annual financial statements must be filed with the AFM simultaneously with their publication.

Supervision

The Dutch Central Bank exercises supervision with respect to the solvency and liquidity of banks, supervision of the administrative organisation of banks and structure supervision relating to banks. To this end, the Dutch Central Bank has issued the following general regulations:

Solvency supervision

The regulations of the Dutch Central Bank on solvency supervision require - in broad terms - that a bank maintains own funds in an amount equal to at least 8 per cent. of its risk-weighted assets and operations. 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. Since the implementation of the Dutch Financial Supervision Act, the regulations have become more sophisticated, being derived from the new capital measurement guidelines of Basel II as described under “*Basel standards*” above and as laid down in EU directives described above under “*European Union standards*”. For credit risk, Rabobank uses the Advanced Internal Ratings Based Approach. For operational risk, Rabobank uses the most refined approach, the Advanced Measurement Approach.

Liquidity supervision

The current regulations of the Dutch Central Bank relating to liquidity supervision require that a bank maintains sufficient liquid assets against certain liabilities of the bank. The basic principle of the liquidity regulations is that liquid assets must be held against "net" liabilities of banks (after netting out claims and liabilities in a maturity schedule) so that the liabilities can be met on the due dates or on demand, as the case may be. These regulations impose additional liquidity requirements if the amount of liabilities of a bank with respect to one debtor or group of related debtors exceeds a certain limit.

Structure supervision

The Dutch Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Dutch Central Bank before, among other things, (i) reducing its own funds (*eigen vermogen*) by way of repayment of capital or distribution of reserves or making disbursements from the item comprising the cover for general banking risks as referred to in article 2:424 of the Dutch Civil Code, (ii) acquiring or increasing a qualified holding in a bank, investment firm or insurer with its statutory seat in a state which is not part of the European Economic Area, if the balance sheet total of that bank, investment firm or insurer at the time of the acquisition or increase amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (iii) acquiring or increasing a qualified holding in an enterprise, not being a bank, investment firm or insurer with its statutory seat in the Netherlands or in a state which is part of the European Economic Area or in a state which is not part of the European Economic Area, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1 per cent. of the consolidated own funds of the bank, (iv) taking over all or a major part of the assets and liabilities of another enterprise or institution, directly or indirectly, if the total amount of the assets or the liabilities to be taken over amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (v) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1 per cent. of the bank's consolidated balance sheet total or (vi) proceeding with a financial or corporate reorganisation. For the purposes of the Dutch Financial Supervision Act, "**qualified holding**" is defined to mean the holding, directly or indirectly, of an interest of at least 10 per cent. of the issued share capital or voting rights in an enterprise, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a Dutch bank, or to exercise any voting power in connection with such holding, only after such person has obtained a declaration of no objection from the Dutch Central Bank.

Administrative supervision

The Dutch Central Bank also supervises the administrative organisation of the individual 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. As part of the supervision of the administrative organisation, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

Emergencies

The Dutch Financial Supervision Act contains an "emergency regulation" which can be declared in respect of a bank by a Dutch court at the request of the Dutch Central Bank in the interest of the combined creditors of the bank. 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

Dodd-Frank

The Dodd-Frank Act provides a broad framework for significant regulatory changes, the full effect of which can only be assessed when final rules are implemented. Among other things, the Dodd-Frank Act provides for new or enhanced regulations regarding: (i) systemic risk oversight, (ii) bank capital standards, (iii) the liquidation of failing systemically significant financial institutions, (iv) OTC derivatives, (v) the ability of banking entities to engage in proprietary trading activities and invest in hedge funds and private equity (the so-called "Volcker rule") and (vi) consumer and investor protection. Implementation of the Dodd-Frank Act is ongoing and will require further detailed rulemaking over several years by different U.S. regulators, including the Department of the Treasury, the Federal Reserve, the SEC, the FDIC, the OCC, the CFTC and the newly created FSOC, and uncertainty remains about the final details, timing and impact of many of the rules, including those which are expected to have the most significant impact on the US operations of non-US banks.

