

**Base Prospectus**  
**12 June 2012**

This document comprises a base prospectus for different categories of securities pursuant to Art. 22 para. (6) of the Commission Regulation (EC) no. 809/2004 of 29 April 2004 (the “**Regulation**”) regarding Notes within the meaning of Art. 22 para. (6) no. (4) of the Regulation.



## **Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.**

### **(RABOBANK STRUCTURED PRODUCTS)**

*(a cooperative with limited liability established under the laws of the Netherlands  
and having its statutory seat in Amsterdam, the Netherlands)*

### **Euro 1,500,000,000 German Debt Issuance Programme**

Under the terms of this Euro 1,500,000,000 German Debt Issuance Programme (the “**Programme**”) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the “**Issuer**”, “**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)**” or “**Rabobank Structured Products**”) may, from time to time, issue Notes, including (but not limited to) Equity Linked Notes, Index Linked Notes, Dual Currency Notes, Partly-Paid Notes, Fixed Rate Notes or Floating Rate Notes.

The aggregate nominal amount of Notes outstanding at any time will not exceed Euro 1,500,000,000 (or the equivalent in other currencies). The Programme is, and Notes issued under it may be, denominated in euro or any other currency agreed between the Issuer and the relevant Dealer(s).

This Base Prospectus is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the “**Financial Supervision Act**”) and regulations thereunder (together “**Dutch financial supervision laws**”) and has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or “**AFM**”), in its capacity as competent authority under Dutch financial supervision laws, in accordance with the provisions of the Prospectus Directive and Dutch financial supervision laws on 12 June 2012.

Notes issued under this Programme may be listed or admitted to trading, as the case may be, on any stock exchange or market or unlisted. The relevant final terms to this Base Prospectus (the “**Final Terms**”) in respect of the issue of any Notes will specify whether such Notes will be listed on a regulated market or whether the Notes will not be listed. In relation to each separate issue of Notes, the price and amount of such Notes will be determined by the Issuer and the relevant Dealer(s) in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the relevant Final Terms.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Distribution of this Base Prospectus, any supplements thereof and any Final Terms and the offering and sale or delivery of the Notes may be restricted in certain jurisdictions (see “**Subscription and Sale**”). The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the “**CFTC**”) under the U.S. Commodity Exchange Act, as amended (the “**CEA**”). The Notes may be subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered, transferred or redeemed at any time within the United States or to, or for the account or benefit of, any U.S. Person. The Notes of each Tranche (as defined herein) in bearer form will initially be represented by a temporary global note in bearer form, without interest coupons (each a “**Temporary Global Note**”) or by a permanent global note in bearer form, without interest coupons (each a “**Permanent Global Note**”) and together with the Temporary Global Notes the “**Global Notes**”). Global Notes will be deposited on the issue date either with (a) common depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream**”) or (b) Clearstream Banking AG, Frankfurt am Main (“**Clearstream Banking**”) or (c) such other clearing system as agreed between the Issuer and the relevant Dealer. Interests in a Temporary Global Note will be exchangeable in whole or part for interests in a Permanent Global Note on or after the date 40 days after the later of (i) the commencement of the offering and (ii) the relevant issue date (the “**Exchange Date**”), upon certification as to non-U.S. beneficial ownership. The Notes will not be represented by definitive notes.

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the relevant Final Terms. None of these ratings is a recommendation to buy, sell or hold securities and any of them may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without prior notice.

Unless the context otherwise requires, references in this Base Prospectus to the “**Rabobank Group**”, “**Rabobank**” or the “**Group**” are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and its members, subsidiaries and affiliates. Rabobank Nederland and Rabobank International are trading names of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. For the purposes of this Base Prospectus, references to “Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)” or “Rabobank Structured Products” are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as issuer.

This Base Prospectus supersedes and replaces the Base Prospectuses dated 27 October 2011 and 5 June 2012.

**Dealer**

**RABOBANK INTERNATIONAL**

## Table of Contents

SUMMARY .....	3
RISK FACTORS .....	11
IMPORTANT INFORMATION .....	23
DOCUMENTS INCORPORATED BY REFERENCE .....	25
ISSUE PROCEDURES .....	26
FORM OF FINAL TERMS .....	28
TERMS AND CONDITIONS OF THE NOTES .....	57
SUPPLEMENTAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES AND EQUITY LINKED NOTES .....	71
USE OF PROCEEDS .....	92
DESCRIPTION OF BUSINESS OF RABOBANK GROUP .....	93
RABOBANK GROUP STRUCTURE .....	104
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	107
SELECTED FINANCIAL INFORMATION .....	130
GOVERNANCE OF RABOBANK GROUP .....	140
REGULATION OF RABOBANK GROUP .....	154
CAPITALISATION OF RABOBANK GROUP .....	160
TAXATION .....	161
SUBSCRIPTION AND SALE .....	171
GENERAL INFORMATION .....	176

## SUMMARY

*This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference, by any investor. The Issuer has civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Relevant Member State, the claimant may, under the national legislation of the Relevant Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Words and expressions defined in Terms and Conditions of the Notes below shall have the same meanings in this summary.*

### Issuer

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the “**Issuer**”, “**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)**” or “**Rabobank Structured Products**”). Unless the context otherwise requires, references in this Base Prospectus to “**Rabobank Group**”, “**Rabobank**” or the “**Group**” are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and its members, subsidiaries and affiliates.

### Rabobank

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. At 31 December 2011, it comprised 139 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 47 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 internal 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 872 branches and 2,949 cash-dispensing machines at 31 December 2011, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients, and approximately 0.8 million corporate 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. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) (“**Rabobank International**”) is Rabobank Group's wholesale bank and international retail bank.

At 31 December 2011, Rabobank Group had total assets of €731.7 billion, a private sector loan portfolio of €448.3 billion, amounts due to customers of €329.9 billion, savings deposits of €140.0 billion and equity of €45.0 billion. At 31 December 2011, its Tier 1 ratio, which is the ratio between Tier 1 capital and total risk-weighted assets, was 17.0 per cent. and its core Tier 1 ratio, which is the ratio between core Tier 1 capital and total risk-weighted assets, was 12.7 per cent. For the year ended 31 December 2011, Rabobank Group's efficiency ratio, which is the ratio between total operating expenses and total income, was 65.2 per cent., and return on equity, or net profit expressed as a percentage of Tier 1 capital, was 7.6 per cent. For the year ended 31 December 2011, Rabobank Group realised net profit of €2,627 million and a risk-adjusted return on capital (“**RAROC**”) of 11.8 per cent. after tax. At 31 December 2011, Rabobank Group had 59,670 full-time employees.

## **Objectives**

According to article 3 of its articles of association, the objective of Rabobank Nederland is to promote the interests of its members, the local Rabobanks. It shall do so by: (i) promoting the establishment, continued existence and development of cooperative banks; (ii) conducting the business of banking in the widest sense, especially by acting as central bank for its members and as such entering into agreements with its members; (iii) negotiating rights on behalf of its members and, with due observance of the relevant provisions of the articles of association, entering into commitments on their behalf, provided that such commitments have the same implications for all its members, including the entering into collective labour agreements on behalf of its members; (iv) participating in, managing and providing services to other enterprises and institutions, in particular enterprises and institutions operating in the fields of insurance, lending, investments and/or other financial services; (v) supervising the local Rabobanks in accordance with the provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*); and (vi) doing all such other things as may be regarded as being incidental or conducive to the attainment of the objectives specified above.

## **Market shares in the Netherlands**

As an all-finance service provider, Rabobank Group offers a comprehensive package of financial products and services.

*Residential mortgages:* For the year ended 31 December 2011, Rabobank Group had a market share of 31.7 per cent. of the total amount of new home mortgages in the Dutch mortgage market (source: Dutch Land Registry Office (*Kadaster*)).

*Savings deposits of individuals:* At 31 December 2011, Rabobank Group had a market share of 38.7 per cent. of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)).

*Lending to small and medium-sized enterprises:* At 31 December 2011, Rabobank Group had a market share of 42 per cent. of domestic loans to the trade, industry and services sector (source: measured by Rabobank's own surveys).

*Agricultural loans:* At 31 December 2011, Rabobank Group had a market share of 83 per cent. of loans and advances made by banks to the Dutch primary agricultural sector (source: measured by Rabobank's own surveys).

## **Asset quality record**

For the year ended 31 December 2011, Rabobank's bad debt costs were 37 basis points of average lending, which is higher than the ten year average of 24 basis points (based on the period from 2001 to 2010).

At 31 December 2011, economic country risk exposure to non-OECD countries represented 3.8 per cent. of Rabobank Group's total assets. Having taken into account country risk-reducing components, net country risk before provisions amounted to 1.7 per cent. of Rabobank's total assets.

## **Capitalisation**

At 31 December 2011, Rabobank's Tier 1 ratio was 17.0 per cent. and its core Tier 1 ratio was 12.7 per cent.

## **Dealer(s)**

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) and any additional Dealer(s) appointed by the Issuer either in respect of one or more Tranches or in respect of the whole Programme (the Dealers). The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “**Dealers**” are to the persons that are appointed as dealers in respect of the Programme (and whose appointment has not been terminated) and all persons appointed as a dealer in respect of one or more Tranches.

**Calculation Agent**

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) or, if different, as specified in the relevant Final Terms. All determinations and calculations made by the Calculation Agent are made by it in its sole discretion and in good faith, acting reasonably and on an arm's-length basis. All such determinations and calculations so made are final and binding (save in the case of manifest error) on all parties.

**Fiscal Agent**

BNP Paribas Securities Services S.A. - Frankfurt Branch.

**Paying Agents**

BNP Paribas Securities Services S.A. - Frankfurt Branch and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International).

**Listing Agent**

In relation to the participation of Notes in the regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange and the EUWAX trading segment of the regulated unofficial market (*Freiverkehr*) of the Stuttgart Stock Exchange, BNP Paribas Securities Services S.A. - Frankfurt Branch will act as listing agent.

**Distribution**

Notes of each Tranche may be issued by way of private placement or public offer and in each case on a syndicated or non-syndicated basis, and will be specified in the relevant Final Terms.

**Issue Price**

The price and amount of Notes to be issued will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of such Notes. Notes may be issued on a fully-paid or partially paid basis at an issue price which is at par, or a discount to, or a premium over par.

**Currencies**

Subject to compliance with all relevant laws, regulations and directives and/or central bank requirements, Notes may be denominated in such currency agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms.

**Programme Amount**

This Base Prospectus, and any supplement thereto, will only be valid for Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed Euro 1,500,000,000 or its equivalent in other currencies. For the purpose of calculating the Euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time: (a) the Euro equivalent of Notes denominated in a specified currency other than Euro shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in Frankfurt am Main, in each case on the basis of the spot rate for the sale of the Euro against the purchase of such specified currency in the foreign exchange market of the Eurozone quoted by any leading international bank agreed between the Issuer and the relevant Dealer(s) on the relevant day of calculation; and (b) the Euro equivalent of Notes in respect of which no interest is due prior to maturity and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue; and (c) the Euro equivalent of dual currency Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes.

## Method of Issue

Notes will be issued on a continuous basis in tranches (each a “**Tranche**”), each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments may form a series (“**Series**”) of Notes. Further Notes may be issued as part of existing Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions) will be set forth in the relevant Final Terms.

## Maturities

Subject to compliance with all relevant laws, regulations and directives and/or central bank requirements, Notes may be issued with any maturity between seven days and perpetuity and specified in the relevant Final Terms.

## No payments in the U.S.

No payments on any Note may be made at the office of any Fiscal Agent and Paying Agent in the United States, nor may payment be made to any address in the United States or by transfer to an account maintained in the United States, except in certain limited circumstances.

## No Ownership by U.S. Persons

Notes may not be legally or beneficially owned by U.S. Persons at any time. Each holder and each beneficial owner of a Note, (a) as a condition to purchasing such Note or any beneficial interest therein, will be deemed to represent that neither it nor any person for whose account or benefit the Notes are being purchased is (i) located in the United States, (ii) is a U.S. Person or (iii) was solicited to purchase the Notes while present in the United States and (b) will be deemed on purchase to agree not to offer, sell, deliver, pledge or otherwise transfer any Notes at any time, directly or indirectly in the United States or to any U.S. Person.

## Form of Notes

The Notes will be issued in bearer form.

Definitive Notes will not be printed. Notes to which U.S. Treasury Regulation §1.163 5(c) (2) (i) (C) (the “**TEFRA C Rules**”) applies (“**TEFRA C Notes**”) will be represented by a permanent global Note in bearer form, without interest coupons, in a nominal amount equal to the aggregate nominal amount of such Notes (“**Permanent Global Note**”). Notes to which U.S. Treasury Regulation §1.163 5 (c) (2) (i) (D) (the “**TEFRA D Rules**”) applies (“**TEFRA D Notes**”) will be represented initially by a Temporary Global Note which will be exchanged for Notes represented by one or more Permanent Global Note(s), in each case not earlier than 40 days (and not later than 180 days) after the later of (i) the commencement of the offering and (ii) the relevant issue date (the “**Exchange Date**”), upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Fiscal Agent. Notes with an initial maturity of one year or less, or that are issued in circumstances in which the Notes will not constitute “registration required obligations” for U.S. income tax purposes, in which cases the applicable Final Terms will indicate that TEFRA is inapplicable to the transaction, will be represented by a Permanent Global Note. Each Global Note representing TEFRA D Notes will bear the following legend: “Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Notes.

## Clearance, Settlement and Initial Delivery of Notes

Notes will be accepted for clearing through one or more clearing systems (each a “**Clearing System**”) as specified in the relevant Final Terms. These systems will include those operated by Clearstream Banking AG, Frankfurt am Main (“**Clearstream Banking AG**”), Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream Banking S.A.**”) and Euroclear Bank SA/NV (“**Euroclear**”). Notes will be

deposited on the issue date with (i) a common depository on behalf of Euroclear and Clearstream Banking S.A. or (ii) Clearstream Banking AG or (iii) otherwise delivered as selected by the Issuer or agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s). Each Noteholders will have co-ownership interests (*Miteigentumsanteile*) in the Global Note which are transferable in accordance with the rules and procedures of the relevant Clearing System.

### **Denomination of Notes**

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and will be specified in the relevant Final Terms. The relevant Final Terms may also provide that the Notes will be issued in units instead of denominations. Issues of Notes in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) and which have a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other Specified Currencies).

### **Protection Amount**

The relevant Final Terms will indicate whether a Protection Amount is applicable to the relevant Notes. If applicable, the Notes will, subject to the relevant Final Terms, in no circumstances be repayable, at the stated Maturity Date, at less than the specified percentage of the Specified Denomination as set forth in the relevant Final Terms. For the avoidance of doubt, the Protection Amount **will not** apply in the event that Notes are sold by the Noteholders before the stated Maturity Date or in the event that Notes are redeemed prior to their stated Maturity Date upon the occurrence of, amongst others, a Tax Call, an Event of Default, an Index Adjustment Event, a Potential Adjustment Event, an Additional Disruption Event or such other events, as set forth in the relevant Final Terms.

### **Fixed Rate Notes**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be specified in the relevant Final Terms.

### **Floating Rate Notes**

Floating Rate Notes will bear interest at a rate agreed between the Issuer and the relevant Dealer(s):

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) as specified in the relevant Final Terms.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

### **Zero Coupon Notes**

Zero Coupon Notes will bear no interest, unless specified otherwise in the relevant Final Terms, will be issued at a discount to their nominal amount and will be redeemed as agreed between the Issuer and the relevant Dealer(s) as specified in the relevant Final Terms.

### **Index Linked Notes**

*Index Linked Interest Notes:* Payments of interest in respect of Index Linked Interest Notes will be calculated and made by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms.

*Index Linked Redemption Notes:* Payments of principal in respect of Index Linked Redemption Notes will be calculated and made by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the relevant Final Terms will be redeemed by payment of the Redemption Amount specified in or as determined pursuant to provisions in the relevant Final Terms, or if not so specified, as defined in the Terms and Conditions of the Notes.

If an Index Adjustment Event or an Additional Disruption Event is specified as applying in the relevant Final Terms, the Notes may be subject to adjustment or may be redeemed by the Issuer, in each case as more fully set out under “Terms and Conditions of the Notes”.

### **Equity Linked Notes**

*Equity Linked Interest Notes:* Payments of interest in respect of Equity Linked Interest Notes will be calculated and made by reference to a single equity security or basket of equity securities on such terms and/or formula as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms.

*Equity Linked Redemption Notes:* Payments of principal in respect of Equity Linked Redemption Notes will be calculated and made by reference to a single equity security or a basket of equity securities. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the relevant Final Terms will be redeemed by payment of the Redemption Amount specified in the relevant Final Terms or, if not so specified, as defined in the Terms and Conditions of the Notes. Equity Linked Redemption Notes may also provide that redemption will be by physical delivery of the Asset Amount as more fully set out under “Terms and Conditions of the Notes”.

If Potential Adjustment Events and/or De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer and/or Additional Disruption Event are specified as applying in the relevant Final Terms, the Notes may be subject to adjustment or may be redeemed by the Issuer, in each case as more fully set out under “Terms and Conditions of the Notes”.

### **Dual Currency Notes**

*Dual Currency Interest Notes:* Payments of interest in respect of Dual Currency Interest Notes will be calculated and made by reference to a single currency rate or basket of rates on such terms and/or formula as may be agreed between the Issuer and the relevant Dealer(s), as specified in the relevant Final Terms.

*Dual Currency Redemption Notes:* Payments of principal in respect of Dual Currency Redemption Notes will be calculated and made on such terms and/or formula as may be agreed between the Issuer and the relevant Dealer(s), as specified in the relevant Final Terms.

### **Other provisions in relation to Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Dual Currency Interest Notes:**

Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Dual Currency Interest Notes may also have a maximum interest rate, a minimum interest rate or both, and, if applicable, shall be specified in the relevant Final Terms.

Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Dual Currency Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms.

### **Early Redemption**

The Notes may be redeemed, at the option of the Issuer or the Noteholder (as the case may be), prior to their stated Maturity Date following a Tax Call, an Issuer Call, a Investor Put, an Event of Default, an Index Adjustment Event, a Potential Adjustment Event, an Additional Disruption Event or such other events as specified in the relevant Final Terms.



**Notes subject to optional redemption by the Issuer**

The relevant Final Terms will specify if the Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated Maturity Date and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s).

**Instalment Notes**

The relevant Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the relevant Final Terms.

**Status of the Notes**

The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, all as described in “Terms and Conditions of the Notes – Status of the Notes”.

**Negative Pledge**

None.

**Cross Default**

See “Terms and Conditions of the Notes – Events of Default”

**Rating**

Generally, Notes issued under the Programme will be unrated. However, Notes issued under the Programme may be rated. Where a Tranche of Notes is rated, such rating may not necessarily be the same as the rating applicable to the Issuer. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing**

Notes may participate in the regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange and the EUWAX trading segment of the regulated unofficial market (*Freiverkehr*) of the Stuttgart Stock Exchange and may also be listed on any stock exchange as specified in the relevant Final Terms in respect of any Tranche of Notes.

**Taxation**

Rabobank Nederland is a Dutch resident for tax purposes. For the Dutch and German tax consequences for the Noteholders, see “Taxation”.

**Effective yield**

The effective yield, if applicable, as per the first day of issue of a series of Notes will be specified in the relevant Final Terms.

**Governing Law**

The Notes are governed by the laws of the Federal Republic of Germany.

**Selling Restrictions**

Restrictions apply to offers, sales or transfer of Notes in various jurisdictions, including among others the United States, the European Economic Area (including the United Kingdom and the Netherlands). See “Subscription and Sale”.

In all, jurisdictions offers, sales or transfers may only be affected to the extent lawful in the relevant jurisdiction.

In the case of a distribution under Rule 144A, Notes will only be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).

**Jurisdiction**

The District Court (*Landgericht*) of Frankfurt am Main is to have non-exclusive jurisdiction for any legal proceedings arising out of or in connection with any Notes.

**Use of Proceeds**

The net proceeds of the Notes will be used by the Issuer for general corporate purposes.

**Risk Factors**

The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. A potential investor in the Notes should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. Material risks that may affect the Issuer's ability to fulfill its obligations under Notes issued under the Programme, include Rabobank Group's exposure to business and general economic conditions, credit risk, country risk, interest rate risk, funding and liquidity risk, market risk, currency risk and operational risks, legal risk, tax risk, systemic risk, competition, business environment, credit ratings, key employees, minimum regulatory capital and liquidity requirements, terrorist acts, civil unrest, other acts of war or hostility, geopolitical, pandemic or other such events and the effect of governmental policy and regulation. Material risks relating to the structure of a particular issuance of Notes may (depending on the terms of the particular issue) include that the market price of the Notes may be volatile, the Notes may not pay interest or the payment of interest may depend on the market value of other securities, payment of principal or interest may occur at a different time or in a different currency than expected and payment of principal may be in an amount less than the nominal amount of the Notes or even zero. Please see "Risk Factors" below. The relevant Final Terms may also contain additional risk warnings.

## **RISK FACTORS**

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

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued pursuant to the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued pursuant to the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive as other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfill its obligations under Notes issued under the Programme**

#### **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. Moreover, renewed tensions surrounding Iran's nuclear program, associated with the release of a new report of the International Atomic Energy Agency in November 2011, and the continuing social unrest (which started in the beginning of 2011) in certain Middle East countries, particularly Syria, may also cause adverse economic effects which may adversely impact the Rabobank Group. 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. For example, an economic downturn, or significantly higher interest rates, 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, the market downturn and worsening of the 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 service provider, can or will obtain a claim on a debtor by providing a product. In addition to loans and facilities (with or without commitment), credit as a generic term also includes, among other things, guarantees, letters of credit and derivatives. An economic downturn may result in an increase in credit risk and, consequently, loan losses that are above 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 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 were 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 in Europe and the United States have recently intensified. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised 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; 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 July 2009 a personal mortgage loan should not be higher than €350,000 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 2012, this maximum will be reduced to €320,000, as of 1 July 2013 to €290,000 and as of 1 July 2014 to €265,000. Moreover, on 1 July 2011 the Dutch government reduced the conveyance tax on privately owned houses (from 6 per cent. to 2 per cent.). The Dutch government also intends to introduce a banking tax in 2012. The tax will be based on the amount of the balance sheet total of the relevant bank as at the end of such bank's preceding financial year. In addition, in 2012 a new way of financing the Dutch Deposit Guarantee Scheme, a system that protects bank depositors from losses caused by a bank's inability to pay its debts when due, will come into force. Finally, the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB"), has launched a proposal that implies a step by step reduction of the maximum permissible amount of a residential mortgage loan to 90 per cent. of the value of the property (instead of the maximum of 106 per cent. that Rabobank has applied since 1 July 2011 and other Dutch banks since 1 August 2011). All these factors may have material adverse effects on Rabobank Group's results of operations.

At 31 December 2011, mortgage loan interest payments for Dutch homeowners are tax deductible. If the tax deductibility is reduced or abolished, which in Rabobank's view is increasingly likely, 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 will

require further detailed rulemaking over several years 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 Commodity Futures Trading Commission (the “**CFTC**”) and the newly created Financial Stability Oversight Council (the “**FSOC**”), and uncertainty remains about the final details, timing and impact of the rules. The Dodd-Frank Act provides for new or enhanced regulations regarding, among other things: (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. Although uncertainty remains about many of the details, impact and timing of these regulatory initiatives, 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. In the Netherlands, a similar recommendation was made by the *‘Parlementaire Enquêtecommissie Financiële Stelsel’*, a parliamentary commission that investigated the turmoil in the financial sector in recent years under chair of Mr. De Wit which presented its final report on 12 April 2012. If the recommendation of the commission De Wit is adopted, this could have a material adverse effect on Rabobank Group's results of operations.

#### **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, under the Basel III proposals (“**Basel III**”), 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 the Basel Committee issued its final view on Basel III, as discussed under “Regulation of Rabobank Group”.

There can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, 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 in its credit ratings, as a result of a change in 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.