CAPITALISATION OF RABOBANK GROUP

The following table sets forth in summary form Rabobank Group's consolidated own funds and consolidated long-term and short-term debt securities at 31 December 2012 and at 31 December 2011:

	At 31 December	
(in millions of euro)	2012	2011
Capitalisation of Rabobank Group		
Equity of Rabobank Nederland and local Rabobanks	27,858	26,500
Equity instruments issued directly		
Rabobank Member Certificates	6,672	6,614
Capital Securities	7,114	7,645
	41,644	40,759
Equity instruments issued by subsidiaries		
Capital Securities	236	167
Trust Preferred Securities III to VI	1,340	1,399
	1,576	1,566
Other non-controlling interests	1,407	2,676
Total equity	44,627	45,001
Subordinated debt	5,407	2,413
Long-term debt securities in issue	161,860	143,134
Short-term debt securities in issue	61,476	70,307
Total capitalisation	273,370	260,855
Breakdown of reserves and retained earnings		
Revaluation reserves for available-for-sale financial assets	420	93
Other reserves	(73)	40
Retained earnings	27,511	26,367
Total reserves and retained earnings	27,858	26,500

There has been no material change in the capitalisation of Rabobank Group since 31 December 2012.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately €986,570,000, will be used to fund the general banking business and commercial activities of the Rabobank Group, and to strengthen its capital base.

The expenses in connection with the transaction are expected to amount to €7,000.

TAXATION

Netherlands Taxation

The following is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Dutch tax law which could be of relevance to a Holder. Prospective Holders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Notes.

The following summary is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this document. It does not take into account any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, "**the Netherlands**" shall mean that part of the Kingdom of the Netherlands located in Europe and "**Dutch Taxes**" shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities.

This summary does not describe the Dutch tax consequences for a person to whom the Notes are attributed on the basis of the separated private assets provisions (*afgezonderd particulier vermogen*) in the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and/or the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*).

Withholding Tax

Any payments made under the Notes will not be subject to withholding or deduction for, or on account of, any Dutch Taxes.

Taxes on income and capital gains

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to:

- a Holder who is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities, the income from which is taxable in the Netherlands; and
- a Holder which is a corporate entity and a resident of Aruba, Curaçao or Sint-Maarten.

A Holder will not be subject to any Dutch Taxes on any payment made to the Holder under the Notes or on any capital gain made by the Holder from the disposal, or deemed disposal, or redemption of, the Notes, except if:

- the Holder is, or is deemed to be, resident in the Netherlands; or
- the Holder is an individual and has opted to be taxed as if resident in the Netherlands for Dutch income tax purposes; or
- the Holder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of the enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which the Notes are attributable; or

- the Holder is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Notes, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or
- the Holder is not an individual and is entitled to a share in the profits or a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands. other than by way of the holding of securities, and to which enterprise the Notes are attributable; or
- the Holder is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities, and to which enterprise the Notes are attributable.

Gift tax or inheritance tax

No Dutch gift tax or inheritance tax (*schenk- of erfbelasting*) will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a Holder, except if the Holder is a resident, or treated as being a resident, of the Netherlands for the purposes of Dutch gift and inheritance tax.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if he has been a resident in the Netherlands at any time during the twelve months preceding the date of the gift.

Other taxes

No other Dutch Taxes, such as turnover tax (*omzetbelasting*) or other similar tax or duty (including stamp duty and court fees), are due by reason only of the issue, acquisition or transfer of the Notes.

Residency

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

EU Savings Directive

The EU has adopted EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"). The EU Savings Directive requires Member States of the European Union (each, an "**EU Member State**") to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person to an individual resident, or to certain other types of entity established, in another EU Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

FATCA withholding

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"), non-U.S. financial institutions that enter into agreements with the IRS ("**IRS Agreements**") or become subject to provisions of local law intended to implement an inter-governmental agreement ("**IGA legislation**") entered into pursuant to FATCA, may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information or documentation made on or after (i) 1 January 2014 in respect of certain U.S. source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and (iii) 1 January 2017 (at the earliest) in respect of "foreign passthru payments" and then only on "obligations" that are not treated as equity for U.S. federal income tax purposes and that are issued or materially modified on or after (a) 1 January 2014, and (b) if later, in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register. For Notes that are treated as equity for U.S. federal income tax purposes, withholding may apply on or after the above dates, regardless of when the Notes are issued or whether the Notes are materially modified.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent and the Common Depositary or Common Safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an inter-governmental agreement will be unlikely to affect the Notes. The Agency Agreement expressly contemplates the possibility that the Notes may be exchanged for Definitive Notes and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, Definitive Notes will only be printed in remote circumstances.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN BASE PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Credit Suisse Securities (Europe) Limited, Merrill Lynch International, Morgan Stanley & Co. International plc and Nomura International plc (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 24 July 2013 (the "**Subscription Agreement**") agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at 99.107 per cent. of the principal amount of the Notes plus accrued interest (if any), less certain commissions as agreed with the Issuer.

In addition, the Issuer will reimburse the Joint Lead Managers for certain of its expenses in connection with the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes 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; or

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

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 Notes 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 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 Notes, 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 Notes 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.

Malaysia

Each Joint Lead Manager has acknowledged that no approval from the Securities Commission of Malaysia is or will be obtained, nor will any prospectus be filed or registered with the Securities Commission of Malaysia for the offering of the Notes in Malaysia. In addition, each Joint Lead Manager has acknowledged that this Prospectus does not constitute and is not intended to constitute an invitation or offer for subscription or purchase of the Notes, nor may this Prospectus or any other offering material or document relating to the Notes be published or distributed, directly or indirectly, to any person in Malaysia unless such invitation or offer falls within (i) Schedule 5 to the Capital Markets and Services Act 2007 ("**CMSA**"), (ii) Schedules 6 or 7 to the CMSA as an "excluded offer or excluded invitation" or "excluded issue" within the meaning of sections 229 and 230 of the CMSA, and (iii) Schedule 8 so the trust deed requirements in the CMSA are not applicable. Each Joint Lead Manager has represented and agreed that no offer or invitation in respect of the Notes may be made in Malaysia except as an offer or invitation falling under Schedules 5 and 6 or 7 and 8 to the CMSA.

Republic of China

Each Joint Lead Manager has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the Republic of China (for such purposes, "**Republic of China**" shall include Taiwan and other areas under the effective control of the Republic of China), except as permitted by the securities laws of the Republic of China.

People's Republic of China

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

Republic of Korea

The Notes have not been and will not be registered under the Securities and Exchange Act of the Republic of Korea. Accordingly, each Joint Lead Manager has represented and agreed, that it has not, directly or indirectly, offered, sold or delivered and will not, directly or indirectly, offer, sell or deliver any Notes in the Republic of Korea or to, or for the account or benefit of, any resident of the Republic of Korea or to others for re-offering or resale, directly or indirectly, in the Republic of Korea or to, or for the account or benefit of, any resident of the Republic of Korea, except as otherwise permitted by applicable Korean laws and regulations.

India

Each Joint Lead Manager has acknowledged that no invitation, offer or sale to purchase or subscribe to the Notes is made or intended to be made to the public in India using this Prospectus or any amendment or supplement thereto. Neither this Prospectus nor any amendment or supplement thereto is a prospectus, offer document or advertisement nor has it been or will be submitted or registered as a prospectus or offer document under any applicable law or regulation in India. Neither this Prospectus nor any amendment or supplement thereto has been reviewed, approved, or recommended by any Registrar of Companies in India, the Securities and Exchange Board of India, the Reserve Bank of India, any stock exchange in India or any other Indian regulatory authority.

Accordingly, each Joint Lead Manager has represented and agreed that no person may make any invitation, offer or sale of any Notes, nor may this Prospectus nor any amendment or supplement thereto nor any other document, material, notice or circular in connection with the invitation, offer or sale for subscription or purchase of any Notes ("**Offer**") be circulated or distributed whether directly or indirectly to, or for the account or benefit of, any person resident in India, other than strictly on a private and confidential basis and so long as any such Offer is not calculated to result, directly or indirectly, in the Notes becoming available for subscription or purchase by persons other than those receiving such offer or invitation. Notwithstanding the foregoing, each Joint Lead Manager has represented and agreed that in no event shall the Offer be made directly or indirectly, in any circumstances which would constitute an offer to the public in India within the meaning of any applicable law or regulation.

Each Joint Lead Manager has represented and agreed that any Offer of Notes to a person in India shall be made subject to compliance with all applicable Indian laws including, without limitation, the Foreign Exchange Management Act, 1999, as amended, and any guidelines, rules, regulations, circulars or notifications issued by the Reserve Bank of India, the Securities and Exchange Board of India and any other Indian regulatory authority.

Each investor in the Notes acknowledges, represents and agrees that it is eligible to invest in the Issuer and the Notes under applicable laws and regulations in India and that it is not prohibited or debarred under any law or regulation from acquiring, owning or selling the Notes.

Indonesia

Each Joint Lead Manager has represented and agreed that (i) it has not offered or sold and will not offer or sell any Notes in Indonesia or to Indonesian nationals, corporates or residents including by way of invitation, offering or advertisement, and (ii) it has not distributed, and will not distribute this Prospectus or any other offering material relating to the Notes in Indonesia, or to Indonesian nationals, corporates or residents, in a manner which constitutes a public offering of the Notes under the laws and regulations of the Republic of Indonesia.

Brazil

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. Neither the Issuer of the Notes nor the issuance of the Notes have been or will be registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, the CVM). Therefore, each of the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of this Prospectus or any other document relating to the Notes in the Republic of Italy ("**Italy**") except:

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

(b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Financial Services Act and Article 34-*ter* of the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes 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 Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), CONSOB Regulation No. 16190 of 29 October 2007, all as amended from time to time;

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

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

Any investor purchasing the Notes in this offering is solely responsible for ensuring that any offer or resale of the Notes it purchases in this offering occurs in compliance with applicable laws and regulations.