**Business environment**

Concerns about geopolitical developments (such as the renewed tensions surrounding Iran's nuclear program since November 2011), social unrest (such as the continuing turmoil in certain Middle Eastern and North African countries), oil prices and natural disasters, among other things, can affect the global financial markets. Since the beginning of the 21<sup>st</sup> century accounting and corporate governance scandals 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 Notes issued under the Programme****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:

- (i) 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 Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's Currency (as defined in "Risks related to the market generally – Exchange rate risks and exchange controls");
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition

of risk to their overall portfolios. A potential investor in the Notes should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features, which contain particular risks for potential investors, the most common of which are set out below:

#### **Notes subject to optional redemption by the Issuer**

An optional redemption feature of Notes is likely to limit their market value. 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.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### **Index Linked Notes, Equity Linked Notes and Dual Currency Notes**

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities, to movements in currency exchange rates, or indices or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may risk losing part of, or their entire investment, for example, if exchange rates or any other relevant index moves sufficiently in an unanticipated direction;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable on redemption may be less than the nominal amount on such Notes or even zero, i.e. that they may lose all or a substantial part of their investment;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified;
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield; and
- The Terms and Conditions of the Notes may contain broad calculation agent discretions to interpret, change or redeem the Notes, where such discretions are not required to be exercised in the interests of Noteholders.

Index Linked Notes (as defined in the “Terms and Conditions of the Notes”) differ from ordinary debt securities in that amounts due in respect of principal and/or interest will be dependent upon the performance of the underlying Index, which itself may contain substantial credit, interest rate or other risks. Additionally, for Index Linked Notes, the Final Terms may provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the Index or the Sponsor (as defined in the “Terms and Conditions of the Notes”). Furthermore, where Additional Disruption Events and Change



in Law and/or Hedging Disruption and/or Increased Cost of Hedging are specified as applying in the relevant Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of disruptions to, or certain specified events affecting, the Issuer's and/or its Affiliates related hedging arrangements.

Equity Linked Notes differ from ordinary debt securities in that the amount of principal and/or interest payable by the Issuer will depend on the market value of the Underlying Securities or Underlying DR Securities (as defined in the "Terms and Conditions of the Notes"). Additionally, where Potential Adjustment Event, Merger Event, Tender Offer and/or Nationalisation, Delisting or Insolvency or Insolvency Filing (each as defined in the "Terms and Conditions of the Notes") are specified as applying in the relevant Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of certain specified events affecting the Underlying Security or Underlying DR Security or the Company (as defined in the "Terms and Conditions of the Notes") that has issued the Underlying Security. Furthermore, where Additional Disruption Events and Change in Law and/or Hedging Disruption and/or Increased Cost of Hedging and/or Insolvency Filing are specified as applying in the relevant Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of disruptions to, or events affecting, the Issuer's and/or its Affiliates related hedging arrangements. If Dual Currency has been declared applicable in the relevant Final Terms, payments (whether in respect of repayment or interest and whether at maturity or otherwise) will be made in such currencies and based on such rates of exchange as may be specified in the relevant Final Terms. The Noteholder may be exposed to currency risk in such event.

For Equity Linked Redemption Notes, where the Notes relate to Underlying Securities originally quoted, listed and/or dealt in as of the Issue Date (as defined in the "Terms and Conditions of the Notes") in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, if such Underlying Securities are at any time after the Issue Date quoted, listed and/or dealt in exclusively in euro on the relevant Exchange, then the Notes will be subject to such adjustment as the Calculation Agent determines to be appropriate to preserve the economic terms of the Notes.

#### **No recourse to or claim against any Security Issuer or DR Security Issuer**

Equity Linked Notes will not represent a claim against or an investment in any Security Issuer or DR Security Issuer and Noteholders will not have any right of recourse under the Notes to any such company or the Underlying Securities or Underlying DR Securities. The Notes are not in any way sponsored, endorsed or promoted by any Security Issuer or DR Security Issuer and such companies have no obligation to take into account the consequences of their actions for any Noteholders. Accordingly, the Security Issuer or DR Security Issuer may take any actions in respect of such Underlying Securities or Underlying DR Securities without regard to the interests of the purchasers of the Notes, and any of these actions could adversely affect the market value of the Notes.

#### **Notes linked to ADRs or GDRs**

An investment in Notes linked to American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs") (ADRs and GDRs, together, "**Depositary Receipts**") entails significant risks in addition to those associated with Equity Linked Notes and with investments in a conventional debt security. There are important differences between the rights of holders of Depositary Receipts and the rights of holders of the Underlying Securities or Underlying DR Securities represented by such Depositary Receipts. A Depositary Receipt is a security that represents capital stock of the relevant Security Issuer or DR Security Issuer. The relevant deposit agreement for the Depositary Receipt sets forth the rights and responsibilities of the depositary (being the issuer of the Depositary Receipt), the Security Issuer or DR Security Issuer and holders of the Depositary Receipts which may be different from the rights of holders of the Underlying Securities or Underlying DR Securities.

The legal owner of the Underlying Securities or Underlying DR Securities is the custodian bank which at the same time is the issuing agent of the Depositary Receipts. Depending on the jurisdiction under which the Depositary Receipts have been issued and the jurisdiction to which the custodian agreement is subject, it is possible that the corresponding jurisdiction would not recognise the purchaser of the Depositary Receipts as the actual beneficial owner of the Underlying Securities or Underlying DR Securities. Particularly in the event that the custodian bank becomes insolvent or that enforcement measures are taken against the custodian bank, it is possible that an order restricting free disposition could be issued with respect to the Underlying Equities or that such shares are realised within the framework of an enforcement measure against the custodian bank. If this is the case, the holder of the Depositary Receipt

loses their rights under the Underlying Securities or Underlying DR Securities and the Notes would become worthless.

Adjustment to the terms and conditions or replacement of the Underlying Securities or Underlying DR Securities following certain corporate events in relation to the Underlying Securities or Underlying DR Securities may materially and adversely affect the value of the Notes.

#### **Settlement Disruption Events**

In the case of Notes for which Physical Delivery is specified as applicable in the relevant Final Terms, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement or redemption, as the case may be, will be postponed until the date on which no Settlement Disruption Event is subsisting. The Issuer, while the Settlement Disruption Event is continuing, also has the right to pay the Disruption Cash Settlement Price in lieu of physical settlement.

#### **Failure to Deliver**

In the case of Equity Linked Notes for which Physical Delivery is specified as applicable in the relevant Final Terms, if following exercise or on the date of redemption, as the case may be, of such Notes it is impossible or impracticable in the opinion of the Calculation Agent to deliver when due some or all of the Underlying Securities where such failure to deliver is due to illiquidity in the market for such Underlying Securities, the Issuer has the right to pay the Failure to Deliver Settlement Price in lieu of delivering some or all of such Affected Relevant Assets.

#### **Partly-Paid Notes**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### **No interest may be payable under the Notes**

Prospective investors should note that no interest may be paid on the Notes on or prior to their redemption date. An investor in the Notes, in the context of its own financial position, must be capable of holding such Notes to maturity with no income stream in the form of interest payments.

As there may be no periodic payment of interest to the Noteholders, any increase in the value of the underlying (if any) will not be crystallised until the Notes are redeemed, and the Notes may fall in value at any time prior to redemption or even become worthless.

#### **Variable rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### **Inverse Floating Rate Notes**

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### **Fixed/Floating Rate Notes including a conversion option of the Issuer**

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

**Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

**Notes redeemable by physical delivery of securities**

If Notes are redeemable by physical delivery of securities the Noteholders are exposed to the specific issuer- and security risk with respect to the security to be delivered. Noteholders cannot rely on the possibility to sell the delivered securities at a certain price, in particular not at a price equal to the capital invested when purchasing the Notes. Furthermore, additional costs may incur when selling the delivered securities. If certain disruption events occur on settlement, the relevant Settlement Date may be postponed and in certain circumstances the Issuer will be entitled to make payment of a cash amount in lieu of physical delivery.

**Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally<sup>1</sup>:

**Disruptions**

A Disrupted Day or Market Disruption Event (each as defined herein) may result in the postponement of and/or alternative provisions for valuation and may have an adverse effect on the value of the Notes.

**Distributor(s) Fees**

Investors should note that, in certain circumstances immediately following the issue of the Notes, the secondary market price of the Notes may be less than the Issue Price and/or Offer Price in the event that the Issue Price and/or Offer Price includes fees paid to distributors.

**Modification, waivers and substitution**

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

The Terms and Conditions 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 may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons, (c) for the purpose of correcting any manifest error, or (d) if the amendment or modification is of a formal, minor or technical nature or is made to comply with mandatory provisions of law, in each case, without the consent of the holders of the Notes, Receipts and Coupons. The Terms and Conditions also provide for the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in §10 of the Notes.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”) (see “Taxation – EU Savings Directive” below), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Belgian State elected to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2010.

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<sup>1</sup> Other risks may exist that are currently not known or that, based on today’s knowledge, are not deemed to be material enough to be included in this section

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding – a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

If a payment were to be made or collected through a Member State 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 payments made by a Paying Agent, 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.

#### **Change of law**

The conditions of the Notes are based on the laws of Germany in effect at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Germany or administrative practice after the date of this Base Prospectus.

#### **Loss of principal**

The Terms and Conditions of the Notes provide for Notes to be issued under the Programme for which it is not certain that the principal amount of those Notes will be repaid at redemption. Potential investors should be aware that they may lose all or a substantial portion of their principal.

#### **Minimum Specified Denomination**

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

#### **No claim against any Reference Item**

A Note will not represent a claim against any item (a “**Reference Item**”) to which the amount of principal and/or interest payable or amount of specified assets deliverable in respect of the Notes is dependent and, in the event that the amount paid by the Issuer or the value of the specified assets delivered on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item.

*An investment in Notes linked to one or more Reference Items may entail significant risks not associated with investments in conventional debt securities, including but not limited to the risks set out in this section<sup>2</sup>. The amount paid or value of the specified assets delivered by the Issuer on redemption of such Notes may be less than the principal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.*

#### **Potential conflicts of interest in relation to hedging**

In the ordinary course of its business, including without limitation in connection with its market-making activities, the Issuer and/or any of its Affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the Reference Item(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer and/or any of its Affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its Affiliates, the Issuer and/or any of its Affiliates may enter into

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<sup>2</sup> Other risks may exist that are currently not known or that, based on today’s knowledge, are not deemed to be material enough to be included in this section

transactions in the Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be adverse to the interests of the relevant Noteholders.

#### **Other potential conflicts of interest**

Where the Issuer acts as Calculation Agent or the Calculation Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes, that may influence the amount receivable or specified assets deliverable on redemption of the Notes.

The Issuer and any Dealer(s) may, at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or any Dealer(s) to disclose to Noteholders any such information.

The Issuer and/or any of its Affiliates may have existing or future business relationships with an issuer or issuers of any Reference Item(s) (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

#### **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<sup>3</sup>:

##### **The secondary market generally**

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 all or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of 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 Notes.

Notes issued under the Programme may or may not be listed on a stock exchange or regulated market. In cases where Notes are not listed, pricing information may be more difficult to obtain, and the liquidity and market prices of such Notes may be adversely affected.

If additional Notes are subsequently issued, the supply of such Notes in the market will increase and may cause the price at which the relevant Notes trade in the secondary market to decline significantly.

##### **Exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in the “**Terms and Conditions of the Notes**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency 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 a currency other than the currency of the country in which the Noteholder is resident, the Noteholder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Noteholder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices, in a currency other than the currency in which the relevant Note is denominated. Government and monetary

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<sup>3</sup> Other risks may exist that are currently not known or that, based on today’s knowledge, are not deemed to be material enough to be included in this section

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.

**Interest rate risks**

Investment in Fixed Rate Notes and Floating Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes and Floating Rate Notes.

**Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the 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. The majority of the Notes will not be rated.

**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.

**Foreign Account Tax Compliance**

The Issuer may be subject to U.S. withholding tax if it fails to enter into an agreement with the IRS to report certain information about the holders of the Notes or a holder of the Notes may become subject to U.S. withholding if it fails to provide requested information to the Issuer.

The Hiring Incentives to Restore Employment Act, which was enacted in early 2010 and contains provisions (“**FATCA**”) from the former Foreign Account Tax Compliance Act of 2009, imposes a 30 per cent. withholding tax on certain payments to certain non-US financial institutions (including entities such as the Issuer) who do not enter into and comply with an agreement with the IRS to provide certain information on the holders of its debt or equity (other than debt or equity interests that are regularly traded on an established securities market).

The relevant rules have not yet been fully developed and the future application of FATCA to the Issuer and the holders of Notes is uncertain. It is currently the intention of the Issuer to enter into such an agreement with the IRS, and as a result of such agreement, holders may be required to provide certain information or be subject to withholding on certain payments made to them. If a holder does not provide the necessary information and is subject to withholding there will be no “gross up” (or any other additional amount) payable by way of compensation to the holder for the deducted amount. See “Taxation—United States Federal Income Taxation—FATCA Withholding” for a further discussion of FATCA, including a discussion of the timing of any withholding.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

## IMPORTANT INFORMATION

The Issuer (the “**Responsible Person**”), accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, the Responsible Person confirms that this information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”) and be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

The Dealer(s) (excluding Rabobank International) have not independently verified the information contained in this Base Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, other than Rabobank International, as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Notes. No Dealer, other than Rabobank International, accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base 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 Base Prospectus has been most recently amended or supplemented or that any information supplied in connection with the Programme 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.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of the terms of such Notes (see “Risk Factors”).

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Distribution of this Base Prospectus and any Final Terms and the offering, sale or delivery of any Notes in certain jurisdictions may be restricted by law (see “Subscription and Sale”).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in jurisdictions other than the Netherlands. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealer(s), which would permit a public offering of any Notes outside the European Economic Area or distribution of this document in any jurisdiction where action for that purpose is required other than the Netherlands. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any such jurisdiction, except under circumstances

that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and Dealer(s) to inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus or any Final Terms and the offering and sale of Notes. See “Subscription and Sale”.

All figures in this Base Prospectus have not been audited, unless stated otherwise. These figures are internal figures of Rabobank Nederland or Rabobank Group.

All references in this document to “**U.S.\$**”, “**U.S. Dollars**” and “**USD**” refer to the currency of the United States of America, and to “**€**”, “**euro**” and “**EUR**” are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

In connection with the issue of any Tranche of Notes, the Dealer(s) (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms 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(s) (or persons acting on behalf of a 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 relevant Tranche of 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.



## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus is to be read in conjunction with the relevant Final Terms and the following documents which have been previously published or are published simultaneously with this Base Prospectus and that have been approved by the AFM or filed with it and shall be incorporated in, and form part of, this Base Prospectus:

- (a) the Terms and Conditions of notes as set forth in the offering circulars of the Issuer dated 17 June 2005 and 13 July 2006 and the base prospectuses dated 9 August 2007, 25 August 2008, 16 September 2009, 27 October 2010 and 27 October 2011 in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with the aforementioned notes;
- (b) the audited non-consolidated financial statements of Rabobank Nederland for the years ended 31 December 2009, 2010 and 2011 (together with the explanatory notes) and the independent auditor's reports in respect thereof;
- (c) the audited consolidated financial statements of Rabobank Group for the years ended 31 December 2009, 2010 and 2011 (together with the explanatory notes) and the independent auditor's reports in respect thereof and the independent auditor's assurance reports included therein;
- (d) the annual reports of Rabobank Group for the years ended 31 December 2009, 2010 and 2011;
- (e) the most recent articles of association of the Issuer.

Any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base 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 Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference. Requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus (E-mail: [ir@rabobank.com](mailto:ir@rabobank.com); Telephone No.: +31 (0)30 712 24 01). In addition, such documents will be available, without charge, from the office of BNP Paribas Securities Services S.A. - Frankfurt Branch (acting as "**Listing Agent**") for Notes listed on the regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange and the EUWAX trading segment of the regulated unofficial market (*Freiverkehr*) of the Stuttgart Stock Exchange, the offices of the Paying Agents and the website of the Issuer ([www.rabobank.com/ir](http://www.rabobank.com/ir) under Corporate Governance and Funding and Funding Programmes). More information on the German Debt Issuance Programme can be found in the section "Funding" under the rider "Funding Programmes" on such website. Annual reports and financial statements can be downloaded at [www.annualreportsrabobank.com](http://www.annualreportsrabobank.com).

The Listing Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Noteholder.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of the Notes.

## ISSUE PROCEDURES

### General

The Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Tranche of Notes (the “**Conditions**”). The Conditions will be constituted by the Terms and Conditions of the Notes set forth below (the “**Terms and Conditions**”) as completed, modified, supplemented or replaced by the provisions of the relevant Final Terms (the “**Final Terms**”). The Conditions and Final Terms may be written in the German or English language and provided with an English or a German language translation, as the case may be. This Base Prospectus does not contain any German language translation of the Conditions or the form of Final Terms.

The relevant Final Terms relating to each Tranche of Notes will specify whether the Conditions are to be “non-consolidated Conditions” or “consolidated Conditions” (each as described below) and whether the Conditions will be in the German language, the English language or both (and, if both, will specify which language is binding).

The Issuer anticipates that non-consolidated Conditions will generally be used for Notes sold on a non-syndicated basis and which are not publicly offered into Germany or into any other jurisdiction and that consolidated Conditions will generally be used for Notes sold and distributed on a syndicated basis and/or where the Notes are to be publicly offered, in whole or in part, or are to be distributed, in whole or in part, to non-professional investors in Germany or any other jurisdiction.

The Issuer anticipates that, in general, subject to any stock exchange or legal requirements applicable from time to time, and unless otherwise agreed between the Issuer and the relevant Dealer(s), in the case of Notes sold and distributed on a syndicated basis, and/or in the case of Notes distributed and/or publicly offered, in whole or in part, in Germany, to non-professional investors in Germany, English will be the binding language. The Issuer may decide to provide a German language translation of the Conditions. If a translation is prepared it will be made available at the principal office of the Fiscal Agent. In each case, the binding language will be specified in the relevant Final Terms.

### Non-consolidated Terms and Conditions

If non-consolidated conditions are to apply to the Notes, the provisions of the applicable Conditions as set out in the relevant Final Terms and the Terms and Conditions of this Base Prospectus, taken together, shall constitute the terms and conditions of the Notes. Such non-consolidated Terms and Conditions will be constituted as follows:

- (i) the provisions of the Terms and Conditions which are applicable to the Notes will be deemed to be completed by the information contained in the Final Terms as if such information was inserted in full in such provisions;
- (ii) the Terms and Conditions will be modified, supplemented or replaced by the text of any provisions of the Final Terms modifying, supplementing or replacing the provisions of the Terms and Conditions;
- (iii) the provisions of the Terms and Conditions which are not applicable to the Notes will be deemed to be deleted from the Terms and Conditions; and
- (iv) all instructions and explanatory notes set out in square brackets in the Terms and Conditions and any explanatory text in the Final Terms will be deemed to be deleted from the Conditions.

Where non-consolidated Conditions apply, each Global Note representing the Notes of the relevant Series will have the Final Terms attached.

### Consolidated Terms and Conditions

If the relevant Final Terms specify that consolidated Terms and Conditions are to apply to the Notes, the consolidated Terms and Conditions in respect of such Notes will be constituted by the consolidated Terms and Conditions as attached to the Final Terms as an appendix. Where consolidated Terms and Conditions apply, the consolidated Terms and Conditions alone will constitute the terms and conditions of the Notes and will be attached to each Global Note representing the Notes.

### **Supplemental Terms and Conditions for Index Linked Notes and Equity Linked Notes**

Index Linked Notes and Equity Linked Notes will be governed by the General Terms and Condition, as supplemented and amended by the Supplemental Terms and Conditions for Index Linked Notes and Equity Linked Notes (the “**Supplemental Conditions**”). In the event that any provision of the Supplemental Conditions conflicts with any provision of the general Terms and Conditions, the Supplemental Conditions will prevail.

## FORM OF FINAL TERMS

### FINAL TERMS

*[For Equity Linked Notes insert:]*

[POTENTIAL PURCHASERS OF THESE NOTES SHOULD BE AWARE THAT THE RETURN OF PRINCIPAL IS LINKED TO THE VALUE OF EQUITY SECURITIES. MOVEMENTS IN THE VALUE OF THE EQUITY SECURITIES MAY ADVERSELY AFFECT THE VALUE OF THESE NOTES.]

*[For Index Linked Notes insert:]*

[POTENTIAL PURCHASERS OF THESE NOTES SHOULD UNDERSTAND THAT RETURN OF PRINCIPAL WILL BE DEPENDENT UPON THE PERFORMANCE OF THE INDEX OR INDICES].

*[For principal protected Notes insert:]*

[IN NO CIRCUMSTANCES MAY THE NOTES BE REDEEMED BY THE ISSUER AT THE MATURITY DATE FOR LESS THAN THE PROTECTION AMOUNT. FOR THE AVOIDANCE OF DOUBT: IN THE EVENT OF INSOLVENCY OF THE ISSUER OR IN THE EVENT OF AN EARLY REDEMPTION PURSUANT TO §4 [OR [AN INDEX ADJUSTMENT EVENT] [OR] [A POTENTIAL ADJUSTMENT EVENT] [OR] [A MERGER EVENT] [OR] [A NATIONALISATION] [OR] [A DE-LISTING] [OR] [INSOLVENCY] [OR] [AN ADDITIONAL DISRUPTION EVENT] PURSUANT TO **[INSERT PARAGRAPH(S) FOR THE RELEVANT PROVISIONS FOR INDEX AND EQUITY LINKED NOTES]**. THE NOTES MAY BE REDEEMED AT LESS THAN THE PROTECTION AMOUNT.]

THE ISSUER HAS MADE NO COMPREHENSIVE INVESTIGATION INTO THE TREATMENT OF THE NOTES BY THE TAX AUTHORITIES OF ANY COUNTRY, INCLUDING THE UNITED STATES OF AMERICA. INVESTORS ARE STRONGLY ADVISED TO TAKE THEIR OWN TAX ADVICE.

*The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in these Final Terms and the Base Prospectus, as supplemented from time to time.*

ISIN: [●] *[insert Date]*

Common Code: [●]

WKN: [●]

Other securities code: [●]

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK STRUCTURED PRODUCTS)**

Issue of [Aggregate Nominal Amount of Tranche][Aggregate Number of Notes][Title of Notes]  
(the “Notes”)

*[insert in case of an increase: (which are to be consolidated and form a single series with the  
[Aggregate Nominal Amount of Tranche][Aggregate Number of Notes][Title of Notes] issued  
on [●])*

**under the Euro 1,500,000,000 German Debt Issuance Programme**

**PART A - CONTRACTUAL TERMS**

These Final Terms are issued to give details of an issue of Notes under the Euro 1,500,000,000 German Debt Issuance Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the “Programme”).

[This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated 12 June 2012 [, as so supplemented,] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Notes will be issued on the terms of these Final Terms read together with the Base Prospectus. The Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Base Prospectus, contains all information that is material in the context of the issue of the Notes. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing during normal business hours and may be obtained from Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands (E-mail: [ir@rabobank.com](mailto:ir@rabobank.com); Telephone No.: +31 (0)30 712 24 01), the offices of the Paying Agents and the Issuer’s website ([www.rabobank.com/ir](http://www.rabobank.com/ir) under Funding and Funding Programmes)]

*[The following alternative language applies if the first tranche of an issue which is being increased (a further issue pursuant to §11) was issued under a base prospectus with an earlier date, where the Terms and Conditions as set forth in such earlier base prospectus are incorporated by reference in the Base Prospectus dated 12 June 2012 (the “Relevant Increase”).]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the base prospectus dated [insert either 17 June 2005, 13 July 2006, 9 August 2007, 25 August 2008, 16 September 2009, 27 October 2010 or 27 October 2011] (the “**Conditions**”) which are incorporated by reference in the Base Prospectus dated 12 June 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). Save in respect of the Conditions, the Final Terms must be read in conjunction with the Base Prospectus [and the supplement to the Base Prospectus dated 12 June 2012], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus dated 12 June 2012 [, as so supplemented], and the Conditions. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is][are] available for viewing during normal business hours and may be obtained from Rabobank International at Croeselaan 18 3521 CB Utrecht, The Netherlands (E-mail: [ir@rabobank.com](mailto:ir@rabobank.com); Telephone No.: +31 (0)30 712 24 01), the offices of the Paying Agents and the Issuer’s website ([www.rabobank.com/ir](http://www.rabobank.com/ir) under Funding and Funding Programmes).]

*[Insert in the case of non-consolidated Terms and Conditions:]*

[The table below sets out the terms and conditions of the Notes (the “§” or the “**Conditions**”) and shall be read in conjunction with the terms and conditions set out in the Base Prospectus [dated [●]<sup>4</sup>] (the “**Terms**”

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<sup>4</sup> *Insert in case of a Relevant Increase only*

**and Conditions**”). [A non-binding [German][English] language translation of the Conditions and the Terms and Conditions are attached to these Final Terms].]

***[Insert in the case of consolidated Terms and Conditions:]***

[The terms and conditions of the Notes (the “§”, or the “**Conditions**”) [and a non-binding [German][English] language translation thereof] are attached to these Final Terms. The Conditions replace in full the terms and conditions of the Notes as set out in the Base Prospectus [dated [●]]<sup>5</sup> and are deemed to be “**Terms and Conditions**” for the purposes hereof. These Final Terms are issued to give details of an issue of Notes under the Programme.

***[Insert in the case of consolidated or non-consolidated Terms and Conditions:]***

[Capitalised terms used herein but not otherwise defined shall have the meanings specified in the Terms and Conditions.]

***[Insert in the case of non-consolidated Terms and Conditions:]***

[All references in these Final Terms to numbered sections or clauses are to the relevant sections or clauses defined in the Terms and Conditions and all provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the Conditions applicable to the Notes.]

These Final Terms do not constitute an offer to sell or the solicitation of an offer to buy any Notes or an investment recommendation. Neither the delivery of these Final Terms nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that the information contained herein is correct as of any date subsequent to this date.

The distribution of these Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering and sale of the Series, see “Subscription and Sale” in the Base Prospectus as supplemented or amended by these Final Terms.

***[The following is applicable in the case of non-consolidated Terms and Conditions:]***

- |    |                                   |   |
|----|-----------------------------------|---|
| 1. | Issuer:                           | Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)   |
| 2. | (i) Series Number:                | [●]   |
|    | (ii) Tranche Number:              | [●] <i>[if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible]</i>   |
| 3. | Specified Currency or Currencies: | [●]   |
| 4. | Aggregate Nominal Amount:         | [●]   |
|    | (i) Series:                       | [●]   |
|    | (ii) Tranche:                     | [●]   |
| 5. | Issue Price of Tranche:           | [●] per cent. [plus accrued interest from <i>[insert date]</i> <i>[in the case of fungible issues only, if required]</i> <i>[If Issue Price is not yet known, specify details and time schedule for its determination.]</i> |

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<sup>5</sup> *Insert in case of a Relevant Increase only*

6. Specified Denomination(s): [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●] [*only if different from Issue Date*]
- (iii) Subscription Period [Not Applicable] [*Specify details*]
8. Maturity Date [or redemption month]: [●] [Fixed Rate [*Specify date*]]
- [Floating Rate – Interest Payment Date falling in or nearest to [*Specify month*]] (the **Scheduled Maturity Date**)
9. Interest Basis: [[●] per cent. Fixed Rate]
- [LIBOR][EURIBOR][*Other (Specify)*] + [●] [per cent. Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Equity Linked Interest]
- [Dual Currency Interest]
- [*Other (Specify)*]
- (further particulars specified below)
10. (a) Redemption/Payment Basis: [Redemption at par]
- [Index Linked Redemption]
- [Equity Linked Redemption]
- [Dual Currency Redemption]
- [*Other (Specify)*]
- (b) Protection Amount: [100 per cent. of the Specified Denomination] [●]  
[Not Applicable]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
12. Investor Put/Issuer Call /Obligatory Redemption: [Investor Put]
- [Issuer Call]
- [Obligatory Redemption]
- (further particulars specified below)/[Not Applicable]
13. (i) Status of the Notes: Unsubordinated and unsecured

- (ii) Date of approval for issuance of Notes obtained: ☐/Not Applicable]
14. Method of distribution: ☐Syndicated][Non-Syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

### FIXED RATE NOTE PROVISIONS

15. Fixed Rate Note Provisions: ☐Applicable][Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]***
- (i) Rate(s) of Interest: ☐ per cent. per annum
- ☐payable ☐annually][semi-annually][quarterly][***Specify other***] in arrear]
- (ii) Interest Payment Date(s): ☐ in each year
- (iii) Business Day Convention: ☐Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][***Specify other***][Not Applicable]
- (iv) Fixed Coupon Amount(s): ☐ per Specified Denomination
- (v) Broken Amount(s): ***[Insert particulars of any short or long coupon]***
- (vi) Day Count Fraction: ☐Actual/Actual (ICMA)]
- ☐30/360]
- ☐30E/360 or Eurobond Basis]
- ☐Actual/Actual (ISDA)]
- ☐Actual/365 (Fixed)]
- ☐Actual/360]
- [Other (Specify)]***
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: ☐None][***Give details***]
16. Floating Rate Note Provisions: ☐Applicable][Not Applicable][***If not applicable, delete the remaining sub-paragraphs of this paragraph]***
- (i) Specified Interest Period(s)/ Specified Interest Payment Date(s): ☐
- (ii) Business Day Convention (§3 (3)): ☐FRN Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]



		Convention][ <i>Other (Specify)</i> ]
(iii)	Relevant Financial Centre(s) (§5 (3)):	[●]
(iv)	Manner in which the Rate(s) of Interest and Interest Amount is to be determined:	[Screen Rate Determination][ISDA Determination][ <i>Other (Specify)</i> ]
(v)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[ <i>Insert name</i> ][Not Applicable]
(vi)	Screen Rate Determination (§3 (2)):	[Applicable][Not Applicable] <i>[if not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	- Reference Rate:	[●]
	- Interest Determination Date(s):	[[ <i>If LIBOR:</i> ] [Second London business day prior to the start of each Interest Period]] [[ <i>If EURIBOR or euro LIBOR:</i> ] [Second TARGET business day prior to the start of each Interest Period] [ <i>Other days</i> ]
	- Relevant Screen Page:	[●]
(vii)	ISDA Determination (§3(2)):	[Applicable][Not Applicable] <i>[if not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	- Floating Rate Option:	[●]
	- Designated Maturity:	[●]
	- Reset Date:	[●]
	- ISDA Definitions ( <i>if different from those set out in the Conditions</i> ):	[●]
(viii)	Margin(s):	[+][-] [●] per cent. per annum
(ix)	Minimum Rate of Interest:	[●] per cent. per annum
(x)	Maximum Rate of Interest:	[●] per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [30E/360 or Eurobond Basis]

		[Actual/Actual (ISDA)]
		[Actual/365 (Fixed)]
		[Actual/360]
		<b>[Other (Specify)]</b>
	(xii) Other terms relating to the method of calculating interest for Floating Rate Notes:	[None][Give details]
17.	Zero Coupon Note Provisions:	[Applicable][Not Applicable] <b>[if not applicable, delete the remaining sub-paragraphs of this paragraph]</b>
	(i) [Amortisation][Accrual] Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Day Count Fraction in relation to Early Redemption Amounts and Late Payment:	[Conditions [for Redemption and Purchase – Early Redemption Amounts] and [-Late Payment on Zero Coupon Notes] apply][Specify other]
	(iv) Any other formula/basis of determining amount payable	[●]
	(v) Other terms relating to Zero Coupon Notes:	[None][Give details]
18.	Equity Linked Interest Provisions:	[Applicable][Not Applicable] <b>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</b>
	(i) Whether Notes relate to a single Underlying Security or a Basket of Underlying Securities:	[Single Underlying Security][Basket of Underlying Securities] <b>[Give details / If a Basket of Underlying Securities or Underlying DR Securities, give details for each Underlying Security or Underlying DR Security where applicable]</b> [See Appendix]
	(a) Underlying Security/ Securities or Underlying DR Security/ Securities:	[Existing [ordinary] shares of the Security Issuer] [●] <b>[Give details for each class of Underlying Security or Underlying DR Security]</b>
	(b) Security Issuer(s) or DR Security Issuer(s):	[●] (Bloomberg® code: [●])
	(c) The ISIN/Common Code of the Underlying Security/ Securities or Underlying	[●]

DRSecurity/  
Securities:

- |        |   |   |
|--------|---|---|
| (ii)   | Provisions for partial lookthrough depositary receipts (the "Partial Lookthrough Depositary Receipt Provisions"):   | [Applicable/Not Applicable]<br><br>(Applicable for Russian ADRs/GDRs)   |
| (iii)  | Provisions for full lookthrough depositary receipts (the "Full Lookthrough Depositary Receipt Provisions"):   | [Applicable/Not Applicable]   |
| (iv)   | Description of formula to be used to determine the Rate of Interest and/or Interest Amount:   | [Give details][See Appendix]  |
| (v)    | Provisions for determining the Rate of Interest and/or Interest Amount where calculation by reference to the Underlying Security and/or formula is impossible or impracticable: | [●]   |
| (vi)   | Potential Adjustment Events:  | [Applicable][Not Applicable]  |
| (vii)  | Merger Event, Tender Offer, Nationalisation, De-listing and Insolvency:   | [Applicable][Not Applicable]  |
| (viii) | Additional Disruption Events:   | [Applicable/Not Applicable]<br><br>[Change in Law]<br><br>[Hedging Disruption]<br><br>[Increased Cost of Hedging]<br><br>[Insolvency Filing]<br><br>[Other (Specify)] |
| (ix)   | Specified Period(s)/Specified Interest Payment Date(s):   | [●]   |
| (x)    | Business Day Convention:  | [●]   |
| (xi)   | Relevant Financial Centres:   | [●]   |
| (xii)  | Minimum Rate of Interest:   | [●] per cent. per annum]  |
| (xiii) | Maximum Rate of   | [●] per cent. per annum]  |

	Interest:	
(xiv)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [30E/360 or Eurobond Basis] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] <b>[Other (Specify)]</b>
(xv)	Valuation Date(s):	[●]
(xvi)	Averaging Date(s):	[●]
	[Adjustment provisions in the event of a Disrupted Day:]	[Omission][Postponement][Modified Postponement] <b>[N.B. only applicable where Averaging Date(s) are specified]</b>
(xvii)	Valuation Time:	[●]
(xviii)	Disrupted Day:	[Applicable][Not Applicable]
(xix)	Initial Fixing Date:	[●]
(xx)	Strike Level:	[[●] ( <i>Give details</i> )/Not Applicable]
(xxi)	Exchange(s):	[●]
(xxii)	Related Exchange(s):	[All Exchanges][●]
(xxiii)	Exchange Rate:	[Applicable/Not Applicable] <i>(If applicable, insert details)</i>
(xxiv)	Multiplier for each Underlying Security comprising the basket:	[[●] ( <i>Give details</i> )/Not Applicable]
(xxv)	Other terms relating to the method of calculating interest for Equity Linked Interest Notes:	[None][ <i>Give details</i> ]

## INDEX LINKED INTEREST NOTE PROVISIONS

19.	Index Linked Interest Note Provisions:	[Applicable][Not Applicable] <b>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</b>
(i)	Whether the Notes relate to a single Index or Basket of Indices:	[Single Index][Basket of Indices][ <i>Give details</i> ][See Appendix]
(ii)	Name of Index Sponsor(s):	[ <i>Give details</i> ][See Appendix]

(iii)	Multi-Exchange Index:	[Applicable][Not Applicable]
(iv)	Description of formula to be used to determine the Rate of Interest and/or Interest Amount:	[●]
(v)	Provisions for determining the Rate of Interest and/or Interest Amount where calculation by reference to the Index or Indices and/or formula is impossible or impracticable:	[●]
(vi)	Additional Disruption Events:	[Applicable/Not Applicable] [Change in Law] [Hedging Disruption Event] [Increased Cost of Hedging] [ <i>Other (Specify)</i> ]
(vii)	Specified Period(s)/Specified Interest Payment Date(s):	[●]
(viii)	Business Day Convention:	[●]
(ix)	Relevant Financial Centres:	[●]
(x)	Minimum Rate of Interest:	[●]
(xi)	Maximum Rate of Interest:	[●]
(xii)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [30E/360 or Eurobond Basis] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [ <i>Other (Specify)</i> ]
(xiii)	Valuation Date(s):	[●]
(xiv)	Averaging Date(s):	[●]
	[Adjustment provisions in the event of a Disrupted Day:]	[Omission/Postponement/Modified Postponement] [ <i>N.B. only applicable where Averaging Date(s) are</i>

		<i>specified]</i>
	(xv) Valuation Time:	[●]
	(xvi) Initial Fixing Date:	[●]
	(xvii) Strike Level:	[[●] ( <i>Give details</i> )/Not Applicable]
	(xviii) Exchange(s):	[●]
	(xix) Related Exchanges:	[All Exchanges][●]
	(xx) Multiplier for each Index comprising the Basket of Indices:	[[●] ( <i>Give details</i> )/Not Applicable]
	(xxi) Other terms relating to the method of calculating interest for Index Linked Interest Notes:	[None][ <i>Give details</i> ]
20.	Dual Currency Interest Note Provisions:	[Applicable][Not Applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> ]
	(i) Rate(s) of Exchange/method of calculating Rate(s) of Exchange:	[ <i>Give details</i> ][See Appendix] [Screen Page: [●]] [Bloomberg®/Reuters][ <i>Other (Specify)</i> ]
	(ii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable:	[●]
	(iii) Day Count Fraction:	[●]
	(iv) Other terms relating to the method of calculating interest for Dual Currency Interest Notes:	[None][ <i>Give details</i> ]
21.	Issuer Call (§4(3)):	[Applicable][Not Applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> ]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[●] per Specified Denomination] [ <i>Other (Specify)</i> ]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●]

	(b) Maximum Redemption Amount	[●]
	(iv) Notice period:	[●] <i>[if different from §4(3)]</i>
22.	Investor Put (§4([3][4])):	[Applicable][Not Applicable] <i>[if not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Put Redemption Date(s):	[●]
	(ii) Put Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[●] per Specified Denomination] <i>[Other (Specify)]</i>
	(iii) Notice period:	[●] <i>[if different from §4([3][4])]</i>
23.	Obligatory Redemption:	[Applicable][Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Obligatory Redemption Date(s):	[●]
	(ii) Obligatory Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[●] per Specified Denomination] <i>[Other (Specify)]</i>
	(iii) Notice period:	[●]
24.	Final Redemption Amount of each Note:	[Par] [[●] per Specified Denomination] [see item [[25] [26] [27]] below] <i>[Other (Specify)]</i> [See Appendix]
25.	Equity Linked Redemption Notes:	[Applicable][Not Applicable] <i>[if not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Whether the Notes relate to a single Underlying Security or a Basket of Underlying Securities:	[Single Underlying Security][Basket of Underlying Securities] <i>[Give details / If a Basket of Underlying Securities or Underlying DR Securities, give details for each Underlying Security or Underlying DR Security where applicable]</i> [See Appendix]
	(a) Underlying Security/ Securities:	[Existing [ordinary] shares of the Security Issuer] [●]
	<i>[Specify for each Underlying Security]</i>	
	(b) Security Issuer(s) or DR Security Issuer(s):	[●] [(Bloomberg® code: [●])]
	(c) ISIN/Common	[●]

	Code of the Underlying Security/Securities or Underlying DR Security/Securities:	
(ii)	Provisions for partial lookthrough depositary receipts (the "Partial Lookthrough Depositary Receipt Provisions"):	[Applicable/Not Applicable] <i>(Applicable for Russian ADRs/GDRs)</i>
(iii)	Provisions for full lookthrough depositary receipts (the "Full Lookthrough Depositary Receipt Provisions"):	[Applicable/Not Applicable]
(iv)	Whether redemption of the Notes will be by (i) Cash Settlement or (ii) Physical Settlement or Cash Settlement and/or Physical Settlement	[Cash Settlement] [Physical Settlement] [Cash and/or Physical Settlement]
(v)	Description of the formula to determine Final Redemption Amount:	[●]
(vi)	Reference Asset Amount:	[Specify provisions][Not Applicable]
(vii)	Delivery Agent:	[Specify name and address of delivery agent]
(viii)	Clearing System for the delivery of the Underlying Securities:	[●]
(ix)	Disruption Cash Settlement Price:	[Specify amount or formula]
(x)	Valuation Date(s):	[●]
(xi)	Averaging Date(s):	[●]
	[Adjustment provisions in the event of a Disrupted Day:]	[Omission/Postponement][Modified Postponement] <i>[N.B. only applicable where Averaging Date(s) are specified]</i>
(xii)	Valuation Time:	[●]
(xiii)	Disrupted Day:	[Applicable/Not Applicable]
(xiv)	Initial Fixing Date:	[●]
(xv)	Strike Level:	[[●] (Give details)/Not Applicable]
(xvi)	Exchange(s):	[●]
(xvii)	Related Exchanges:	[All Exchanges] [●]



(xviii)	Exchange Rate:	[Applicable/Not Applicable] <i>(If applicable, insert details)</i>
(xix)	Multiplier for each Underlying Security comprising the basket:	[Not Applicable][ <b><i>Insert details</i></b> ]
(xx)	Trade Date:	[●]
(xxi)	Details of any other relevant terms, any stock exchange requirement/tax considerations:	[●]
(xxii)	Potential Adjustment Events:	[Applicable][Not Applicable]
(xxiii)	Merger Event, Tender Offer, Nationalisation, De-listing and Insolvency:	[Applicable][Not Applicable]
(xxiv)	Additional Disruption Events:	[Applicable][Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Insolvency Filing]
(xxv)	Extraordinary Event:	[Cancellation and Payment][Calculation Agent Adjustment][ <b><i>Other (Specify)</i></b> ]
(xxvi)	Other terms relating to Equity Linked Redemption Notes:	[None][ <b><i>Give details</i></b> ]
26.	Index Linked Redemption Note:	[Applicable][Not Applicable] <b><i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i></b>
(i)	Whether the Notes relate to a single Index or a Basket of Indices:	[Single Index][Basket of Indices][ <b><i>Give details</i></b> ][See Appendix]
(ii)	Name of Index Sponsor(s):	[●]
(iii)	Multi-Exchange Index:	[Applicable][Not Applicable]
(iv)	Description of formula to be used to determine the Final Redemption Amount:	[●]
(v)	Valuation Date(s):	[●]
(vi)	Averaging Date(s):	[●]
	[Adjustment provisions in the event of a Disrupted	[Omission/Postponement/Modified Postponement]

	Day:]	<b><i>[N.B. only applicable where Averaging Date(s) are specified]</i></b>
(vii)	Valuation Time:	[●]
(viii)	Disrupted Day:	[Applicable][Not Applicable]
(ix)	Multiplier for each Index comprising the Basket:	[Not Applicable] <b><i>[Insert details]</i></b>
(x)	Additional Disruption Events:	[Applicable][Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] <b><i>[Other (Specify)]</i></b>
(xi)	Extraordinary Event:	[Cancellation and Payment][Calculation Agent Adjustment] <b><i>[Other (Specify)]</i></b>
(xii)	Trade Date:	[●]
(xiii)	Initial Fixing Date:	[●]
(xiv)	Strike Level:	[[●] ( <i>Give details</i> )/Not Applicable]
(xv)	Exchange(s):	[●]
(xvi)	Related Exchanges:	[All Exchange] <b><i>[Other (Specify)]</i></b>
(xvii)	Multiplier for each Index comprising the Basket of Indices:	[[●] ( <i>Give details</i> )/Not Applicable]
(xviii)	Other terms relating to Index Linked Redemption Notes:	[None] <b><i>[Other (Specify)]</i></b>

#### **PROVISIONS RELATING DUAL CURRENCY NOTES**

27.	Dual Currency Provisions:	[Applicable][Not Applicable] <b><i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i></b>
(i)	Rate of Exchange/method of calculating Rate of Exchange:	<b><i>[Other (Specify)]</i></b>
(ii)	Calculation Agent:	[●]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable:	[●]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

(v) Other terms relating to Dual Currency Notes: [None][*Give details*]

28. Partly-Paid Notes:

29. Instalment Notes

(i) Instalment Date(s):

(ii) Instalment Amount(s):

30. Method of calculating the Early Redemption Amount (other than following an Event of Default or a Tax Call):

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

31. Form of Notes: [Permanent Global Note]  
[Temporary Global Note exchangeable for Permanent Global Note]
32. Relevant Financial Centre(s) or other special provisions relating to Payment Days (§5(3)): [Not Applicable][*Give details*]
33. Details relating to Partly-Paid Notes: [Not Applicable][*Specify*]
34. Redenomination, renominatisation and reconventioning provisions: [Not Applicable][*Insert provisions*]
35. Further Issues provisions: [Condition 11 applies] [Not Applicable][*Insert other provisions*]
36. Other final terms: [Not Applicable][*Specify (When adding any other terms, risk warnings or information, consideration should be given as to whether such terms, risk warnings or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*]

## DISTRIBUTION

37. (i) If syndicated, names (and addresses) of Managers: [Not Applicable][*Give names*]
- (ii) Stabilising Manager (if any): [Not Applicable][*Give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable][*Give names*]
- (iv) Total commission and concession: [Not Applicable] [[●] per cent of the aggregate nominal amount/certain fees or commissions may be payable to third party distributors and/or the Note will be sold at a discount to the Issue Price on the primary sale of the Notes] [*Give details*]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category][TEFRA D][TEFRA

C)[TEFRA not applicable]

38. Additional selling restrictions: [Not Applicable][*Give details*]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms and to the best knowledge and belief of the Issuer the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

*[Insert in the case of Index Linked Notes/Equity Linked Notes:]*

[Information on the [Underlying Security/Securities] [Index] (the “**Reference Information**”) has been extracted from Bloomberg®, Reuters, official websites relating to the [Security Issuer] [Index Sponsor] and/or other publicly available information. The Issuer confirms that the Reference Information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such information published by Bloomberg®, Reuters, official websites relating to the [Security Issuer] [Index Sponsor], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:\_\_\_\_\_

*Duly authorised*

*[The following is applicable only in the case of consolidated Terms and Conditions:]*

Summary of the consolidated Terms and Conditions of the Notes:

The following is merely an indicative summary and is qualified in its entirety by the full text of the Terms and Conditions under the heading “Terms and Conditions”:

Issuer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)
Series Number:	[●]
Tranche Number:	[●]
Subscription Period	[Not Applicable][ <i>Specify details</i> ]
Specified Currency:	[●]
Aggregate Nominal Amount of the Notes:	[●]
Issue Price of Tranche:	[●]
Specified Denomination:	[●]
Issue Date:	[●]
Maturity Date:	[●]
Status of the Notes:	Unsubordinated and unsecured

Amounts payable in respect of the Notes: [Interest] [and] [Final Redemption Amount][*Specify other*]

#### PROVISIONS RELATING TO INTEREST

Interest (Extracts from § 3 of the Terms and Conditions): [●]

#### PROVISIONS RELATING TO OPTIONAL REDEMPTION AND FINAL REDEMPTION AMOUNT

Final Redemption Amount (Extracts from § 4 of the Terms and Conditions): [●]

Issuer Tax Call/Issuer Call/Investor Put/Obligatory Redemption: [●]

[[*insert further provisions if applicable*]] [●]

Calculation Agent: [●]

#### GENERAL

Form of Notes: [Permanent Global Note]

[Temporary Global Note exchangeable for a Permanent Global Note]

Notification process for allotted amount: [Other than the transfer of purchased Notes to the deposit account of the relevant purchaser, there will be no separate publication/information. No allotment procedure shall apply.] [*Specify other notification process for allotted amount*]

Governing law: German law

#### DISTRIBUTION

If syndicated, names (and addresses) of Managers: [Not Applicable][*Give names*]

Stabilising Manager (if any): [Not Applicable][*Give names*]

If non-syndicated, name of Dealer: [Not Applicable][*Give names*]

Total commission and concession: [Not Applicable] [[●] per cent of the aggregate nominal amount/certain fees or commissions may be payable to third party distributors and/or the Note will be sold at a discount to the Issue Price on the primary sale of the Notes] [*Give details*]

Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [Reg. S Compliance Category][TEFRA D][TEFRA C][TEFRA not applicable]

Additional selling restrictions: [Not Applicable][*Give details*]

Signed on behalf of the Issuer:

By:\_\_\_\_\_

*Duly authorised*

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Participation in the [regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange] [and] [EUWAX trading segment of the regulated unofficial market (*Freiverkehr*) of the Stuttgart Stock Exchange] intended][Not applicable]
- (ii) Admission to trading [Application has been made for the Notes to be admitted to trading on the [regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange] [and] [the EUWAX segment of the regulated unofficial market (*Freiverkehr*) of the Stuttgart Stock Exchange][•] with effect from, at the earliest, [the Issue Date][•]][Not Applicable.]
- [Where documenting a fungible issue need to indicate that original securities are already admitted to trading.]*
- (iii) Estimate of total expenses related to admission to trading: [•][Not applicable]

### 2. RATINGS

- Ratings<sup>6</sup>: [Not Applicable]
- [The [Notes to be issued have][Issuer has] been rated:
- [S&P's: [ ]]
- [Moody's: [ ]]
- [[Other]: [ ]]
- [This credit rating has / These credit ratings have] been issued by [*insert full name of legal entity which has given the rating*] which [is not established in the European Union but a European Union affiliate has applied for registration under Regulation (EC) No. 1060/2009 indicating an intention to endorse its ratings, although notification of the corresponding registration decision (including its ability to endorse [•] ratings) has not yet been provided by the relevant competent authority.] [is established in the European Union and has applied for

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<sup>6</sup> If the Notes are rated on an individual basis, insert. In case of Notes with a denomination per unit of less than EUR 100,000, include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider.