This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 and D.411-4 of the French *Code monétaire et financier*.

Israel

The Prospectus has not been approved for public offering by the Israeli Securities Authority. Each of the Joint Lead Managers has agreed that the Notes are being offered to a limited number of investors (35 investors or less) and/or special types of investors ("**Investors**") such as: mutual trust funds, managing companies of mutual trust funds, provident funds, managing companies of provident funds, insurers, banking corporations and subsidiary corporations, except for mutual service companies (purchasing bonds/notes for themselves and for clients who are Investors), portfolio managers (purchasing bonds/notes for themselves and for clients who are investors), investment counsellors (purchasing bonds/notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing bonds/notes for themselves and for clients who are investors), underwriters (purchasing bonds/notes for themselves), venture capital funds, corporate entities the main business of which is the capital market and which are wholly-owned by Investors, and corporate entities whose net worth exceeds NIS 250 million, except for those incorporated for the purpose of purchasing securities in a specific offer; and in all cases under circumstances that will fall within the private placement exemption or other exemptions of the Securities Law, 5728-1968 or Joint Investment Trusts Law, 5754-1994. Each of the Joint Lead Managers has agreed that the Prospectus may not be reproduced or used for any other purpose, nor be furnished to any person other than those to whom copies have been sent.

General

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

Each Joint Lead Manager has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Prospectus or any other offering material.

GENERAL INFORMATION

1. Application has been made to the AFM to approve this document as a prospectus for the purposes of Article 5 of the Prospectus Directive. Application has also been made for the Notes to be admitted to trading on Euronext Amsterdam by NYSE Euronext, a regulated market of Euronext Amsterdam N.V., subject only to the issue of the Temporary Global Note.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Issuer on 17 July 2013 and is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 6 November 2013 and a resolution of the Supervisory Board passed on 26 November 2012, as confirmed by a Secretary's Certificate dated 24 July 2013.

3. There has been no significant change in the financial or trading position of the Issuer or of Rabobank Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of Rabobank Group, since 31 December 2012.

4. Neither the Issuer nor any member, subsidiary or affiliate of the Rabobank Group is, or has been during the 12 months preceding the date of this Prospectus, involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer's and/or Rabobank Group's financial position or profitability, nor so far as the Issuer is aware are any such proceedings involving any of them pending or threatened.

5. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) is XS0954910146 and the Common Code is 095491014.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Duchy of Luxembourg.

6. There are no material contracts entered into in the ordinary course of the Issuer's business, which could result in any member of the Rabobank Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Notes being issued.

7. Where information in this Prospectus (including where such information has been incorporated by reference) has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

8. The yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Maturity Date, is 3.985 per cent. on an annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of any future yield.

9. For so long as the Notes are listed on Euronext Amsterdam, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection, free of charge, at the offices of the Fiscal Agent:

   (a) the Fiscal Agency Agreement (which includes the forms of the Global Note and the Definitive Note);

   (b) the Articles of Association of the Issuer;

(c) the audited and consolidated financial statements of the Issuer and the Rabobank Group for the three financial years ended 31 December 2010, 2011 and 2012; and

(d) a copy of this Prospectus.

10. Ernst & Young Accountants LLP, of which the 'Registeraccountants' are members of the Royal Dutch Professional Organization for Accountants, has audited, and issued unqualified auditor's reports on, the consolidated and unconsolidated financial statements of the Issuer and the Rabobank Group for the years ended 31 December 2010, 2011 and 2012. Ernst & Young Accountants LLP has given its consent to the inclusion in this Prospectus of its independent auditor's reports on these financial statements for the years ended 31 December 2010, 2011 and 2012, each as incorporated by reference herein in the form and context in which they appear. Ernst & Young Accountants LLP has no interest in the Issuer.

11. In the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

PRINCIPAL OFFICE OF THE ISSUER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland)
Croeselaan 18
3521 CB Utrecht
The Netherlands

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank International)
Thames Court
One Queenhithe
London EC4V
United Kingdom

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

FISCAL AGENT AND PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT AND EURONEXT AMSTERDAM LISTING AGENT

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank International)
Croeselaan 18
3521 CB Utrecht
The Netherlands

AUDITORS OF THE ISSUER

Ernst & Young Accountants LLP
Euclideslaan 1
3584 BL Utrecht
The Netherlands

LEGAL ADVISERS

To the Joint Lead Managers as to Dutch law

Linklaters LLP
WTC Amsterdam
Zuidplein 180
1077 XV Amsterdam
The Netherlands