Insert rating of Issuer if Notes are not rated on an individual basis. In both instances insert clear and comprehensive information on whether the respective rating was issued by a rating agency with its seat within the European Union and registered in accordance with Regulation (EC) No. 1060/2009 on rating agencies (the "**Rating Regulation**") in accordance with Article 4 para. 1 of the Rating Regulation after this provision entered into force on 7 December 2010.

registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] ~~[[is][is not] established in the European Union and [is][is not] registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.]]~~

*[Delete if the minimum denomination is €100,000 or more:] [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider. The disclosure should reflect the rating allocated to the Notes of the type being issued pursuant to the Programme generally or, where the issue has been specifically rated, that rating.]*

### 3. NOTIFICATION

[The Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) [has been requested to provide][has provided] ***[Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues]*** the [Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Germany] ~~[[and][,] the Financial Markets Authority (Finanzmarktaufsichtsbehörde) (FMA), Austria]~~ [and the Commission de surveillance du secteur financier, Luxembourg] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with Dutch law implementing the Prospectus Directive.][Not Applicable.]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer] ***[Amend as appropriate if there are other interests.]***

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer (other than [•]  
general corporate purposes):

***[Also see “Use of Proceeds” wording in Base Prospectus - if reasons for offer different from general corporate purposes will need to include those reasons here.]***

- (ii) Estimated net proceeds: [•]

***[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]***

- (iii) Estimated total expenses: [•] ***[Include breakdown of expenses]***

### 6. [YIELD [Fixed Rate Notes Only]]

- Indication of yield: [•]



[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. **[HISTORIC INTEREST RATES [Floating Rates Notes only]**

Details of historic [LIBOR][EURIBOR][*Other (Specify)*] rates can be obtained from [www.reuters.com/][*Other (Specify)*].

8. **PERFORMANCE OF INDEX/BASKET OF INDICES, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE INDEX/BASKET OF INDICES [Index Linked Notes only]**

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Where the underlying is an index need to include the name of index and a description if composed by the Issuer and if the issuer is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

[The Issuer does not intend to provide post-issuance information.]

[See Appendix [C] [and] [D]]

9. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE UNDERLYING [Dual Currency Notes only]**

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

[The Issuer does not intend to provide post-issuance information.]

10. **PERFORMANCE OF UNDERLYING EQUITY/BASKET OF UNDERLYING EQUITIES, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING EQUITY/BASKET OF UNDERLYING EQUITIES [Equity Linked Notes only]**

*[Need to include details of where past and future performance and volatility of the relevant [equity][basket of equities][index] can be obtained]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Where the underlying is equity or an index need to include the name of underlying and need to include details of where the information about the equity/index can be obtained.]*

[The Issuer does not intend to provide post-issuance information.]

[See Appendix [C] [and] [D]]

## 11. OPERATIONAL INFORMATION

- |     |  |   |
|-----|--|---|
| (a) | ISIN:  | [●]   |
| (b) | Common Code:   | [●]   |
| (c) | WKN:   | [●]   |
| (d) | Other Securities Code:   | [●]   |
| (e) | Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking <i>société anonyme</i> and the relevant identification number(s): | [Not Applicable][ <i>give name(s) and number(s)</i> ] |
| (f) | Delivery:  | Delivery [against][free of] payment                   |
| (g) | Names (and addresses) of additional (Paying/Delivery) Agent(s) (if any):   | [Not Applicable][●]                                   |
| (h) | Names (and addresses) of Calculation Agent(s) (if different from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)): | [Not Applicable][●]                                   |

## 12. TERMS AND CONDITIONS OF THE OFFER

- |     |               |  |
|-----|---------------|--|
| (a) | Offer Period: | <p>[The offer of the Notes is expected to open at [●] hours (Central European Time) on [●] and close at [●] hours (Central European Time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in [●].]</p> <p>[The Issuer reserves the right to withdraw the offer of the Notes until [●] at the latest. Such withdrawal will be announced in the aforementioned publication[s].]</p> <p>[The aggregate nominal amount of the Notes to be issued and allotted will be announced by the Issuer at [●] hours (Central European Time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publication[s].]</p> <p>[The Issuer reserves the right to decrease or increase the aggregate nominal amount of the Notes to be issued. Such decrease or increase will be announced in the aforementioned publication[s].]</p> <p>If the Issuer decreases or increases the Aggregate Nominal Amount the number of Notes issued will be decreased or increased with a number equal to the division of the decreased or increased Aggregate Nominal Amount by the Specified Denomination.</p> <p>[[No] [D/d]ealing in the Notes will be possible before the definitive aggregate nominal amount of the Notes is announced as set out above.]</p> |
|-----|---------------|--|

[The offer of the Notes is expected to open at the date of the publication of these Final Terms.]

[Not Applicable]

(b) Reduction of subscriptions:

[[Subscriptions in excess of the Issue Amount will be reduced systematically. Reduction will be announced by the Issuer at [●] hours (Amsterdam time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publications.] *[Give further details to the possibility to reduce subscriptions and the manner for a refunding excess amount paid by the applicants, if required]*

[Not Applicable]

(c) Maximum and minimum subscription amount:

[●] and [●].

*[[If the Final Terms specify that consolidated Terms and Conditions are to apply to the Notes insert the following heading, followed by full set of consolidated Terms and Conditions as either set out in the section “Terms and Conditions of the Notes”, beginning on page [●] of this Base Prospectus or incorporated by reference in this Base Prospectus (see “Documents Incorporated by Reference”):]*

**APPENDIX [A] TO THE FORM OF FINAL TERMS]**

**APPENDIX [A][B] TO THE FORM OF FINAL TERMS**

*[If not applicable, delete this appendix]*

*[Insert German Tax Section]*

*[Insert further/other Tax Sections if the notes are offered in further/other jurisdictions than Germany]*

## APPENDIX [B][C] TO THE FORM OF FINAL TERMS

*[If not applicable, delete this appendix]*

*[If Index Linked Notes are applicable:]*

*[Form of disclosure to be annexed to the Final Terms for Notes linked to a single index (for an Index Basket, repeat a table for each Index).]*

### INDEX DISCLAIMER

*[insert relevant Index disclaimer]*

### INDEX DESCRIPTION

*[insert description of the Index]*

### RECENT PERFORMANCE OF INDEX

The following table sets out the high and low closing values for the Index for the following periods\*:

*[amend table appropriately, inserting the latest three calendar years]*

Period	High	Low
[YEAR]	[•]	[•]
[YEAR]	[•]	[•]
[YEAR]	[•]	[•]

\*The table shows the high and low prices of the Index level from year to year. While the tables above provide some historical data regarding the risks of investing in the Index, past results are not necessarily indicative of future performance. Prospective purchasers of Notes are advised to consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of the Notes for them as an investment. Each prospective purchaser of the Notes should be fully aware of and understand the complexity and risks inherent in the Notes before it makes its investment decision in accordance with the objectives of its business.

The following graph sets out for the period indicated, the daily closing levels of the Index:

*[Insert Bloomberg® or Reuters graph]*

(Source: [Bloomberg®])

The closing level of the Index on [latest practicable date] was [level].

(Source: [Bloomberg®])

*[If Equity Linked Notes are applicable:]*

*[Form of disclosure to be annexed to the Final Terms for Notes relating to a single Underlying Security or Underlying DR Security (for a Security Basket, repeat table above for each Underlying Security).] [appropriate wording to be added]*

**GENERAL DESCRIPTION OF THE ISSUER OF UNDERLYING SECURITIES OR  
UNDERLYING DR SECURITY  
[COMPANY NAME]**

*All disclosures contained in these Final Terms regarding the Company are derived from publicly available documents or other specified publicly available sources. The Issuer has not participated in the preparation of such documents nor made any due diligence inquiry with respect to the information provided therein.*

Investors in the Notes are urged to conduct their own investigation into the Company. Furthermore, there can be no assurance that all events occurring prior to the date of these Final Terms (including events that would affect the accuracy or completeness of such publicly available documents) that would affect the level of the Underlying Securities or Underlying DR Securities (and therefore the trading price of the Notes) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the issuer(s) of the Underlying Securities or Underlying DR Securities could affect the trading price and redemption value of the Notes.

**General Information**

[company name] (the “Company” or the “Security Issuer”) was incorporated under [country] law. The registered office and the principal administrative office of the Company is at [address]. The Company’s primary business is [one sentence business description].

**The Underlying Securities or Underlying DR Securities**

The Underlying Securities or Underlying DR Securities to which the Certificates relate are the [ordinary][other] shares of the Company which are listed on the [name] Stock Exchange (the “Underlying Securities”/ “Underlying DR Securities”).

**Underlying Security or Underlying DR Security Price Information\***

The table below shows the range of closing prices in [currency] for the Underlying Securities or Underlying DR Securities on the [name] Stock Exchange for each of the last three years and for the most recent six months:

	High	Low
[Year] .....	[•]	[•]
[Year] .....	[•]	[•]
[Year] .....	[•]	[•]

\*The Underlying Securities or Underlying DR Securities Price Information shows the high and low prices of the Company’s shares from year to year. While the tables above provide some historical data regarding the risks of investing in the Company, past results are not necessarily indicative of future performance. Prospective purchasers of Notes are advised to consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of the Notes for them as an investment. Each prospective purchaser of the Notes should be fully aware of and understand the complexity and risks inherent in the Notes before it makes its investment decision in accordance with the objectives of its business.

The following graph sets out for the period indicated, the daily closing price of the Underlying Security or Underlying DR Security:

**[Insert Bloomberg® or Reuters graph]**

(Source: **[Bloomberg®]**)

The closing price of the Underlying Securities or Underlying DR Securities on **[latest practicable date]** was **[amount]**.

[Dividends]

The table below sets out the value of cash dividends paid on the Underlying Securities for each of the last three years indicated:

Currency

[•]

[•]

[•]

Source: **[Bloomberg®]**

Holding of Underlying Securities

**[Insert a description of the rights attaching to the Company's shares in the case of physical delivery of Underlying Securities]**

Source: **[Company's articles of association.]**

Financial Statements relating to **[Company]**

The Company publishes its financial statements in **[language(s)]** on [an annual][a semi-annual][a quarterly] basis. [Audited annual financial statements are published in the Company's annual report which can be found on its website. None of the Issuer or the Dealer accepts any responsibility for the accuracy or completeness of any information found on the Company's website.]

Such publicly available financial statements shall be made available on request at the offices of **[Luxembourg paying agent]**.

Source: **[annual report/website address]**

The following are extracts of the Company's [consolidated] financial statements for the three years ended **[date]** which have been extracted from **[source]** [and have been obtained from the Company's website at **[website address]**].

[The following consolidated financial statements should be read in conjunction with the "Notes to the consolidated financial statements" which can be found on the Company's website.]

**[Insert financial statements]**



## TERMS AND CONDITIONS OF THE NOTES

*[(The following is the text of the terms and conditions of the Notes (the “**Terms and Conditions**”) that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant final terms, (the “**Final Terms**”) shall be applicable to the Notes. Either and in case of non-consolidated Terms and Conditions, (i) the full text of these Terms and Conditions together with the relevant provisions of the Final Terms or, in case of consolidated Terms and Conditions, (ii) these Terms and Conditions, as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Global Note representing each Series of Notes.)]*

*[[In the case of non-consolidated Terms and Conditions insert:]]*

The provisions of these Terms and Conditions apply to the Notes as completed, modified, supplemented or replaced by the terms of the final terms (the “**Final Terms**”) which are attached hereto. The blanks in the provisions of these Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions; any provisions of the Final Terms modifying, supplementing or replacing the provisions of these Terms and Conditions shall be deemed to so modify, supplement or replace the provisions of these Terms and Conditions; alternative or optional provisions of these Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions; and all provisions of these Terms and Conditions which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions, as required to give effect to the terms of the Final Terms.]

[Copies of the Final Terms may be obtained free of charge by any holder of the Notes (the “**Noteholder**”) at the specified office of BNP Paribas Securities Services S.A. Frankfurt am Main Branch as fiscal and paying agent (the “**Fiscal Agent**”) and at the specified office of any paying agent so appointed by the Issuer (the “**Paying Agent**”).]

### § 1

#### (Currency. Denomination. Form. Clearing System)

*[In the case of Notes with an aggregate nominal amount and a specified denomination (percentage quotation) insert:]*

- (1) *Currency. Denomination. Form.* This Series of Notes (the “**Notes**”) of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“**Rabobank Structured Products**” or the “**Issuer**”) is issued in *[insert currency]* (the “**Currency**”) in an aggregate nominal amount of *[insert amount]* (in words: *[insert nominal amount in words]*) on *[insert issue date]* (the “**Issue Date**”) and is divided in denominations of *[insert denominations]* (the “**Specified Denomination**”). The Notes are being issued in bearer form and will not be represented by definitive notes.]

*[[In the case of Notes without an aggregate nominal amount and a specified denomination (unit quotation) insert:]*

- (1) *Currency. Form.* This Series of Notes (the “**Notes**”) of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“**Rabobank Structured Products**” or the “**Issuer**”) is issued in *[insert currency]* (the “**Currency**”) on *[insert issue date]* (the “**Issue Date**”) and represented by *[insert amount of Notes]* non-par value Notes]. The Notes are being issued in bearer form and will not be represented by definitive notes.]

*[[In the case of TEFRA C Notes or TEFRA B Notes insert:]*

- (2) Permanent Global Note. The Notes are represented by a permanent global note (the “**Permanent Global Note**” or “**Global Note**”) without coupons which shall be signed manually by two authorised signatories of the Issuer and shall be authenticated by or on behalf of [BNP Paribas Securities Services S.A. Frankfurt am Main Branch as fiscal and paying agent (the “**Fiscal Agent**”)] *[insert other Fiscal Agent]*

*[[In the case of TEFRA D Notes insert:]*

- (2) Temporary Global Note - Exchange.
- (a) The Notes are initially represented by a temporary global note (the “**Temporary Global Note**”) without coupons which will be exchangeable for a permanent global note (the “**Permanent Global Note**” and together with the Temporary Global Note, each a “**Global Note**”) without coupons. Each Global Note shall be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent.
  - (b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the “**Exchange Date**”) not earlier than 40 days (and not later than 180 days) after the later of (i) the commencement of the offering and (ii) the Issue Date (the “**Exchange Date**”). Such exchange and any payment of interest on Notes represented by a Temporary Global Note shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person as defined by the U.S. Internal Revenue Code of 1986 and the regulations thereunder. Any such certification received by the Fiscal Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Note as described above. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in §5(5)).]
- (3) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. “**Clearing System**” means *[[if more than one Clearing System insert:] each of]* the following: [Clearstream Banking AG, Frankfurt am Main (“**CBF**”)] [,] [and] [Clearstream Banking *société anonyme*, Luxembourg (“**CBL**”)] [,] [and] [Euroclear Bank SA/NV (“**Euroclear**”)] [,] [and] [*other Clearing System*] or any successor in this capacity.

## § 2 (Status)

*Status.* The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

## § 3 (Interest)

*[In the case of Fixed Rate Notes insert:]*

- (1) *[Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their nominal amount at the rate of *[insert Rate of Interest]* per cent. per annum from (including) *[insert interest commencement date]* (the “**Interest Commencement Date**”) to (excluding) the Maturity Date (as defined in §4(1)). Interest shall be payable in arrears on *[insert fixed interest date(s)]* in each year (each such date, an “**Interest Payment Date**”). The first payment of interest shall be made on *[insert First Interest Payment Date]* (the “**First Interest Payment Date**”) *[[in case of a short/long first coupon insert:]* and will amount to *[insert broken amount]* per Specified Denomination]. *[[in case of a short/long last coupon insert:]* Interest in respect of the period from *[insert fixed interest date preceding the Maturity Date]* (including) to the Maturity Date (excluding) will amount to *[insert broken amount]* per Note].
- (2) “**Interest Period**” means the period from (and including) the Interest Commencement Date to (but excluding) the First Interest Payment Date and any subsequent period thereafter from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.]

*[In the case of Floating Rate Notes and Index or Equity linked interest Notes or Dual Currency Notes insert:]*

- (1) [Interest Payment Dates:]
  - (a) The Notes bear interest *[insert in the case of Floating Rate Notes: [on their nominal amount]]* from (and including) *[insert interest commencement date]* (the “**Interest**

**Commencement Date**”) to (but excluding) the first Interest Payment Date and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest on the Notes shall be payable in arrears on each Interest Payment Date.

- (b) **“Interest Payment Date”** means *[in the case of specified interest payment dates insert: each [insert specified interest payment dates] [in the case of specified interest periods insert:]* [each date which (except as otherwise provided in these Terms and Conditions) falls [insert number] [weeks] [months] *[insert other specified periods]* after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]

***[In the case of a Business Day Convention insert:]***

If any Interest Payment Date would fall on a day which is not a Business Day (as defined in §5(2)), the payment date shall be:

***[if Modified Following Business Day Convention insert:]*** [postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Business Day.]

***[if Floating Rate Note Convention (“FRN Convention”) insert:]*** [postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls *[[insert number] months] [insert other specified periods]* after the preceding applicable Interest Payment Date.]

***[if Following Business Day Convention insert:]*** [postponed to the next day which is a Business Day.]

***[if Preceding Business Day Convention insert:]*** the immediately preceding Business Day.]

***[other to be specified]***

***[In the case of Floating Rate Notes and Dual Currency Notes insert:]***

- (2) **Rate of Interest.** The rate of interest (**“Rate of Interest”**) for each Interest Period (as defined below) will be:

***[In case of Floating Rate Notes insert:]***

[Where ISDA Determination is specified insert:]

[The relevant ISDA Rate (as defined below) [plus] [minus] a Margin of *[insert margin]* per cent. per annum (the **“Margin”**).

**“ISDA Rate”** means for any Interest Period (as defined below) a rate, expressed as a decimal, determined by the Calculation Agent on the relevant Reset Date, equal to the specified Floating Rate Option for a period of the Designated Maturity.

Where:

- (i) the **“Floating Rate Option”** is *[insert details]*;
- (ii) the **“Designated Maturity”** is *[insert details]*; and
- (iii) the **“Reset Date”** is *[[if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro zone inter-bank offered rate*

(*EURIBOR*) for a currency:] the first day of the relevant Interest Period] [*in any other case: [Insert details].*]

[Where Screen Rate Determination is specified insert:]

[The offered quotation (expressed as a percentage rate per annum) for deposits for the relevant Interest Period in the [Currency] [*insert other currency*] which appears on the Screen Page (as defined below) as at 11.00 a.m. ([London] [Frankfurt] [*insert other financial centre*] time) (the “**Specified Time**”) on the [first] [second] [*other number of days*] Business Day (as defined in §5(2)) prior to the commencement of the relevant Interest Period (as defined below) (the “**Interest Determination Date**”) [plus] [minus] a Margin of [*insert margin*] per cent. per annum (the “**Margin**”), all as determined by the Calculation Agent.

“**Screen Page**” means [*insert relevant Screen Page*]. If no such quotation appears on the Screen Page as at the Specified Time, the Calculation Agent shall request offices of four [banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page] [*specify other reference banks*] (the “**Reference Banks**”) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Currency for the relevant Interest Period (as defined below) to leading banks [in the [London] interbank market] [in the euro zone] (the “**Relevant Market**”) at approximately the Specified Time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one in case the Reference Rate is EURIBOR thousandth of a percentage point, with 0.0005 being rounded upwards and otherwise hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary as specified above) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at the Specified Time on the relevant Interest Determination Date, deposits in the Currency for the relevant Interest Period by leading banks in the Relevant Market plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the Relevant Market (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered plus or minus (as appropriate) the Margin (if any) (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).]

[In the case of index linked interest Notes, equity linked interest Notes or dual currency Notes insert provisions relating to the Interest Rate as set out in the Supplemental Terms and Conditions.]

[If Minimum Rate of Interest applies insert]

[If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than [*insert Minimum Rate of Interest*], the Rate of Interest for such Interest Period shall be [*insert Minimum Rate of Interest*].]

***[If Maximum Rate of Interest applies insert:***

[If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than ***[insert Maximum Rate of Interest]***, the Rate of Interest for such Interest Period shall be ***[insert Maximum Rate of Interest]***.]

- (3) ***Interest Amount.*** The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, calculate the amount of interest (the “**Interest Amount**”) payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resultant figure to the nearest unit of the Currency, with 0.5 of such unit being rounded upwards.
- (4) ***Notification of Rate of Interest and Interest Amount.*** The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the holders of the Notes (the “**Noteholders**”) in accordance with §12 as soon as possible after the determination, but in no event later than the fourth Business Day (as defined in §5(2)) thereafter and if required by the rules of any stock exchange on which the Notes are from time to time admitted to trading, to such stock exchange as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are then listed and to the Noteholders in accordance with §12.
- (5) “**Interest Period**” means the period from (including) the Interest Commencement Date to (excluding) the First Interest Payment Date and any subsequent period from (including) an Interest Payment Date to (excluding) the next Interest Payment Date.]
- ([●]) “**Day Count Fraction**”, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”) means:

***[in the case of “Actual/Actual (ICMA)”:]***

- (a) [where the Calculation Period is equal to or shorter than the Interest Period during which it falls, the actual number of days in the Calculation Period divided by the product of (i) the actual number of days in such Interest Period and (ii) the number of Interest Periods in any calendar year; and
- (b) where the Calculation Period is longer than one Interest Period, the sum of: (i) the actual number of days in such Calculation Period falling in the Interest Period in which it begins divided by the product of (x) the actual number of days in such Interest Period and (y) the number of Interest Periods in any year; and (ii) the actual number of days in such Calculation Period falling in the next Interest Period divided by the product of (x) the actual number of days in such Interest Period and (y) the number of Interest Periods in any year.]

***[in the case of “30/360”:]***

[the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Calculation Period is the 31 day of a month but the first day of the Calculation Period is a day other than the 30 or 31 day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month).]

***[in the case of “30E/360” or “Eurobond Basis”:]***

[the number of days in the Calculation Period divided by 360 (unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month).]

**[in the case of “Actual/365” or “Actual/Actual (ISDA)”:]**

[the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

**[in the case of “Actual/365 (Fixed)”:]**

[the actual number of days in the Calculation Period divided by 365.]

**[in the case of “Actual/360”:]**

[the actual number of days in the Calculation Period divided by 360.]

**[In the case of non-interest bearing notes insert:]**

**[The Notes will be non-interest bearing.]**

**[In the case of Zero Coupon Notes insert:]**

[When a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with §[(3)][(4)](A). As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield set forth in the relevant Final Terms. Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed or on such other calculation basis as may be specified in the relevant Final Terms.]

#### **§ 4**

**(Final Redemption. Tax Call. [Issuer Call.] [Investor Put.] [Obligatory Redemption.])**

- (1) *Final Redemption.* Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed **[in case of Notes other than Index and EquityLinked Notes:]** by payment of [the Final Redemption Amount on **[insert maturity date]** [the Interest Payment Date falling in **[insert redemption month]**] (the “Maturity Date”)] **[in case of Index- and Equity Linked Notes:]** [pursuant to §4c].
- (2) *Issuer Tax Call.* The Notes shall be redeemed by payment of the Early Redemption Amount together with interest accrued to the date fixed for redemption at the option of the Issuer in whole, but not in part, [on any Interest Payment Date][, at any time,] on giving not less than 30 days notice to the Noteholders in accordance with §12 (which notice shall be irrevocable) by settlement in cash in accordance with §5 if; (i) on the occasion of the next payment or delivery due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in §6 as a result of any change in, or amendment to, the laws or regulations of Germany or the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by an executive director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

- [(3)] *[Redemption at the option of the Issuer (Issuer Call).]* [The Issuer may redeem all or, if so provided, some only of the Notes then outstanding on *[insert optional redemption dates]* (each an “**Optional Redemption Date**”) by payment of the Optional Redemption Amount(s) [together, with any interest accrued to (but excluding) the relevant Optional Redemption Date] upon having given (i) not less than five (5) Business Days notice to the Noteholders in accordance with §12 and (ii) not less than seven (7) Business Days before the giving of the notice referred to in (i), notice to the Fiscal Agent (which notices shall be irrevocable and shall specify the Optional Redemption Date fixed for redemption). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed will be selected in accordance with the rules of the Clearing System.]
- [(3)][(4)] *[Redemption at the option of Noteholders (Investor Put).]* Upon the Noteholder giving the Issuer not less than 15 nor more than 30 days notice the Issuer will upon expiry of such notice, redeem such Note on *[specify optional redemption date(s)]* (each a “**Put Redemption Date**”) by payment of the Put Redemption Amount [together, with any interest accrued to the date fixed for redemption] against delivery of such Notes to the Issuer or to its order. To exercise such option the Noteholder must submit a duly completed option exercise notice in the form obtainable from any Paying Agent, the Fiscal Agent or from the Issuer within the notice period. No option so exercised may be revoked or withdrawn.]
- [(3)][(4)] *[Obligatory Redemption].* The Issuer shall redeem all, but not some only, of the Notes then outstanding on *[insert optional redemption dates]* (each an “**Obligatory Redemption Date**”) by payment of the Obligatory Redemption Amount [together, with any interest accrued to (excluding) the relevant Obligatory Redemption Date].

For the purposes of this §4 and §8 (Events of Default) the following applies:

The “**Final Redemption Amount**” in respect of each Note shall be [its nominal amount] *[otherwise insert final redemption amount per denomination]*.

The “**Early Redemption Amount**” *[in case of interest bearing notes:]* [in respect of each Note shall be [its nominal amount] *[otherwise insert early redemption amount per denomination]*] *[in case of Zero Coupon Notes:]* [in respect of each Note shall be calculated as follows:

- (a) The Early Redemption Amount payable in respect of a Zero Coupon Note shall be an amount (the “**Amortised Face Amount**”), calculated as provided below, of such Note, unless otherwise specified in the relevant Final Terms.
- (b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce the Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Redemption Amount in respect of any such Note upon its redemption pursuant to Condition §4(2) or upon it becoming due and payable as provided in §8 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note and defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Notes become due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with sub-paragraph (b) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Notes on the Maturity Date together with any interest that may accrue in accordance with §3.

Where such calculation is made for a period less than one year, it shall be made on the basis of the Day Count Fraction specified in the relevant Final Terms.

The “**Obligatory Redemption Amount**” in respect of each Note shall be [its nominal amount] [otherwise insert obligatory redemption amount per denomination].]

[The “**Optional Redemption Amount**” in respect of each Note shall be [its nominal amount] [otherwise insert optional redemption amount per denomination].]

[The “**Minimum Redemption Amount**” in respect of each Note shall be [insert amount] and “**Maximum Redemption Amount**” in respect of each Note shall be [insert amount].]

*[In case of Index Linked and Equity Linked Notes supplement the relevant Terms and Condition by Supplemental Terms and Conditions and specify any applicable Protection Amount as specified in the Final Terms or define herein; insert relevant provisions for dual currency Notes; insert any other provisions, if necessary.]*

## § 5 (Payments)

- (1) [(a)] *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and surrender of the Global Note at the specified office of any Paying Agent outside the United States.

*[in the case of interest bearing Notes insert:]*

[(b)] *Payment of Interest.* Payment of interest on Notes shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the Clearing System or to its order for credit to the relevant account holders of the Clearing System upon presentation of the Global Note at the specified office of any Paying Agent outside the United States [and upon delivery of certifications to the effect that the beneficial owners or owners of the Notes represented by the Temporary Global Note are not U.S. persons as defined by the U.S. Securities Act of 1933].]

- (2) *Default of Payment.* If the Issuer for any reason fails to render any payment in respect of the Notes when due, interest shall continue to accrue at the default rate established by statutory law<sup>7</sup> on the outstanding amount from (and including) the due date to (but excluding) the day on which such payment is received by or on behalf of the Noteholders.
- (3) *Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day then the Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

“**Business Day**” means a day on which (other than Saturday and Sunday) (a) banks are open for business (including dealings in foreign exchange and foreign currency deposits) in [*enter all other relevant business centres*] (the “**Relevant Financial Centres**”), [,] [and] (b) the Clearing System is operative [and (c) all relevant parts of the Trans-European Automated Real-time Gross-settlement Express Transfer (TARGET) System (“**TARGET**”) are operating].

- (4) “**United States**” means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).
- (5) *Discharge.* The Issuer shall be discharged by payment or, as the case may be, delivery to, or to the order of, the Clearing System.

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<sup>7</sup> The default rate of interest pursuant to §§ 288 para 1, 247 para 1 of the German Civil Code (*BGB*) is five percentage points above the basic rate of interest published by the German Central Bank (*Deutsche Bundesbank*) from time to time.



- (6) *References to Principal and Interest.* References to “principal” shall be deemed to include, as applicable, the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes[;] [the Obligatory Redemption Amount][;] [the Optional Redemption Amount of the Notes][;] [the Put Redemption Amount] and any premium and any other amounts which may be payable under or in respect of the Notes. References to “interest” shall be deemed to include, as applicable, any interest which may be payable under §3 and any Additional Amounts which may be payable under §6.

## § 6 (Taxation)

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction by the Issuer for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Germany or the Netherlands, or any authority therein or thereof having power to tax, unless such withholding or deduction by the Issuer is required by law. In that event the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to any Note

- (i) as far as German Kapitalertragsteuer and Solidaritätszuschlag or any other tax which may substitute the German Kapitalertragsteuer and/or Solidaritätszuschlag is concerned;
- (ii) to, or to a third party on behalf of, a Noteholder where such Noteholder is liable to such withholding or deduction by reason of having some connection with Germany or the Netherlands other than by reason only of the holding of such Note or the receipt of the relevant payment in respect thereof;
- (iii) to, or to a third party on behalf of, a Noteholder where no such withholding or deduction would have been required to be withheld or deducted if the Notes were credited at the time of payment to a securities deposit account with a bank outside the Federal Republic of Germany or the Netherlands;
- (iv) where such withholding or deduction 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 taxation of savings income or any law implementing or complying with, or introduced in order to conform to such directive;
- (v) to the extent such withholding or deduction is required by or on behalf of a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying or procuring that any third party complies 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 in the place where the payment is effected;
- (vi) to the extent such withholding or deduction is required by or on behalf of a Noteholder who would have been able to lawfully avoid (but has not so avoided) such withholding or deduction by effecting a payment via another Paying Agent in a Member State of the EU which is not obliged to withhold or deduct tax; or
- (vii) to the extent such withholding or deduction tax is payable more than 30 days after the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made.

## § 7 (Prescription)

The presentation period provided in §801 paragraph 1, sentence 1 of the German Civil Code is reduced to five years for the Notes.

**§ 8**  
**(Events of Default)**

If any of the following events (“**Events of Default**”) occurs, the Noteholder may by written notice to the Issuer at the specified office of the Fiscal Agent declare such Note to be forthwith due and payable, whereupon the Early Redemption Amount (as defined in §4(2)) of such Note together with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Issuer:

- (i) default by the Issuer is made for more than 30 days in the payment of principal or interest in respect of any of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure continues for the period of 60 days next following the service by the Fiscal Agent on the Issuer, of notice requiring the same to be remedied; or
- (iii) the Issuer fails in the due repayment of borrowed money which exceeds Euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the Issuer or the Issuer fails to honour any guarantee or indemnity in excess of Euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the Issuer provided that in each case no Event of Default shall be deemed to have occurred if the Issuer contests its liability in good faith or has been ordered not to make such payment by a competent court; or
- (iv) 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 Noteholders) or the Issuer compromises with its creditors generally or such measures are officially decreed; or
- (v) an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Article 3:160 of the Financial Supervision Act (*Wet toezicht op het financieel*), as modified or re-enacted from time to time, in respect of the Issuer; or
- (vi) the Issuer ceases to carry on the whole or a substantial part of its business (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of the Noteholders).

**§ 9**  
**(Agents)**

- (1) *Appointment.* The Fiscal Agent, the Paying Agents and the Calculation Agent (together the “**Agents**”) and their offices (which can be substituted with other offices in the same city) are:

<b>Fiscal Agent and Principal Paying Agent:</b>	BNP Paribas Securities Services S.A. Frankfurt Branch Europa-Allee 12 60327 Frankfurt am Main Germany
<b>Paying Agent[s]:</b>	Coöperatieve Centrale Raiffeisen- Boerenleenbank B.A. (trading as Rabobank International) Croeselaan 18 3521 CB Utrecht The Netherlands <i>[insert name and specified office of other paying agent]</i>
<b>[Calculation Agent:</b>	<i>[insert name and specified office]]</i>
<b>[Delivery Agent:</b>	<i>[insert name and specified office]]</i>

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent provided that the Issuer shall at all times (i) maintain a Fiscal Agent, (ii) so long as the Notes are listed on a regulated market or a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange, (iii) in case the Currency is U.S. Dollar and payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York City, (iv) a Calculation Agent with a specified office located in such place as required by the rules of any stock exchange or other applicable rules (if any) and (v) if a Directive of the European Union regarding the taxation of interest income or any law implementing such Directive is introduced, ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law, to the extent this is possible in a member state of the European Union. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days prior notice thereof shall have been given to the Noteholders in accordance with §12.
- (3) *Agent of the Issuer.* Any Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Noteholder.
- (4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Terms and Conditions by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Noteholders and shall be made in accordance with §317 of the German Civil Code.
- (5) None of the Calculation Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correcting made in the calculation or publication of any amount in relation to the Notes, whether caused by negligence or otherwise (other than gross negligence or wilful misconduct).

## § 10 (Substitution of the Issuer)

- (1) The Issuer (reference to which shall always include any previous substitute debtor) may and the Noteholders hereby irrevocably agree in advance that the Issuer may without any further prior consent of any Noteholder at any time, substitute any company (incorporated in any country in the world) controlling, controlled by or under common control with, the Issuer as the principal debtor in respect of the Notes or undertake its obligations in respect of the Notes through any of its branches (any such company or branch, the “**Substitute Debtor**”), provided that:
  - (a) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (together the “**Documents**”) and pursuant to which the Substitute Debtor shall undertake in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as fully as if the Substitute Debtor had been named in the Notes and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer and pursuant to which the Issuer shall irrevocably and unconditionally guarantee in favour of each Noteholder the payment of all sums payable by the Substitute Debtor as such principal debtor (such guarantee of the Issuer herein referred to as the “**Substitution Guarantee**”);
  - (b) the Documents shall contain a warranty and representation by the Substitute Debtor and the Issuer that the Substitute Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer of the Substitution Guarantee in respect of the obligations of the Substitute Debtor, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of

its obligations under the Documents and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor and the Substitution Guarantee given by the Issuer are each valid and binding in accordance with their respective terms and enforceable by each Noteholder and that, in the case of the Substitute Debtor undertaking its obligations with respect to the Notes through a branch, the Notes remain the valid and binding obligations of such Substitute Debtor; and

- (c) §8 shall be deemed to be amended so that it shall also be an Event of Default under the said Condition if the Substitution Guarantee shall cease to be valid or binding on or enforceable against the Issuer;
- (2) Upon the Documents becoming valid and binding obligations of the Substitute Debtor and the Issuer and subject to notice having been given in accordance with sub-paragraph (4) below, the Substitute Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer as issuer and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents together with the notice referred to in sub-paragraph (4) below shall, in the case of the substitution of any other company as principal debtor, operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes.
- (3) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substitute Debtor or the Issuer by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substitute Debtor and the Issuer acknowledge the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.
- (4) Not later than 15 Business Days after the execution of the Documents, the Substitute Debtor shall give notice thereof to the Noteholders and, if any Notes are listed on any stock exchange, to such stock exchange in accordance with §12 and to any other person or authority as required by applicable laws or regulations. A supplement to the Base Prospectus concerning the substitution of the Issuer shall be prepared by the Issuer.
- (5) For the purposes of this §10, the term “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first mentioned company, and for this purpose “**voting shares**” means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and “**controlling**”, “**controlled**” and “**under common control**” shall be construed accordingly.

## § 11

### (Further Issues. Purchases. Cancellation)

- (1) *Further Issues.* Unless specified otherwise in the relevant Final Terms, the Issuer may at any time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (except for the Issue Price, the Issue Date, the Interest Commencement Date and the first Interest Payment Date) and so that the same shall be consolidated and form a single Series with such Notes, and references to “Notes” shall be construed accordingly.

If the Issuer issues further Notes of the same Series during the initial 40-day restricted period applicable to outstanding Notes of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering and the Issue Date of such further issue of Notes.

In addition, if the Issuer issues further Notes of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted

period, all such Notes will be consolidated with and form a single Series with the outstanding Notes.

- (2) *Purchases.* The Issuer and its subsidiaries may at any time purchase Notes at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or cancelled, all at the option of the Issuer.
- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## **§ 12 (Notices)**

- (1) *Publication.* All notices concerning the Notes shall be published [on the internet page of the Issuer (www.raboglobalmarkets.nl)] [and][or] [in a leading daily newspaper having general circulation in Germany [*specify other or additional location*]]. This newspaper is expected to be the [Börsen-Zeitung] [*specify other applicable newspaper having general circulation*]]. Any notice so given will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the date of the first such publication).
- (2) *Notification to Clearing System.* The Issuer may, instead of a publication pursuant to subparagraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Noteholders, provided that, so long as any Notes are listed on any stock exchange, the rules of such stock exchange permit such form of notice. Any such notice shall be deemed to have been given to the Noteholders on the third day after the day on which the said notice was given to the Clearing System.

## **§ 13 (Partial Invalidity[, Corrections])**

- (1) *Partial Invalidity.* Should any provision in these Terms and Conditions be or become invalid or unenforceable in whole or in part, the remaining provision are not affected thereby. Any gap arising as a result of invalidity or unenforceability of these Terms and Conditions is to be filled with a provision that corresponds to the meaning and intent of these Terms and Conditions and are in the interests of the parties.
- (2) [*Corrections.* The Issuer is, entitled to modify or amend, as the case may be, these Terms and Conditions in each case without the consent of the Noteholders in such manner as the Issuer deems necessary or desirable, if the modification or amendment
  - (i) is of a formal, minor or technical nature; or
  - (ii) is made to cure a manifest or proven error; or
  - (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of these Terms and Conditions; or
  - (iv) is made to correct an error or omission such that, in the absence of such correction, the Terms and Conditions would not otherwise represent the intended terms of the Notes on which the Notes were sold and have since traded; or
  - (v) will not materially and adversely affect the interests of the Noteholders.

Any changes or amendments of these Terms and Conditions shall take effect in accordance with its terms and be binding on the Noteholders, and shall be notified to the Noteholders in accordance with § 12 of these Terms and Conditions (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).]

**§ 14**  
**(Governing Law, Jurisdiction and Process Agent)**

- (1) *Governing Law.* The Notes shall be governed by German law.
- (2) *Jurisdiction.* The exclusive place of jurisdiction for all proceedings arising out of or in connection with the Notes (“**Proceedings**”) shall be Frankfurt am Main. The Noteholders, however, may also pursue their claims before any other court of competent jurisdiction. The Issuer hereby submits to the jurisdiction of the courts referred to in this sub-paragraph.
- (3) *Appointment of Process Agent.* For any Proceedings before German courts, the Issuer appoints Rabobank International, Frankfurt Branch, Solmsstraße 83, 60486 Frankfurt am Main as their authorised agent for service of process in Germany.
- (4) *Enforcement.* Any Noteholder may in any Proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate nominal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. “**Custodian**” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System. Each Noteholder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other manner permitted in the country of the Proceedings.

**§ 15**  
**(Language)**

These Conditions are written in the [German] [English] language and provided with [an English] [a German] language translation. The [German] [English] language shall be the binding version. For the avoidance of doubt, the [English] [German] language translation is provided for information purposes only and in the event of an inconsistency, the [German] [English] language will prevail.

**SUPPLEMENTAL TERMS AND CONDITIONS  
FOR INDEX LINKED NOTES AND EQUITY LINKED NOTES**

*[The general Terms and Conditions shall be supplemented or amended by inserting the provisions set out below. It is anticipated that the General Definitions in [§3a] [§4a] will apply to Index Linked Notes and Equity Linked Notes. The relevant Final Terms will determine which of the specific conditions for either Index Linked Notes or Equity Linked Notes shall be applicable.]*

[In the case of Equity Linked Interest or Index Linked Interest insert:]

**§3 (2)**

*Rate of Interest.* The Rate of Interest (as defined below) will be determined by the Calculation Agent by reference to the price of the [*in case of Equity Linked Interest insert:* [Underlying Security] [Underlying Securities] [Underlying DR Security] [Underlying DR Securities]] [*in case of Index Linked Interest insert:* [Index] [Indices] and in accordance with the provisions hereof.

"Rate of Interest" means

[•]

[, with respect to an Interest Payment Date [•]

[, the percentage, as determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date, in accordance with the following [formula][conditions]:

[*insert formula / conditions*]

[*see Appendix*]

[*in case of Equity Linked Interest insert:* [, [subject to adjustments, corrections [,][and] disruptions [*insert if applicable:* [extraordinary events] as set out in [§ 3c].] [*in case of Index Linked Interest insert:* subject to index sponsor successions, adjustments and corrections as set out in § 4c.]

[*If Minimum Rate of Interest applies insert*]

[If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than [*insert Minimum Rate of Interest*], the Rate of Interest for such Interest Period shall be [*insert Minimum Rate of Interest*].]

[*If Maximum Rate of Interest applies insert:*

[If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than [*insert Maximum Rate of Interest*], the Rate of Interest for such Interest Period shall be [*insert Maximum Rate of Interest*].]

[*In the case of Dual Currency Notes insert:*]

**§3 (2)**

*Rate of Interest.* The rate or amount of interest payable will be [insert manner of calculation] (the "**Rate of Interest**").]

[*For Equity Linked and Index Linked insert:*]

[*In the case of Index Linked Notes insert:*]

[*In the case of Equity linked Interest and Index linked interest: [§3a]*]

[*In all other cases insert: [§4a]*]

**(General Definitions applicable to Index Linked Notes)**

"**Additional Disruption Event**" means Change in Law, Hedging Disruption, Increased Cost of Hedging or any other Additional Disruption Event, in each case, if specified in the Final Terms.

“**Affiliate**” means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means the ownership of a majority of the voting power of the entity and **controlled by** and **controls** shall be construed accordingly.

“**Averaging Date**” means each date specified as an Averaging Date in the relevant Final Terms provided that, if any Averaging Date is a Disrupted Day, then:

- (i) if “Omission” is specified in the relevant Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Closing Level. If through the operation of this provision there would not be an Averaging Date, then the provisions relating to Valuation Dates shall apply for the purposes of determining the Closing Level for the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;
- (ii) if “Postponement” is specified in the relevant Final Terms, then the provisions relating to Valuation Dates will apply for the purpose of determining the Closing Level for that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date; or
- (iii) if “Modified Postponement” is specified in the relevant Final Terms, then:
  - (a) where the Notes are specified in the relevant Final Terms to relate to a single Index, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of relevant Scheduled Valuation Date, then (i) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (ii) the Calculation Agent shall, where practicable, determine the Closing Level for that Averaging Date in accordance with the provisions relating to Valuation Date; or
  - (b) where the Notes are specified in the relevant Final Terms to relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the date specified in the relevant Final Terms as an Averaging Date, and the Averaging Date for each Index affected by the occurrence of a Disrupted Day (each an **Affected Index**) shall be the first succeeding Valid Date in relation to such Affected Index. If the first succeeding Valid Date in respect of the Affected Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date, that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date then (i) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of the Affected Index, and (ii) the Calculation Agent shall determine the Closing Level for that Averaging Date in accordance with the provisions relating to Valuation Date; and
  - (c) “Valid Date” shall mean a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

*[Insert in the case of a basket of Indices:]* “**Basket**” means, [in respect of an Index Basket Transaction, a basket composed of *[insert Indices]* in the relative proportions or numbers of *[specify proportion or number of each Index]*].]

“**Change in Law**” means that, on or after the Trade Date of any Notes (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer and/or any of its Affiliates determines in good faith that (X) it has become illegal to hold, acquire or dispose of shares that comprise the Index relating to its hedge position in respect of such



Notes, or (Y) it will incur a materially increased cost in performing its obligations under such Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefits or other adverse effect on its tax position).

**“Hedging Disruption”** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**“Increased Cost of Hedging”** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

*[[Insert in the case of a basket of Indices:]]***“Index Basket Transaction”** means this issue of Notes.]

**“Multiplier”** means the weight of each of the Indices comprising the Basket, as specified in the relevant Final Terms.]]

**“Related Exchange”** means, in respect of an Index, which, for the purpose of the Notes, shall be *[insert details]* any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange)[.] *[if “All Exchanges” shall be applicable, insert:]* [, provided however, **“Related Exchange”** shall mean each exchange or quotation system (as the Calculation Agent may select) where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index, any transferee or successor exchange of such exchange or quotation system.

**“Scheduled Closing Time”** means, in respect of an Exchange or Related Exchange and any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Valuation Date”** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**“Trade Date”** means *[insert date]*.

*[In the case of Equity Linked Notes insert:]*

*[In the case of Equity linked Interest and Index linked interest insert: [§3a]]*

*[In all other cases insert: [§4a]]*

#### **(General Definitions applicable to Equity Linked Notes)**

**“Additional Disruption Event”** means Change in Law, Hedging Disruption, Increased Cost of Hedging, Insolvency Filing or any other Additional Disruption Event, in each case, if specified in the Final Terms.

**“Affiliate”** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means the ownership of a majority of the voting power of the entity and **controlled by** and **controls** shall be construed accordingly.

**“Averaging Date”** means each date specified as an Averaging Date in the relevant Final Terms provided that, if any Averaging Date is a Disrupted Day, then:

- (i) if “Omission” is specified in the relevant Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Closing Price. If through the operation of this provision there would not be an Averaging Date, then the provisions relating to Valuation Dates shall apply for the purposes of determining the relevant level on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;
- (ii) if “Postponement” is specified in the relevant Final Terms, then the provisions relating to Valuation Dates will apply for the purpose of determining the Closing Price for that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date; or
- (iii) if “Modified Postponement” is specified in the relevant Final Terms, then:
  - (a) where the Notes are specified in the relevant Final Terms to relate to a single Underlying Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of relevant Scheduled Valuation Date, then (i) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (ii) the Calculation Agent shall, where practicable, determine the price of the Underlying Security for that Averaging Date in accordance with the provisions relating to Valuation Date; or
  - (b) where the Notes are specified in the relevant Final Terms to relate to a Basket of Underlying Securities, the Averaging Date for each Underlying Security not affected by the occurrence of a Disrupted Day shall be the date specified in the relevant Final Terms as an Averaging Date, and the Averaging Date for each Underlying Security affected by the occurrence of a Disrupted Day (each an “**Affected Security**”) shall be the first succeeding Valid Date in relation to such Affected Security. If the first succeeding Valid Date in respect of the Affected Security has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date then (i) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of the Affected Security, and (ii) the Calculation Agent shall determine the price of the Underlying Security for that Averaging Date in accordance with the provisions relating to Valuation Date; and
  - (c) “Valid Date” shall mean a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

***[Insert in the case of a basket of Underlying Securities or Underlying DR Securities:]*** [“**Basket**” means, [in respect of a Underlying Security Basket Transaction, a basket composed of *[insert Underlying Securities and Security Issuers]* in the relative proportions or numbers of *[specify proportion or number of each Underlying Security]*] [in respect of a Underlying DR Security Basket Transaction, a basket composed of *[insert Underlying DR Securities and DR Security Issuers]* in the relative proportions or numbers of *[specify proportion or number of each Underlying DR Security]*].]

“**Change in Law**” means that, on or after the Trade Date of any Notes (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer and/or any of its Affiliates determines in good faith that (X) it has become illegal to hold, acquire or dispose of Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities relating to its hedge position in respect of such Notes, or (Y) it will incur a materially increased cost in performing its obligations under such Notes

(including, without limitation, due to any increase in tax liability, decrease in tax benefits or other adverse effect on its tax position).

*[[To be inserted where the relevant Final Terms specify that either the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” (where both provisions are used for Notes linked to a depositary receipt and derive from equity derivative transactions referencing depositary receipts (under ISDA) entered into by the issuer to hedge its obligations under the Notes and describe the circumstances in which the transaction will look through to events affecting the shares underlying the depositary receipts; i.e. in case of “partial look through” with a narrower scope of circumstances than in case of “full look through”) shall apply:]]*

“**Deposit Agreement**” means, in relation to the Underlying DR Securities, the agreements or other instruments constituting the Underlying DR Securities, as from time to time amended or supplemented in accordance with their terms.]

*[[To be inserted where the relevant Final Terms specify that either the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply:]]*

“**Depositary**” means the issuer of the Underlying DR Securities or any successor issuer of the Underlying DR Securities from time to time.]

“**Extraordinary Event**” means a Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing.

“**Hedging Disruption**” means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Increased Cost of Hedging**” means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

*[[To be inserted where the relevant Final Terms do not specify that either the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply:]]*

[“**Insolvency Filing**” means that a Security Issuer institutes or has instituted against it an insolvency proceeding by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Security Issuer shall not be deemed an Insolvency Filing.]

*[[To be inserted where the relevant Final Terms specify that either the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply:]]*

“**Insolvency Filing**” means that a DR Security Issuer institutes or has instituted against it an insolvency proceeding by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors rights, or

a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the DR Security Issuer shall not be deemed an Insolvency Filing.]

["**Multiplier**" means the weight of each of the Underlying Securities and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Securities comprising the Basket as specified in the relevant Final Terms.]]

"**Related Exchange**" means, in respect of an Underlying Security and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Security, which, for the purpose of the Notes, shall be [*insert details*] any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Security and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Security has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Security and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Security on such temporary substitute exchange or quotation system as on the original Related Exchange)[.] [*if "All Exchanges" shall be applicable, insert:*] [, provided however, "**Related Exchange**" shall mean each exchange or quotation system (as the Calculation Agent may select) where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Security and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Security, any transferee or successor exchange of such exchange or quotation system.

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Trade Date**" means [*insert date*].

[*Insert in the case of a basket of Underlying Securities:*] ["**Underlying Security Basket Transaction**" means this issue of Notes.]

[*Insert in the case of a basket of Underlying DR Securities:*] ["**Underlying DR Security Basket Transaction**" means this issue of Notes.]

[*In the case of Index Linked Notes insert:*]

[*In the case of Index linked interest insert: [§3b]*]

[*In all other cases insert: [§4b]*]

(Specific Definitions applicable to Index Linked Notes)

"**Closing Level**" means the official closing level of the Index, as published by the Index Sponsor and displayed on the Screen Page.

"**Disrupted Day**" means

- (i) where the relevant Index is **not** specified as being a Multi-Exchange Index, any Scheduled Trading Day on which the relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or

- (ii) where the relevant Index is specified in the relevant Final Terms as being a Multi-Exchange Index, any Scheduled Trading Day on which (A) the Index Sponsor fails to publish the level of the Index, (B) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (C) a Market Disruption Event has occurred.

**“Early Closure”** means the closure on any Exchange Business Day of the relevant Exchange in respect of a Component Security or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange(s) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**“Exchange”** means

- (i) where the relevant Index is **not** specified as being a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); or
- (ii) where the relevant Index is specified in as being a Multi-Exchange Index, in relation to each component security of that Index (each, a **“Component Security”**), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**“Exchange Rate”** means [*specify Exchange Rate*].

**“Exchange Business Day”** means

- (i) where the relevant Index is **not** specified as being a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time; or
- (ii) means, where the relevant Index is specified as being a Multi-Exchange Index, any Scheduled Trading Day on which (A) the Index Sponsor publishes the level of the Index and (B) each Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to the Scheduled Closing Time.

**“Exchange Disruption”** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or option contracts relating to the Index on any Related Exchange.

*[[Not to be inserted in the case of index linked interest:]*

**“Final Redemption Amount”** means an amount; [**which shall never be less than the Protection Amount,**] determined by the Calculation Agent on the Final Valuation Date in accordance with the following formula [*specify redemption formula*] and which shall always be equal to or greater than zero and, in the event that such amount will be less than zero, shall be deemed to be zero.]

*[If the Final Redemption Amount is calculated by reference to a Ratio insert: “Ratio”* means [*specify Ratio*].]

**“Index”** means [insert name(s) of Index or Indices].

**“Index Adjustment Event”** means an Index Modification, Index Cancellation or Index Disruption, all as defined in §4d(2) below.

“**Index Component**” means those securities, assets or reference values of which the Index is comprised from time to time.

“**Index Level**” means the level of the Index as determined by the Calculation Agent at the relevant Valuation Time on each Valuation Date by reference to the level of the Index published by the Index Sponsor.

[“**Initial Fixing Date**” means [*specify Initial Fixing Date*].]

“**Index Sponsor**” means [*insert name of sponsor*] which is the corporation or other entity that is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day; where reference to the Index Sponsor shall include a reference to the “Successor Index Sponsor” defined in §4d(1) below.

“**Market Disruption Event**” means in respect of an Index:

- (i) Where the relevant Index is **not** specified as being a Multi-Exchange Index:
  - (A) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
    - (x) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
      - (a) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
      - (b) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
    - (y) any event (other than an event described in (i) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (B) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

- (ii) Where the relevant Index is **not** specified as being a Multi-Exchange Index:

- (A) the occurrence or existence in respect of any Component Security, of:
  - (x) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
  - (y) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
  - (z) an Early Closure in respect of such Component Security; and

the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
- (B) the occurrence or existence, in each case in respect of futures or option contracts relating to the Index, of (x) a Trading Disruption, or (y) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange or (z) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multi-Exchange Index exists at any time, if an Early Closure, an Exchange Disruption or a Trading Disruption occurs in respect of a Component Security at any Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that Component Security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that Component Security/commodity and (ii) the overall level of the Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market “opening data” immediately before the occurrence of such Market Disruption Event, Early Closure, Exchange Disruption or Trading Disruption, as the case may be in respect of such Component Security.

“**Multi-Exchange Index**” means an Index identified or specific as such hereon.

[“**Protection Amount**” means an amount equal to [100 per cent. of the Specified Denomination][●]. For the avoidance of doubt, the Protection Amount does not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default or if the Notes are sold by a Noteholder prior to the Maturity Date.]

“**Scheduled Trading Day**” means any day on which each Exchange and each Related Exchange specified hereon are scheduled to be open for trading for their respective regular trading sessions.

[“**Strike Price**” means [*specify Strike Price*].]

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange; or (ii) in futures or options contracts relating to the Index on any Related Exchange.

“**Valuation Date(s)**” means [*insert Valuation Time and Relevant Financial Centre*] on [*insert date*] where [*insert date*] shall be the “**Final Valuation Date**”. In the case that any such date is not a Scheduled Trading Day, the relevant Valuation Date will be the immediately succeeding day which is a Scheduled Trading Day. If any such day is a Disrupted Day the provisions of [§3c(4)]/[§4d(4)] shall apply.

“**Valuation Time**” means

- (i) where the relevant Index is specified as **not** being a Multi-Exchange Index, the Valuation Time specified in the relevant Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to each Index to be valued or such other time as specified in the relevant Final Terms. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (ii) where the relevant Index is specified as being a Multi-Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the relevant Index, the close of trading on the relevant Related Exchange, and (B) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (A) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

*[The following § 4c is to be inserted in the case of Index linked redemption only]*

**§4c  
(Redemption)**

Provided that the Notes have not been previously redeemed, purchased and cancelled, the Notes shall be redeemed on *[insert Maturity Date]* (the “**Maturity Date**”) at the Final Redemption Amount as determined by the Calculation Agent in accordance with the provisions hereof and as notified to the Noteholders in accordance with §12 by the Calculation Agent immediately after being determined.

*[In the case of Index linked interest insert: [§3c]]*

*[In all other cases insert: [§4d]]*

**(Successor Index. Calculation Agent Adjustment. Additional Disruption Event. Correction of an Index. Disrupted Days)**

- (5) *Successor Index.* If any Index is not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Calculation Agent or replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for, and method of, calculation as used in the calculation, of that Index (the “**Successor Index**”), then such Index shall be deemed to be the index so calculated and announced by the Successor Index Sponsor or that Successor Index, as the case may be.
- (6) *Calculation Agent Adjustment.* If, in the determination of the Calculation Agent on or before any Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for, or the method of calculating, an Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent securities and capitalisation and other routine events) (an “**Index Modification**”); or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”) or on any Valuation Date the Index Sponsor fails to calculate and publish the Index Level (an “**Index Disruption**”), then the Calculation Agent shall calculate all relevant amounts using, in lieu of a published level for such Index, the Index Level as at the relevant Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating such Index last in effect before that change or failure, but using only those Index Components that comprised such Index immediately before that change, failure or cancellation. The Calculation Agent shall notify the Fiscal Agent and the Noteholders thereof in accordance with §12.
- (7) *Additional Disruption Event.* Upon the occurrence of an Additional Disruption Events :
  - (a) the Calculation Agent will determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or any of the other terms of these Terms and Conditions and/or the relevant Final



Terms, and/or remove and/or substitute the affected Index, to account for the Additional Disruption Event and determine the effective date of that adjustment; or

- (b) by giving notice to the Noteholders in accordance with §12, the Issuer, in its sole and absolute discretion, redeem all, but not some only, of the Notes by payment of the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with §12 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (8) *Correction of an Index.* In the event that any price or level published on the Exchange or Related Exchange or by the Index Sponsor and which is utilized for any calculation or determination made in relation to the Notes is subsequently corrected and the correction is published by the Exchange or the Index Sponsor before the relevant date for any payments under the Notes, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of the Notes to account for such correction and will notify the Noteholders accordingly pursuant to §12.
- (9) *Disrupted Days.* If the Calculation Agent in its sole and absolute discretion determines that any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that the Calculation Agent determines is not a Disrupted Day, unless the Calculation Agent determines that each of the eight Scheduled Trading Days immediately following the original date is a Disrupted Day. In that case:
  - (a) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day;
  - (b) the Calculation Agent shall determine the Index Level as of the relevant Valuation Time on that eighth Scheduled Trading Day in accordance with the formula, for and method of, calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day; and
  - (c) the Maturity Date or any other dates for payments under the Notes (as applicable) shall be postponed to the ***[insert number of day; make sure that the postponed maturity date does not fall prior to the Maturity Date]*** Business Day following such eighth Scheduled Trading Day.

***[In the case of Equity Linked Notes insert the following provisions]***

***[In the case of Equity linked interest: [§3b]]***

***[In all other cases insert: [§4b]]***

**(Specific Definitions applicable to Equity Linked Notes)**

**“Closing Price”** means the price per Underlying Security as determined by the Calculation Agent at the relevant Valuation Time on each Valuation Date by reference to the price of such Underlying Security published by the Exchange.

**“De-listing”** means that the Exchange announces that pursuant to the rules of such Exchange, the Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re listed, re traded or re quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

***[[To be inserted in the case of physical delivery of Underlying Securities or Underlying DR Securities:]]***

**“Delivery Agent”** means *[specify name and address of delivery agent]*.

***[[To be inserted in the case of physical delivery of Underlying Securities or Underlying DR Securities:]]***

**“Disruption Cash Settlement Price”** means an amount equal to the market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to §3 on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date on which the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.]

**“Disrupted Day”** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

***[[To be inserted where the relevant Final Terms specify that either the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply:]]***

**“DR Security Issuer”** means the issuer of the Underlying DR Security.]

**“Exchange”** means, in respect of an Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security, each exchange or quotation system specified as such hereon for such Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security on such temporary substitute exchange or quotation system as on the original Exchange).

**“Exchange Rate”** means *[specify Exchange Rate]*.]

**“Exchange Business Day”** means, any Scheduled Trading Day on which each Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**“Early Closure”** means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**“Exchange Disruption”** means in respect of a Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for the relevant Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities on the Exchange.

*[[Not to be inserted in the case of Equity Linked interest:]*

**“Final Redemption Amount”** means an amount[, which shall be at least equal to the Protection Amount,] calculated by the Calculation Agent on the Valuation Date at the Valuation Time in accordance with the following formula: *[insert relevant formula].*

*[If the Final Redemption Amount is calculated by reference to a Ratio insert: “Ratio” means [specify Ratio].]*

*[“Initial Fixing Date” means [specify Initial Fixing Date].]*

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting a Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, a DR Security Issuer, (A) all the Underlying Securities of that Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, all the Underlying DR Securities of a DR Security Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Securities of that Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, holders of the Underlying DR Securities of a DR Security Issuer become legally prohibited from transferring them.

**“Market Disruption Event”** means, in respect of an Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities:

- (i) the occurrence or existence of at any time during the one hour period that ends at the relevant Valuation Time of:
  - (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
  - (x) relating to the Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security on the Exchange; or
  - (y) in futures or options contracts relating to the Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary

Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security on any relevant Related Exchange; or

- (B) any event (other than as described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions, in or obtain market values for, the Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities on the Exchange or (y) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities on any relevant Related Exchange, which in either case, the Calculation Agent determines is material; or
- (ii) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means, in respect of any relevant Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, any relevant Underlying DR Securities, any (i) reclassification or change of such Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, such Underlying DR Securities that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, such Underlying DR Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, a DR Security Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, a DR Security Issuer is the continuing entity and which does not result in a reclassification or change of all of such Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, such Underlying DR Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Securities of the Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the outstanding Underlying DR Securities of a DR Security Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, such Underlying DR Securities (other than such Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, such Underlying DR Securities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, a DR Security Issuer or its subsidiaries with or into another entity in which the Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full

Lookthrough Depositary Receipt Provisions” shall apply, a DR Security Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Securities outstanding but results in the outstanding Underlying Securities (other than Underlying Securities owned or controlled by such other entity) and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, all such Underlying DR Securities outstanding but results in the outstanding Underlying DR Securities (other than Underlying DR Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities immediately following such event, in each case if the Merger Date is on or before the Valuation Date.

**“Nationalisation”** means that all the Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities or all or substantially all the assets of a Security Issuer and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, a DR Security Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“Potential Adjustment Event”** means any of the following:

***[[Where the relevant Final Terms do not specify that the “Partial Lookthrough Depositary Receipt Provisions” and “Full Lookthrough Depositary Receipt Provisions” shall apply, insert the following:]]***

- (a) a subdivision, consolidation or reclassification of relevant Underlying Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Securities to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, or dividend to existing holders of the relevant Underlying Securities of (A) such Underlying Securities, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Security Issuer equally or proportionately with such payments to holders of such Underlying Securities, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Security Issuer as a result of a spin off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an amount per Underlying Security which the Calculation Agent determines should be characterised as an extraordinary dividend;
- (d) a call by the relevant Security Issuer in respect of relevant Underlying Securities that are not fully paid;
- (e) a repurchase by the relevant Security Issuer or any of its subsidiaries of relevant Underlying Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of the relevant Security Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Underlying Securities.

***[[Where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” shall apply, insert the following:]]***

- (a) a subdivision, consolidation or reclassification of relevant Underlying DR Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying DR Securities to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Underlying DR Securities specified in the relevant Final Terms of (I) such Underlying DR Securities, (II) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a DR Security Issuer equally or proportionately with such payments to holders of such Underlying DR Securities, (III) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the DR Security Issuer as a result of a spin-off or other similar transaction or (IV) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend (determined by the Calculation Agent, in its sole and absolute discretion, whether such dividend is extraordinary);
- (d) a call by a DR Security Issuer in respect of relevant Underlying DR Securities that are not fully paid;
- (e) a repurchase by a DR Security Issuer or any of its subsidiaries of relevant Underlying DR Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a DR Security Issuer an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such DR Security Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- (g) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying DR Securities; and
- (h) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (a) to (g) (inclusive) above in respect of Underlying DR Securities shall not constitute a Potential Adjustment Event unless, in the opinion of the Calculation Agent, such event has a diluting or concentrative effect on the theoretical value of the Underlying DR Securities.]

***[[Where the relevant Final Terms specify that the “Full Lookthrough Depositary Receipt Provisions” shall apply, insert the following:]***

- (a) a subdivision, consolidation or reclassification of relevant Underlying DR Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying DR Securities to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Underlying DR Securities specified in the relevant Final Terms of (I) such Underlying DR Securities, (II) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a DR Security Issuer equally or proportionately with such payments to holders of such Underlying DR Securities, (III) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the DR Security Issuer as a result of a spin-off or other similar transaction or (IV) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend (determined by the Calculation Agent, in its sole and absolute discretion, whether such dividend is extraordinary);

- (d) a call by a DR Security Issuer in respect of relevant Underlying DR Securities that are not fully paid;
- (e) a repurchase by a DR Security Issuer or any of its subsidiaries of relevant Underlying DR Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a DR Security Issuer an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such DR Security Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- (g) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying DR Securities; and
- (h) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (a) to (g) (inclusive) above in respect of Underlying DR Securities shall not constitute a Potential Adjustment Event unless, in the opinion of the Calculation Agent, such event has a diluting or concentrative effect on the theoretical value of the Underlying DR Securities.]

["**Protection Amount**" means an amount equal to [100 per cent. of the Specified Denomination][●]. For the avoidance of doubt, the Protection Amount does not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default or if the Notes are sold by a Noteholder prior to the Maturity Date.]

*[[To be inserted in the case of physical delivery of Underlying Securities or Underlying DR Securities:]]*

"**Reference Asset Amount**" means an amount calculated by the Calculation Agent on the Valuation Date at the Valuation Time in accordance with the following formula: *[insert relevant formula]*.]

"**Scheduled Trading Day**" means any day on which each Exchange and each Related Exchange specified hereon are scheduled to be open for trading for their respective regular trading sessions.

"**Security Issuer**" means [●] (ISIN: [●]; Common Code: [●]; Bloomberg® Code: [●]).

*[[To be inserted in the case of physical delivery of Underlying Securities or Underlying DR Securities:]]*

"**Settlement Date**" means in the event of redemption of the Notes of a Series by delivery of the Underlying Securities and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Securities, such Business Day as agreed by the Calculation Agent, being on or as soon as practicable after the earlier of the Optional Redemption Date or the Maturity Date subject to amendment according to the Terms and Conditions.

"**Settlement Disruption Event**", means, in respect of an Underlying Security and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Security, an event beyond the control of the Issuer (including but not limited to non-delivery of the Reference Asset Amount by a counterparty to an agreement entered into by the Issuer and/or its Affiliates to hedge the Notes) as a result of which, in the opinion of the Calculation Agent, delivery of the Reference Asset Amount by or on behalf of the Issuer in accordance with these Terms and Conditions and/or the relevant Final Terms is not practicable.]

["**Strike Price**" means *[specify Strike Price]*.]

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having

the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Underlying Security on the Exchange in respect of such Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, any Underlying DR Security on the Exchange in respect of such Underlying DR Security; or (ii) in futures or options contracts relating to the Index on any Related Exchange.

“**Underlying Security**” or “**Underlying Securities**” means the [ordinary] [*specify underlying securities*] shares of the Security Issuer.

*[[To be inserted where the relevant Final Terms specify that either the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply:]]*

“**Underlying DR Security**” or “**Underlying DR Securities**” means the [*specify underlying dr securities*] shares, which are the subject of the Deposit Agreement.]

“**Valuation Date**” means [*insert date*] where [*insert date*] shall be the “**Final Valuation Date**” or if such day is not a Scheduled Trading Day, the immediately succeeding day which is a Scheduled Trading Day. If any such day is a Disrupted day the provisions of [§3c(3)]/[§4d]/[§4e] shall apply.

“**Valuation Time**” means the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to each Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

*[The following § 4c is to be inserted in the case of Equity linked Redemption only]*

**[§4c  
(Redemption)]**

The Notes shall be redeemed on [*insert maturity date*] (the “**Maturity Date**”) by [either] [*Insert in the case of cash settlement:*] [payment of the Final Redemption Amount] [*Insert in the case of physical settlement:*] [and][or] delivery of the Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security in an amount equal to the Reference Asset Amount, as determined by the Issuer]. The [Final Redemption Amount] [or the Reference Asset Amount] in respect of each Note shall be calculated by the Calculation Agent in accordance with the provisions hereof and shall be notified to the Noteholders in accordance with §12 by the Calculation Agent immediately after being determined.]

*[In the case of physical settlement insert the following § 4d:]*

**[[§4d]  
(Delivery of Underlying Securities)]**

- (1) *Manner of Delivery.* Delivery of Underlying Securities will be effected to or to the order of the Noteholder by crediting a securities account which account forms part of the Clearing System and which shall be the account of the custodian bank (or any bank acting as intermediary custodian bank (*Zwischenverwahrer*) of the relevant Noteholder. No Noteholder will be entitled to receive dividends declared or paid in respect of the Underlying Securities to which such Note gives entitlement or to any other rights relating to or arising out of such Underlying Securities if the date on which the Underlying Securities are quoted ex dividend or ex the relevant right falls



before the date on which the Underlying Securities are credited into the securities account of the Noteholder.

- (2) *Compensation Amount.* Notes to be redeemed in accordance with this condition to the same Noteholder will be aggregated for the purpose of determining the Underlying Securities to which such Notes give entitlement (and, for the avoidance of doubt, in the case of a Basket, per particular class of Underlying Securities comprised in that Basket). The Noteholders will not be entitled to any interest or other payment or compensation if and to the extent that the delivery of the Underlying Securities will take place after the earlier of the Optional Redemption Date or the Maturity Date. The number of Underlying Securities calculated on the basis of the provisions hereof will, to the extent they form a whole number, be transferred to the Noteholder. Entitlement to the remaining fractions of Underlying Securities will be settled by payment of those fractions in cash rounded off to two decimals, calculated by the Calculation Agent on the basis of the price of the Underlying Securities quoted on the relevant Exchange at the closing on the Final Valuation Date and, to the extent necessary, converted into Euro at the Calculation Agent's spot rate of exchange prevailing on such day (the "**Compensation Amount**").
- (3) *Delivery Expenses.* All expenses including but not limited to any depository charges, levies, scrip fees, registration, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or taxes or duties (together "**Delivery Expenses**") arising from the delivery of Underlying Securities in respect of a Note shall be for the account of the relevant Noteholder and no delivery and/or transfer of Underlying Securities in respect of a Note shall be made until all Delivery Expenses have been discharged to the satisfaction of the Issuer by the relevant Noteholder.
- (4) *No Obligation.* None of the Issuer, the Delivery Agent and the Fiscal Agent shall be under any obligation to register or procure the registration of the relevant Noteholder prior or after any delivery of Underlying Securities or any other person as the shareholder in any register of shareholders of any Company or otherwise.
- (5) *Settlement Disruption Event.* If, in the opinion of the Delivery Agent, delivery of Underlying Securities is not practicable by reason of a Settlement Disruption Event having occurred and continuing on the Settlement Date, then the Settlement Date shall be postponed to the first following Business Day in respect of which there is no Settlement Disruption Event, and notice thereof shall be given to the relevant Noteholder in accordance with §12. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note in the event of any delay in the delivery of the Underlying Securities pursuant to this paragraph, and no liability in respect thereof shall attach to the Issuer. For the avoidance of doubt any such postponement shall not constitute a default by the Issuer. For so long as delivery of the Underlying Securities in respect of any Note is not practicable by reason of a Settlement Disruption Event, then instead of physical settlement, and notwithstanding any other provision hereof or any postponement of the Settlement Date, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "**Election Notice**") is given to the Noteholders in accordance with §12. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with §12.]

**[In the case of Equity linked interest: [§3c]**

**[In all other cases insert: [§4d ] [§4e]**

**(Calculation Agent Adjustment. Additional Disruption Event. Corrections. Disrupted Days. Extraordinary Events)**

- (1) *Occurrence of a Potential Adjustment Event.* Following the declaration of the Security Issuer and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, a DR Security Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Underlying Security and/or, where the relevant Final Terms specify that the "Partial Lookthrough Depositary Receipt Provisions" or the "Full Lookthrough Depositary Receipt Provisions" shall apply, the Underlying DR Security and, if so, will:

- (a) make the corresponding adjustment(s), if any, to all relevant amounts and/or any of the other relevant terms and/or remove and/or substitute the affected Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security, in each case, as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security); and
- (b) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by any Related Exchange.
- (c) Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with §12, stating the adjustment to the relevant amounts and/or any of the other relevant terms and giving brief details of the Potential Adjustment Event.

For the avoidance of doubt, in addition to or instead of varying any terms in accordance with the above provisions, the Calculation Agent may distribute to the holders of the outstanding relevant Notes additional Notes and/or a cash amount. Such distribution of additional Notes may be made on a “free” or “delivery versus payment” basis.

(2) *Additional Disruption Event.* Upon the occurrence of an Additional Disruption Events

- (a) the Calculation Agent will determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or any of the other terms of these Terms and Conditions and/or the relevant Final Terms, and/or remove and/or substitute the affected Underlying Security and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Security, to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (b) by giving notice to the Noteholders in accordance with §12, the Issuer, in its sole and absolute discretion, may and redeem all, but not some only, of the Notes by payment of the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with §12 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (3) *Corrections.* In the event that any price or level published on the Exchange and which is utilized for any calculation or determination made in relation to the Notes is subsequently corrected and the correction is published by the Exchange before the the relevant date of payment, the Calculation Agent will, to the extent still possible from a settlement perspective, determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Notes to account for such correction and will notify the Noteholders accordingly pursuant to §12.
- (4) *Disrupted Days.* If the Calculation Agent in its sole and absolute discretion determines that any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that the Calculation Agent determines is not a Disrupted Day, unless the Calculation Agent determines that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its good faith estimate of the value of the Underlying Securities and/or, where the relevant Final Terms specify that the “Partial Lookthrough Depositary Receipt Provisions” or the “Full Lookthrough Depositary Receipt Provisions” shall apply, the Underlying DR Securities as of the Valuation Time on that eighth Scheduled Trading Day.

***[[If “Calculation Agent Adjustment” shall be applicable, insert:]]***

- (5) *Extraordinary Event.* In the event of an Extraordinary Event the Calculation Agent shall make such adjustments to the redemption, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Extraordinary Event upon the Calculation Agent having given not less than five Business Days’ notice to the Noteholders in accordance with §12; and not less than seven Business Days before the giving of such notice, notice to the Fiscal Agent [(unless the Fiscal Agents acts as Calculation Agent)].]

## **USE OF PROCEEDS**

The net proceeds of the Notes will be used by the Issuer for general corporate purposes. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## DESCRIPTION OF BUSINESS OF RABOBANK GROUP

### General

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. At 31 December 2011, it comprised 139 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 47 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 872 branches and 2,949 cash-dispensing machines at 31 December 2011, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients, and approximately 0.8 million corporate 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.

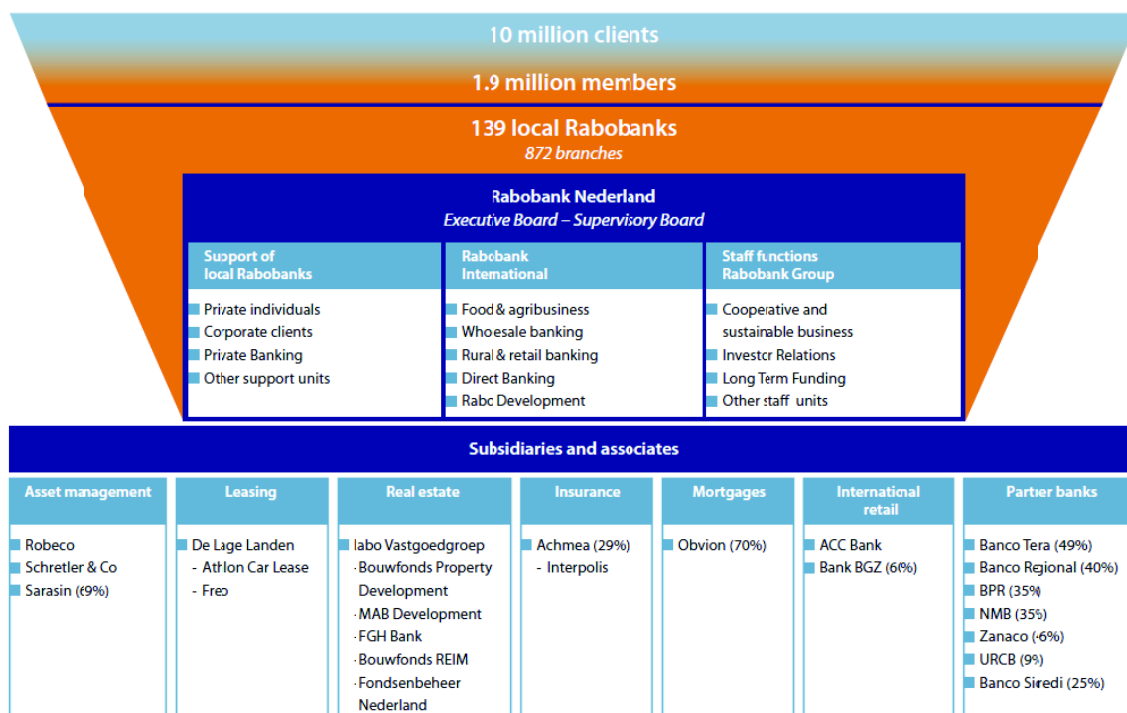
Historically, Rabobank Group has engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, Rabobank Group has also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As 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 2011, Rabobank Group had total assets of €731.7 billion, a private sector loan portfolio of €448.3 billion, amounts due to customers of €329.9 billion, savings deposits of €140.0 billion and equity of €45.0 billion. Of the private sector loan portfolio, €212.3 billion, virtually all of which are mortgages, consists of loans to private individuals, €147.9 billion of loans to the trade, industry and services sector and €88.2 billion of loans to the food and agri sector. At 31 December 2011, its Tier 1 ratio, which is the ratio between Tier 1 capital and total risk-weighted assets, was 17.0 per cent. and its core Tier 1 ratio which is the ratio between core Tier 1 capital and total risk-weighted assets, was 12.7 per cent. For the year ended 31 December 2011, Rabobank Group's efficiency ratio, which is the ratio between total operating expenses and total income, was 65.2 per cent., and the return on equity, or net profit expressed as a percentage of Tier 1 capital, was 7.6 per cent. For the year ended 31 December 2011, Rabobank Group realised a net profit of €2,627 million and a risk-adjusted return on capital ("**RAROC**") of 11.8 per cent. after tax. At 31 December 2011, Rabobank Group had 59,670 full-time employees. For the year ended 31 December 2011, the rate of absenteeism was 3.9 per cent. and Rabobank's employee satisfaction score was 86 per cent.

## Rabobank Group

Rabobank Group Organisation chart

Situation at 31 December 2011



### 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 2011, Rabobank Group's domestic retail banking operations had total assets of €373.0 billion, a private sector loan portfolio of €295.8 billion, amounts due to customers of €200.1 billion and savings deposits of €116.8 billion. For the year ended 31 December 2011, Rabobank Group's domestic retail banking operations accounted for 52 per cent., or €6,941 million, of Rabobank Group's total income and 71 per cent., or €1,853 million, of Rabobank Group's net profit. At 31 December 2011, Rabobank Group's domestic retail banking operations employed approximately 27,300 full-time employees.

#### Local Rabobanks

The 139 (at 31 December 2011) local Rabobanks are independent cooperative entities, each with their own operating areas. With 872 branches and 2,949 cash dispensing machines at 31 December 2011, 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 6.8 million private clients and approximately 0.8 million corporate 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 2011 (*AM Jaarboek 2011*)).

#### ***Obvion N.V.***

Obvion is a joint venture of Rabobank Group and APG (a pension assets manager). It is a provider of mortgages and a number of service products, including guarantees and bridging loans. Obvion focuses exclusively on collaboration with independent brokers.

#### ***Rabohypothekbank***

Rabohypothekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage-lending documentation services to all of the local Rabobanks and is owned 100 per cent. by Rabobank Nederland.

Rabohypothekbank 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 Rabohypothekbank'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. Rabohypothekbank does not engage in the financing of real estate development. At 31 December 2011, Rabohypothekbank 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 Belgium, Australia, 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 has a 60 per cent. stake.

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 2011, Rabobank Group's wholesale banking and international retail banking operations had total assets of €514.6 billion and a private sector loan portfolio of €106.6 billion. For the year ended 31 December 2011, Rabobank Group's wholesale banking and international retail banking operations

accounted for 28 per cent., or €3,750 million, of Rabobank Group's total income and 30 per cent., or €781 million, of Rabobank Group's net profit. At 31 December 2011, Rabobank Group's wholesale banking and international retail banking operations had approximately 15,700 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, as well as by the Swiss private bank, Bank Sarasin & Cie S.A. ("**Sarasin**") and by Schretlen & Co N.V. ("**Schretlen & Co**"), a Dutch private bank. In 2011 Rabobank sold its equity interest in Sarasin and the closing is expected to take place in 2012.

At 31 December 2011, the assets under management and held in custody for clients of Rabobank Group's asset management operations amounted €263.6 billion. For the year ended 31 December 2011, Rabobank Group's asset management operations accounted for 9 per cent., or €1,144 million, of Rabobank Group's total income and 2 per cent., or €62 million, of Rabobank Group's net profit. At 31 December 2011, Rabobank Group's asset management operations had approximately 3,100 full-time employees.

#### ***Robeco Groep N.V.***

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.

Rabobank Nederland owns a 100 per cent. equity interest in Robeco. 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 2011.

For the year ended 31 December 2011, Robeco's net profit was €134 million, corresponding to a profit of €29.49 per share. At 31 December 2011, Rabobank Nederland's liabilities to Robeco amounted to €814 million (bonds), €880 million (current accounts), €2 million (loans and deposits) and €10 million (derivatives). At 31 December 2011 Rabobank Nederland's claims on Robeco amounted to €253 million (loans), €86 million (current accounts), €3 million (professional securities transactions) and €156 million (derivatives).

At 31 December 2011, Robeco managed €150.3 billion in assets.

#### ***Bank Sarasin & Cie S.A.***

Founded in 1841, the Sarasin Group is one of Switzerland's leading private banks. Sarasin's shares are listed at the Swiss stock exchange SWX. The Sarasin Group prioritises sustainability. The Sarasin Group offers a high level of services and expertise as an investment advisor and asset manager for high net-worth private individuals and institutional clients. Internationally, the Sarasin Group operates in 15 countries in Europe, the Middle East and Asia. Rabobank clients have access to Sarasin's investment funds through the local Rabobanks. In 2011 Rabobank sold its equity interest in Sarasin and the closing is expected to take place in 2012.

At 31 December 2011, Sarasin managed €79.3 billion in assets.

#### ***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 2011, Schretlen & Co managed €8.4 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 35 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 owns a 100 per cent. equity interest in De Lage Landen. 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 2011, Rabobank Nederland's liabilities to De Lage Landen amounted to €1,462 million. At 31 December 2011 Rabobank Nederland's claims on De Lage Landen amounted to €24,332 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 2011, De Lage Landen had a loan portfolio of €28.1 billion. For the year ended 31 December 2011, De Lage Landen accounted for 10 per cent., or €1,319 million, of Rabobank Group's total income and 12 per cent., or €304 million, of Rabobank Group's net profit. At 31 December 2011 Rabobank Group's leasing operations employed approximately 5,000 full-time employees.

### ***Real estate, Rabo Vastgoedgroep N.V.***

Rabo Real Estate Group (Rabo Vastgoedgroep 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. 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.

For the year ended 31 December 2011, the Rabo Real Estate Group sold 8,206 houses. At 31 December 2011 Rabo Real Estate Group managed €7.2 billion of real estate assets and its loan portfolio amounted to €19.0 billion. For the year ended 31 December 2011, the real estate operations accounted for 4 per cent., or €530 million, of Rabobank Group's total income and 2 per cent., or €40 million, of Rabobank Group's net profit. At 31 December 2011, Rabobank Group's real estate operations had approximately 1,600 full-time employees.

### ***Participations***

#### ***Achmea B.V.***

Rabobank has a 29 per cent. interest in Achmea B.V. (“**Achmea**”), formerly called Eureko. 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 2011 Achmea had a workforce of approximately 20,900 full-time equivalents and Achmea is the market leader in the area of insurance in the Netherlands (source: Achmea Annual Report 2011), 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, Interpolis, Avéro Achmea, FBTO, Agis Zorgverzekeringen and Zilveren Kruis Achmea. 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**

### ***Sarasin sold to Safra***

Rabobank sold its equity interest in Swiss-based private bank Sarasin to Safra Group for €844 million in 2011. The sale of Sarasin, which serves private clients outside the Netherlands, will allow Rabobank to sharpen its focus on its strategic core business, i.e. broad market leadership in the Netherlands and worldwide growth in the area of food and agri. This transaction is currently still subject to regulatory approval.

### ***Rabobank acquires full ownership of Obvion***

On 26 March 2012 Rabobank announced its intention to acquire the remaining shares in Obvion N.V. (“Obvion”) from the other shareholder, Stichting Pensioenfonds ABP. Rabobank already had 70 per cent. of the voting rights in Obvion. Upon completion of this transaction Obvion will be fully owned by Rabobank. On 9 May 2012 Rabobank acquired the remaining shares in Obvion from Stichting Pensioenfonds ABP and as a result Rabobank has full ownership of Obvion as per that date.

### ***Friesland Bank opts for merger with Rabobank***

On 2 April 2012, Rabobank announced that Friesland Bank and Rabobank had reached agreement on the merger of Friesland Bank with Rabobank. For this purpose, Friesland Bank will initially become a wholly owned subsidiary of Rabobank Nederland. The merger of the customers, employees, branches and activities of Friesland Bank with the network of local Rabobanks in the Netherlands will occur during a transition period. This gradual integration is expected to take approximately two years.

### ***Rabobank announces tender offer on Bank BGZ shares***

On 11 April 2012, Rabobank announced a tender offer concerning the planned acquisition of shares in Bank BGZ. As a result of the tender offer, Rabobank intends to obtain 100 per cent. of shares conferring 100 per cent. of votes at Bank BGZ's shareholders' meeting. Rabobank will only purchase shares by means of the tender offer if, after the tender offer, Rabobank would hold at least 75 per cent. of all Bank BGZ's shares. With such a percentage shareholding Rabobank would obtain an absolute controlling stake in Bank BGZ.

### ***Rabobank sells substantial stake-holding in Yes Bank***

On 26 April 2012, Rabobank sold the majority of its stake in private lender Yes Bank, raising approximately U.S.\$87 million. Rabobank, which owned 16.7 million shares, or a 4.73 per cent. stake, in Yes Bank as at the end of March 2012, sold 12.7 million shares in a series of market transactions. Rabobank has gradually reduced its stake in Yes Bank since June 2010.

### ***Rabobank looking at options for Robeco***

On 27 April 2012, Rabobank confirmed a strategic review of options for Robeco is being conducted. As at the date of this Base Prospectus, such review remains ongoing.

## ***Ratings***

On 14 December 2011, Fitch lowered the long-term issuer default rating (“IDR”) of Rabobank Group as well as of Rabobank Nederland to ‘AA’ with a stable outlook.

On 19 January 2012 DBRS confirmed the long-term deposits and senior debt rating of Rabobank Nederland of ‘AAA’.

On 23 January 2012 Standard & Poor's affirmed the long-term counterparty credit rating of Rabobank Nederland of ‘AA’ but altered the outlook to negative, in line with the outlook for the sovereign credit rating of The Netherlands.

On 15 February 2012 Moody's placed the long-term debt and deposit ratings of Rabobank Nederland of ‘Aaa’ on review for downgrade.

## **Strategy of Rabobank Group**

Rabobank Group's objectives and strategy for the period 2009-2012 are set out in the current Strategic Framework. The strategy for the period 2013-2016 was outlined in 2011. The new strategic framework will take account of a reorientation that reflects the great changes that have taken place in the banking sector in recent years and the current economic environment.

### ***Strategic starting points***

Founded in 1898, Rabobank Group has grown into one of the leading financial service providers in the Netherlands and one of the top international food and agri banks it is today. In its current Strategic Framework, Rabobank Group applies the following strategic starting points:

Rabobank is, and will continue to be, a cooperative that puts the client's interests first. Its structure and procedures set it apart from its competitors. Members exercise influence and control, imposing discipline on the cooperative. As part of its commitment to society, Rabobank endeavours to play a connecting role within the communities and markets in which it operates. It aims to make an active contribution in order to improve the quality of society. To this end, the bank provides financial resources and makes knowledge, media, networks and its employees available.

Rabobank Group offers a full range of financial products and services. This diversification within the group promotes financial stability. The wide range of knowledge and expertise available leads to innovation benefits and synergies. Market leadership continues to be important to Rabobank Group. To be able to keep fulfilling the cooperative's mission in future, the bank needs to be mindful of the profitability of its services.

Rabobank aims to continue to be an independent player of stature in order to preserve its identity as a cooperative. Food and agri is a natural basis for further growth because of Rabobank's leading knowledge position in this area, which follows on logically from its agricultural origins. Rabobank Group also intends to be a global trendsetter in the fields of renewable energy and clean technology, partly with a view to supporting sustainable economic development.

Being creditworthy is vital given the current economic developments. Rabobank seeks to maintain a high level of creditworthiness with solid balance sheet ratios, healthy profitability and high Tier 1 and core Tier 1 ratios in order to access finance at relatively low cost.

Rabobank aims to make an economic, social and ecological contribution to building a sustainable society. It therefore seeks to set high standards in the areas of the environment, society and governance with regard to its services and its policy on responsible banking. Clients need to be able to see that the services they receive are responsible and transparent.

### ***Decisions made when updating strategy***

When updating its strategy for the period up to the end of 2012, Rabobank made the following decisions:

Given the change in market conditions and the stricter capital and liquidity requirements under Basel III, Rabobank Group has decided to place even greater emphasis on sound balance sheet ratios. Any increase in lending is largely dependent on growth in amounts due to customers. It is important that the local Rabobanks, Rabobank International and the subsidiaries arrange a significant portion of their funding themselves. One way of assessing whether balance sheet ratios are relatively sound is to calculate the loan-to-deposit ratio (the ratio of credit loans to amounts due to customers). This ratio improved at Rabobank Group level in 2011 owing to moderate growth in lending in combination with a sharp rise in amounts due to customers.

With regard to the Netherlands, Rabobank intends to be the leading bank across the entire spectrum of businesses. A strong position in the corporate market creates added opportunities for providing services to business owners in a private capacity. In addition, Rabobank aims to achieve further growth in the private banking segment by means of differentiation in customer services, partnerships with subsidiaries and providing better advice. At an international level, Rabobank intends to offer the best possible services to its major Dutch clients through its extensive network.

Rabobank plans to continue to grow and develop as a cooperative. The rationale behind Rabobank is the same as its primary objective: to help customers achieve their ambitions. The client service model has

been further adapted in order to enable the local Rabobanks to respond effectively to the changing needs of clients. During 2011, the range of services offered through direct channels was extended to enable customers to obtain services at a selected time and place.

Rabobank International will focus more on the core activities of Rabobank Group. In the Netherlands, this means supporting Rabobank Group's ambition to become the biggest and most important business bank in the country. Elsewhere, Rabobank International will continue to focus on the food and agri sector.

The subsidiaries will also focus increasingly on helping Rabobank Group achieve its core objectives, specifically becoming the Dutch market leader and developing its profile as the leading food and agri bank. Making full use of specialist areas of expertise and achieving healthy returns are other important roles that will continue to be fulfilled by subsidiaries and associates. In 2011, Rabobank sold its equity interest in the Swiss bank Sarasin. Following this sale, Rabobank is now in a position to concentrate more on its core business.

In order to achieve its strategic ambitions, Rabobank Group needs talented, healthy and committed employees. Based on the belief that the skills and competencies of employees are what make the difference for a business, Rabobank makes group-wide investments in training and developing its workforce.

### ***Strategic Framework 2013-2016***

The environment in which Rabobank operates has changed very significantly in recent times, partly as a result of the global financial crisis and subsequent sovereign debt crisis in recent years. There have also been many legislative and regulatory changes. Under Basel III, stricter criteria have been set for capital and liquidity to ensure banks are better able to withstand financial shocks and make the financial system more stable. The rapid pace of growth seen at Rabobank over the past decade will slow. Furthermore, fuelled by Basel III and turmoil in the financial markets, competition in the savings market has increased and savings margins have come under pressure.

The Strategic Framework for the period 2013-2016 has been prepared in light of for this new economic reality. The starting point for this new framework will be sustainable banking and selective growth. The strategy continues to focus on the fact that Rabobank exists for the benefit of its customers and members. The new framework provides clarity concerning themes that are important to Rabobank, such as the interests of customers, sustainability, being perceived as an appealing employer, improving the position of banks within society, and creating synergy by bringing group entities closer together. The cooperative structure is resilient and progressive, and the cooperative structure forms a cornerstone of Rabobank's identity and approach. The new Strategic Framework will be set out in more concrete terms in the course of 2012.

### ***Strategy for domestic retail banking***

Rabobank Group's ambition is to achieve market leadership in all segments of the Dutch market. Domestic retail banking contributes fully to this ambition by offering a comprehensive range of financial products and services. Rabobank Group has a large market share in the Dutch mortgage and savings market, the market for trade, industry and services (TIS) and the agricultural sector. Rabobank serves the mortgage market with the local Rabobanks and mortgage business Obvion. Rabobank's equity interest in Achmea B.V., formerly called Eureko, was reduced from 31 per cent. to 29 per cent. in 2011. In the Netherlands, Achmea is a prominent participant in the insurance market, operating labels such as Interpolis. As a primary supplier of customers of the local Rabobanks, Interpolis offers a comprehensive range of insurance products and services for the retail mass market and small to medium enterprises ("SMEs"). Rabobank aspires to achieve profitable growth in the insurance market. Rabobank has traditionally had a unique connection with the agricultural sector, serving this sector as a financier, sparring partner and centre of expertise. Rabobank is committed to maintaining this position.

### ***Strategy for wholesale banking and international retail banking***

Rabobank International's strategy focuses on providing a broad range of services in The Netherlands and on serving the food and agri sector internationally. The strategy rests on three pillars: market leadership in the Netherlands, recognition as the global food and agri bank and leveraging of specialist knowledge and products. The underlying principle of Rabobank's strategy is to build long-term relationships with clients. In the Dutch wholesale market, Rabobank International supports the local Rabobanks in their service provision to wholesale clients. Rabobank International serves the major corporates in the Dutch corporate

market. Opportunities were seized in this market in 2011 to broaden Rabobank's service provision to corporate clients and to further increase the number of these clients. In an international context, wholesale banking focuses on the food and agribusiness sector. Rabobank has traditionally played the role of knowledge bank in this sector and has the ambition of being the leading food and agri bank globally. The international wholesale banking business concentrated mainly on its existing food and agri clients in 2011. Because of its international presence and local market knowledge, it managed to streamline its customer services and meet individual customer requirements even better. The international rural and retail banking business focuses on wholesale food and agri clients and on retail clients, particularly to raise savings deposits, in a select number of leading food and agri countries. After having expanded its retail network in key food and agri regions in 2010, Rabobank concentrates on the further integration of these operations into its existing retail activities in 2011. Rabobank contributes to making value chains in the food and agri sector more sustainable.

#### ***Strategy for asset management***

Robeco and Schretlen & Co support Rabobank Group's market leadership in the Netherlands by offering a wide range of investment funds and assets management services via different distribution channels. With their broad product offering and specialised investment teams, they offer tailored investment and asset management services to a wide range of investors. Robeco, together with its subsidiaries Transtrend and Harbor Capital Advisors, provide services to large institutional investors; on an international level, they offer investment services to high net-worth individuals, among other clients. Rabobank Private Banking offers estate planning and asset management services to high net-worth clients. Responsible investing takes centre-stage in client services. Bouwfonds REIM, a division of Rabo Real Estate Group, offers property-based investment products to private and institutional investors.

#### ***Strategy for leasing***

De Lage Landen's strategy is aimed at further optimising its portfolio. The strategy centres on working in tandem with other Rabobank Group entities. In the Netherlands, De Lage Landen has collaborated closely with the local Rabobanks for many years. Teamwork is emphasised in an international context too, for instance in Poland where De Lage Landen has a joint venture with Bank BGZ, and in China where Rabobank International and De Lage Landen have entered into a partnership with the Agricultural Bank of China. The OneDLL programme is designed to further intensify ties between the different divisions of De Lage Landen.

#### ***Strategy for real estate***

Rabo Real Estate Group operates the following labels: Bouwfonds Property Development, MAB Development, FGH Bank, Bouwfonds REIM and Fondsenbeheer Nederland. Bouwfonds Property Development develops comprehensive residential areas and small mixed-use projects. MAB Development is a leading commercial property developer. FGH Bank specialises in property finance. 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 our living environment.

Rabo Real Estate Group is Rabobank Group's in-house centre of expertise in real estate. Besides its home market in the Netherlands, Rabo Real Estate Group is also a significant participant in France and Germany. Through real estate development (residential areas and commercial properties), property finance and investment management, Rabo Real Estate Group aims, in a socially responsible way, to help its clients achieve their ambitions for living, working, shopping and leisure. In doing so, Rabo Real Estate Group seeks to maintain its national and international markets positions, with controlled growth of its activities in France and Germany.

#### ***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. These

developments may affect the competitive environment in which Rabobank Group operates in the Netherlands and Rabobank expects competition in the Dutch savings market to continue in 2012 and 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 67 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 2011, Rabobank Group had a market share of 31.7 per cent. of the total amount of new home mortgages in the Dutch mortgage market by value (26.2 per cent. by local Rabobanks and 5.5 per cent. by Obvion; source: Dutch Land Registry Office (Kadaster)). Rabobank Group is the largest mortgage-lending institution in the Netherlands (measured by Rabobank's own surveys).

*Saving deposits of individuals:* At 31 December 2011, Rabobank Group had a market share of 38.7 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, 37.3 per cent. are held by the local Rabobanks and 1.4 per cent. are held by Robeco Direct's savings bank Roparco.

*Lending to small and medium-sized enterprises:* At 31 December 2011, Rabobank Group had a market share of 42 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 2011, Rabobank Group had a market share of 83 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 GROUP STRUCTURE**

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. It offers retail banking, wholesale banking, asset management, leasing and real estate services. Its focus is on all-finance services in the Netherlands and on food and agri business internationally. Rabobank Group comprises independent local Rabobanks plus Rabobank Nederland, their umbrella organisation, and a number of specialist subsidiaries. Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad.

The umbrella organisation of Rabobank Group, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), having its statutory seat in Amsterdam, is a cooperative entity formed primarily as a result of the merger of the two largest banking cooperative entities in the Netherlands and was incorporated with unlimited duration on 22 December 1970. A cooperative under the laws of the Netherlands has members and has the statutory objective to provide for certain material needs of its members. Rabobank Nederland was registered with the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands in December 1970 under number 30046259. The executive offices are located at: Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is: +31 (0)30 2160000.

Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. In addition to being a member of Rabobank Nederland, each local Rabobank has shares in Rabobank Nederland in accordance with Article 15 of Rabobank Nederland's articles of association. The shares are fully paid up on issuance and are not permitted to be pledged, given in usufruct, or otherwise encumbered, alienated or transferred. The articles of association provide that shares may be issued only pursuant to a resolution of the General Meeting proposed by Rabobank Nederland's Executive Board and approved by its Supervisory Board. Pursuant to the articles of association, each local Rabobank is obliged, by virtue of its membership, to participate in any future issue of shares. Since 1 July 2010 the total number of outstanding shares of Rabobank has been 6,001,800 of €1,000 each. The share capital of Rabobank Nederland is €6,002 million. On the basis of a prescribed allocation formula, taking into account the total balance sheet position, Tier 1 capital and commercial profits of each local Rabobank, these shares were distributed to the members. In 2011, a dividend of €483 million, as approved by the General Meeting, was distributed to the local Rabobanks and in 2012 a dividend of €493 million is expected to be distributed to the local Rabobanks. In previous years, such distributed dividends to the local Rabobanks amounted to €438 million in 2010, €342 million in 2009, nil in 2008 and nil in 2007. 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 certain ownership rights with respect to Rabobank Nederland. However, their position with respect to ownership cannot be compared to the position of shareholders in a corporation. 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 should 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 should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining liable parties shall be liable in the same proportion for the amount not recovered. Under the articles of association of Rabobank Nederland, the total amount for which members or former members are liable shall never exceed 3 per cent. of its last adopted balance sheet total. However, this limitation of liability under the articles of association of Rabobank Nederland does not affect the liability of the local Rabobanks under the cross-guarantee system and their liability under the compensation agreements (as described below).

Rabobank Nederland's functions within Rabobank Group can be broadly divided into several areas. Traditionally, an important task of Rabobank Nederland has been its function as a bankers' bank. Another important task is to provide service to the local Rabobanks in the form of support, advice and guidance. 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). Furthermore, Rabobank Nederland is entrusted with the supervision of the local Rabobanks pursuant to the provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). Finally, Rabobank Nederland operates its own banking business, both complementary to and independent of the business of the local Rabobanks and is the holding company of various subsidiaries.



At 31 December 2011, the number of local Rabobanks was 139. The local Rabobanks are organised as cooperative entities under the laws of the Netherlands and draw all of their members from their customers. At 31 December 2011, the local Rabobanks had approximately 1,862,000 members. Members of the local Rabobanks do not make capital contributions to the local Rabobanks and are not entitled to the equity of the local Rabobanks. Members are not liable for any obligations of the local Rabobanks.

For regulatory and financial reporting purposes, Rabobank Nederland and the local Rabobanks, as well as the participating subsidiaries, are treated as one consolidated entity.

## **Relationship between Rabobank Nederland and the local Rabobanks**

### ***The Rabobank Nederland cooperative and its members***

Rabobank Nederland was established for the support of the local Rabobanks' banking business and act as their bankers' bank. In addition, Rabobank Nederland acts as supervisor of the local Rabobanks, partly on behalf of the Dutch supervisory authorities. Only banks that have a cooperative structure and whose Articles of Association have been approved by Rabobank Nederland can be members of Rabobank Nederland. The local Rabobanks also hold shares in the capital of Rabobank Nederland. In turn, the local Rabobanks have members as well, who are local clients. The local Rabobanks have strictly defined rights and obligations towards Rabobank Nederland and each other that are reflected in the governance structure.

### ***Supervision of local Rabobanks***

Pursuant to the prudential supervision part of the Dutch Financial Supervision Act and under Rabobank Nederland's Articles of Association and the Articles of Association of the local Rabobanks, Rabobank Nederland supervises the local Rabobanks on the control over and the integrity of their operations, sourcing, solvency and liquidity. In addition, under the conduct supervision part of the Dutch Financial Supervision Act, Rabobank Nederland has been appointed by the Dutch Ministry of Finance as the holder of a collective license that also includes the local Rabobanks. Thus, the supervision of conduct by the AFM is exercised through Rabobank Nederland.

### ***Internal liability (cross-guarantee system)***

Rabobank Group consists of the local Rabobanks, their central organisation Rabobank Nederland and its subsidiaries and other affiliated entities. Through their mutual financial association, various legal entities within Rabobank Group collectively make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the Dutch Financial Supervision Act. This relationship is formalised in an internal cross-guarantee system (*kruislingse garantieregeling*), 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. Within Rabobank Group the participating entities are:

Rabobank Nederland  
Local Rabobanks  
Rabohypotheekbank N.V.  
Raiffeisenhypotheekbank N.V.  
De Lage Landen Financial Services B.V.  
De Lage Landen Financiering B.V.  
De Lage Landen International B.V.  
De Lage Landen Trade Finance B.V.  
Schretlen & Co N.V.

The local Rabobanks are also parties 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.

#### **403 Declaration**

Rabobank Nederland has assumed liability for the debts arising from legal transactions of a number of Rabobank Group companies under section 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*).

#### **Rabobank Nederland's activities**

##### ***Capital adequacy and liquidity***

The cross-guarantee system operates in concert with the regulatory and administrative supervision of the local Rabobanks by Rabobank Nederland. Notwithstanding the fact that Rabobank Nederland and the local Rabobanks are supervised by the Dutch Central Bank (*De Nederlandsche Bank N.V.*) on a consolidated basis, based on Article 3:111 of the Dutch Financial Supervision Act, Rabobank Nederland has responsibility 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 standards actually applied by Rabobank Nederland, however, are more conservative than the regulations promulgated by the law. This policy partly reflects the fact that 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 permitted to have accounts only with Rabobank Nederland, which is the sole outlet for each local Rabobank's excess liquidity and acts as treasurer to the local Rabobanks.

##### ***Supervision on market conduct***

Pursuant to section 2:105 of the Dutch Financial Supervision Act, Rabobank Nederland has been designated by the Minister of Finance (*Ministerie van Financiën*) as an undertaking which is deemed to have a collective licence, applying both to itself and to all local Rabobanks. As a consequence of this collective licence, the supervision by the AFM, as far as compliance with the rules on market conduct pursuant to the Dutch Financial Supervision Act is concerned, will be directed at Rabobank Nederland. In turn, Rabobank Nederland plays a central role in the supervision of the conduct of the local Rabobanks.

## 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 Base 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 below "Change in accounting policies and certain restatements" 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 service provider operating on the basis of cooperative principles. At 31 December 2011, it comprised 139 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 47 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 2011, Rabobank Group had total assets of €731.7 billion and 59,670 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. For more details, see "Rabobank Group Structure — Internal liability (cross-guarantee system)".

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 872 branches and 2,949 cash-dispensing machines at 31 December 2011, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients and approximately 0.8 million corporate 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 financial markets following the European sovereign debt crisis that arose in the first half of 2010. Moreover, renewed tensions surrounding Iran's nuclear program, associated with the release of a new report of the International Atomic Energy Agency in November 2011, and the continuing social unrest (which started in the beginning of 2011) in certain Middle East countries, particularly Syria, may also cause adverse economic effects which may adversely impact the Rabobank Group. In the Netherlands, competition for savings is likely to continue. The limited

growth of the Dutch economy impacted Rabobank Group's growth in lending and resulted in loan losses above Rabobank Group's long-term average.

In 2011, 62 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, are 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 Notes issued under the Programme — Business and general economic conditions".

### ***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 the 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 a final solution to the European sovereign debt crisis materialises, Rabobank expects that the relatively low interest rate environment that it faced in the recent past is likely to continue in 2012, 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 Base 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 probable 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 pre-determined 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**

As a result of changes in accounting policies and presentation, certain figures for Rabobank Group for the year ended 31 December 2010 in this Base Prospectus have been restated, see the Consolidated Financial Statements 2011 Rabobank Group, under note 2.1.1, “Changes in accounting policies and presentation”. Where the year ended 31 December 2011 is compared with the year ended 31 December 2010, the restated figures for 2010 are discussed.

### **Results of operations**

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

	<i>Year ended 31 December</i>		
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Interest .....	9,229	8,614	8,075
Commission .....	2,981	2,831	2,575
Other results .....	1,168	1,271	1,784
<b>Total income</b> .....	<b>13,378</b>	<b>12,716</b>	<b>12,434</b>
Staff costs .....	5,141	4,919	4,603
Other administrative expenses .....	3,001	2,706	2,908
Depreciation and amortisation .....	578	571	527
<b>Operating expenses</b> .....	<b>8,720</b>	<b>8,196</b>	<b>8,038</b>
<b>Gross result</b> .....	<b>4,658</b>	<b>4,520</b>	<b>4,396</b>
Value adjustments .....	1,606	1,234	1,959
<b>Operating profit before taxation</b> .....	<b>3,052</b>	<b>3,286</b>	<b>2,437</b>

Taxation.....	425	514	229
<b>Net profit</b> .....	<b>2,627</b>	<b>2,772</b>	<b>2,208</b>

#### ***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.

*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 results.* Other results 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 results.

*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 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.

#### ***Year ended 31 December 2010 compared to year ended 31 December 2009***

*Total income.* Rabobank Group's total income increased 2 per cent. in 2010, rising to €12,716 million compared to €12,434 million in 2009.

*Interest.* Due to recovered margins on savings deposits and an increase in lending, interest income increased 7 per cent. to €8,614 million in 2010 compared to €8,075 million in 2009.

*Commission.* Commission increased 10 per cent. to €2,831 million in 2010 compared to €2,575 million in 2009. Asset management fees rose because more assets were managed for clients.

*Other results.* Other results fell sharply in 2010 to €1,271 million compared to €1,784 million in 2009. Other results had been relatively high in 2009 due mainly to the amortisation of actuarial gains and the repurchase of debt securities.

*Operating expenses.* Rabobank Group's operating expenses rose by 2 per cent. in 2010 to €8,196 million compared to €8,038 million in 2009, mainly due to an increase in staff costs because of the devaluation of the euro.

*Staff costs.* Staff costs increased by 7 per cent. to €4,919 million in 2010 compared to €4,603 million in 2009. Staff costs rose notably at Rabobank International and, to a lesser extent, at De Lage Landen because of the depreciation of the euro. Higher pension costs also contributed to the rise in staff costs.

*Other administrative expenses.* Other administrative expenses dropped by 7 per cent. to €2,706 million in 2010 compared to €2,908 million in 2009. The administrative expenses dropped due to tighter group-wide cost control and lower costs incurred for the deposit guarantee system.

*Depreciation and amortisation.* Depreciation and amortisation charges increased 8 per cent. to €571 million in 2010 compared to €527 million in 2009.

*Value adjustments.* Many of Rabobank Group's corporate clients were able to improve their financial position. As a result, Rabobank made considerably fewer allocations on balance to the allowance for loan losses. Bad debt costs were down mainly at the local Rabobanks, Rabobank International and De Lage Landen. At Group level, value adjustments dropped by 37 per cent., falling to €1,234 million in 2010 compared to €1,959 million in 2009. At 29 basis points of average lending (2009: 48 basis points), bad debt costs were still slightly above the long-term average of 23 basis points (based on the period 2000 to 2009).

*Taxation.* The recognised tax expense was €514 million in 2010 compared to €229 million in 2009, which corresponds to an effective tax rate of 15.6 per cent. (2009: 9.4 per cent.).

*Net profit.* Net profit increased by 26 per cent. to €2,772 million in 2010 compared to €2,208 million in 2009 primarily due to lower bad debt costs, but also because of higher interest income and a moderate rise in expenses. An amount of €1,846 million (in 2009: €1,395 million) remained net of non-controlling interests and payments on Rabobank Member Certificates and hybrid equity instruments. This amount was used to bolster 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:

<i>(in millions of euro)</i>	<i>Year ended 31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
Interest.....	5,218	4,894	4,360
Commission.....	1,357	1,321	1,261
Other results .....	366	294	505
<b>Total income</b> .....	<b>6,941</b>	<b>6,509</b>	<b>6,126</b>
Staff costs .....	2,258	2,161	2,196
Other administrative expenses.....	1,609	1,553	1,569
Depreciation and amortisation.....	119	119	133
<b>Operating expenses</b> .....	<b>3,986</b>	<b>3,833</b>	<b>3,898</b>
<b>Gross result</b> .....	<b>2,954</b>	<b>2,676</b>	<b>2,228</b>
Value adjustments .....	648	358	721
<b>Operating profit before taxation</b> .....	<b>2,307</b>	<b>2,318</b>	<b>1,507</b>
Taxation .....	454	475	294
<b>Net profit</b> .....	<b>1,853</b>	<b>1,843</b>	<b>1,213</b>

***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.

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

*Other results.* 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 results 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 and amortisation.* At €119 million in 2011, compared to €119 million in 2010, depreciation and amortisation were 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. Year ended 31 December 2010 compared to year ended 31 December 2009.

*Total income.* Domestic retail banking total income increased by 6 per cent., rising to €6,509 million in 2010, compared to €6,126 million in 2009.

*Interest.* Interest income increased 12 per cent. to €4,894 million in 2010, compared to €4,360 million in 2009, as a result of recovered margins, particularly on savings deposits.

*Commission.* Commission showed a limited 5 per cent. rise to €1,321 million in 2010, compared to €1,261 million in 2009, in part as a result of the issue of new products.

*Other results.* Other results were comprised mostly of dividends from Rabobank Nederland; this item amounted to €294 million in 2010, compared to €505 million in 2009.

*Operating expenses.* Total operating expenses at domestic retail banking decreased 2 per cent. in 2010, falling to €3,833 million in 2010, compared to €3,898 million in 2009, principally as a result of a decrease in staff costs.

*Staff costs.* There was a decline in costs of contract staff and other staff costs. The headcount was down 4 per cent. to 27,322 full time employees (2009: 28,529). Owing to these developments, staff costs fell by 2 per cent. on balance to €2,161 million in 2010, compared to €2,196 million in 2009.



*Other administrative expenses.* At €1,553 million in 2010, compared to €1,569 million in 2009, other administrative expenses were virtually stable.

*Depreciation and amortisation.* Depreciation charges on real estate and equipment were lower in 2010, as a result of which depreciation and amortisation decreased by 11 per cent., dropping to €119 million, compared to €133 million in 2009.

*Value adjustments.* The economic recovery of 2010 was reflected in developments in bad debt costs at domestic retail banking, which dropped compared to 2009. Value adjustments fell by 50 per cent. to €358 million, compared to €721 million in 2009. This corresponds to 13 (2009: 26) basis points of average lending, which was closer to the long-term average of 11 basis points (based on the period 2000 to 2009). Of total lending, 69 per cent. is comprised of home mortgage loans. Bad debt costs on home mortgage loans were low at 4 basis points.

*Taxation.* Taxation increased in 2010 by €181 million to €475 million compared to €294 million in 2009.

*Net profit.* Net profit increased by 52 per cent. to €1,843 million in 2010 compared to €1,213 million in 2009.

### **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:

<i>(in millions of euro)</i>	<b><i>Year ended 31 December</i></b>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
Interest .....	2,957	2,813	2,955
Commission .....	586	460	488
Other results .....	207	306	(63)
<b>Total income</b> .....	<b>3,750</b>	<b>3,579</b>	<b>3,380</b>
Staff costs .....	1,116	1,020	998
Other administrative expenses .....	847	811	691
Depreciation and amortisation .....	109	108	94
<b>Operating expenses</b> .....	<b>2,072</b>	<b>1,939</b>	<b>1,783</b>
<b>Gross result</b> .....	<b>1,678</b>	<b>1,640</b>	<b>1,597</b>
Value adjustments .....	686	597	940
<b>Operating profit before taxation</b> .....	<b>992</b>	<b>1,043</b>	<b>657</b>
Taxation .....	211	269	91
<b>Net profit</b> .....	<b>781</b>	<b>774</b>	<b>566</b>

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

*Total income.* Total income at Rabobank International increased by 4.8 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.

*Commission.* Commission increased by 27 per cent. to €586 million compared to €460 million in 2010.

*Other results.* Other results were favourable in 2010 because of the sale of part of the equity interest in Yes Bank. In 2011 other results 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 4 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 and amortisation.* Depreciation and amortisation 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.

#### ***Year ended 31 December 2010 compared to year ended 31 December 2009***

*Total income.* Total income at Rabobank International increased to €3,579 million in 2010 compared to €3,380 million in 2009, due chiefly to a rise in other results. The increase was also partly attributable to the depreciation of the euro over the period.

*Interest.* Interest income fell by 5 per cent. to €2,813 million in 2010, compared to €2,955 million in 2009. Global Financial Markets benefited from developments in the yield curve in 2009, which boosted interest income in 2009.

*Commission.* Commission fell by 6 per cent. to €460 million compared to €488 million in 2009.

*Other results.* The rise in other results by €369 million to €306 million in 2010, compared to a negative amount of €63 million in 2009, was attributable in part to a gain of €152 million on the sale of some of the equity interest in Indian-based Yes Bank and to higher trading income at Global Financial Markets.

*Operating expenses.* Rabobank International's total operating expenses increased by 9 per cent. to €1,939 million, compared to €1,783 million in 2009. The increase was partly attributable to the depreciation of the euro over the period.

*Staff costs.* Owing in part to an increase in headcount, staff costs increased 2 per cent. to €1,020 million, compared to €998 million in 2009. This increase related to the acquisition of three banks in California and the broadening of activities at Bank BGZ.

*Other administrative expenses.* Higher consulting and administrative expenses led to a 17 per cent. rise in other administrative expenses to €811 million in 2010, compared to €691 million in 2009.

*Depreciation and amortisation.* Due to higher amortisation changes on software, depreciation and amortisation charges rose by 15 per cent. to €108 million, compared to €94 million in 2009.

*Value adjustments.* The upturn in the economy and good credit risk management resulted in a drop in value adjustments at Rabobank International, which decreased 36 per cent. to €597 million, compared to €940 million in 2009. The improved economy resulted in a sharp drop in bad debt costs at the wholesale banking division in particular. Owing in part to the continued recession in Ireland, the decline in value adjustments was more limited at the international retail banking division. Bad debt costs amounted to 64 (2009: 105) basis points of average lending, which was higher than the long-term average of 52 basis points (based on the period 2000 to 2009).

*Taxation.* Taxation increased in 2010 by €178 million to €269 million compared to €91 million in 2009.

*Net profit.* Net profit increased by 37 per cent. to €774 million in 2010 compared to €566 million in 2009.

#### ***Asset management***

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

	<b><i>Year ended 31 December</i></b>		
<b><i>(in millions of euro)</i></b>	<b><i>2011</i></b>	<b><i>2010</i></b>	<b><i>2009</i></b>

Interest.....	163	166	104
Commission.....	979	995	757
Other results .....	2	47	123
<b>Total income.....</b>	<b>1,144</b>	<b>1,208</b>	<b>984</b>
Staff costs .....	593	564	553
Other administrative expenses.....	311	287	288
Depreciation and amortisation.....	114	117	109
<b>Operating expenses.....</b>	<b>1,018</b>	<b>968</b>	<b>950</b>
<b>Gross result .....</b>	<b>126</b>	<b>240</b>	<b>34</b>
Value adjustments .....	(1)	2	4
<b>Operating profit before taxation .....</b>	<b>127</b>	<b>238</b>	<b>30</b>
Taxation.....	65	71	17
<b>Net profit .....</b>	<b>62</b>	<b>167</b>	<b>13</b>

#### ***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 results.

*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.

*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 results.* The sale of Sarasin contributed to the €45 million fall in other results 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 2 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

#### ***Year ended 31 December 2010 compared to year ended 31 December 2009***

*Total income.* On the back of higher commissions and higher interest income, total income from asset management was 23 per cent. higher in 2010, at €1,208 million compared to €984 million in 2009. For both Robeco's core business and its subsidiaries, management fees were higher than in 2009.

*Interest.* Total interest income was 60 per cent. higher in 2010, at €166 million compared to €104 million in 2009, due in particular to growth in Robeco's interest income.

*Commission.* Commission increased by 31 per cent. to €995 million in 2010, compared to €757 million in 2009. Asset management fees were higher than in 2009 for both Robeco's core business and its subsidiaries Transtrend and Harbor. The increase in asset management fees is a direct result of the average growth in managed assets and Transtrend's higher performance-related income.

*Other results.* Sarasin generated less income from trading activities in 2010 and contributed to the €76 million drop in other results to €47 million, compared to €123 million in 2009.

*Operating expenses.* Sarasin's operating expenses increased as a result of the appreciation of the Swiss franc. Total operating expenses at group level were 2 per cent. higher in 2010, rising to €968 million in 2010, compared to €950 million in 2009, due in part to cost control measures at Robeco.

*Staff costs.* Staff costs were 2 per cent. higher, rising to €564 million in 2010, compared to €553 million in 2009.

*Other administrative expenses.* Other administrative expenses were relatively constant at €287 million in 2010, compared to €288 million in 2009.

*Depreciation and amortisation.* Due to higher amortisation of intangible assets, depreciation and amortisation charges rose by 7 per cent. to €117 million in 2010 compared to €109 million in 2009.

*Value adjustments.* The total amount of value adjustments for asset management operations was €2 million in 2010 compared to €4 million in 2009.

*Taxation.* Taxation increased in 2010 by €54 million to €71 million compared to €17 million in 2009.

*Net profit.* Net profit increased by €154 million to €167 million in 2010.

### **Leasing**

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

	<i>Year ended 31 December</i>		
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Interest.....	778	658	590
Commission.....	76	83	59
Other results .....	465	440	377
<b>Total income.....</b>	<b>1,319</b>	<b>1,181</b>	<b>1,026</b>
Staff costs .....	455	416	375
Other administrative expenses.....	269	244	206
Depreciation and amortisation.....	50	40	35
<b>Operating expenses.....</b>	<b>774</b>	<b>700</b>	<b>616</b>
<b>Gross result .....</b>	<b>545</b>	<b>481</b>	<b>410</b>
Value adjustments .....	144	214	300
<b>Operating profit before taxation .....</b>	<b>401</b>	<b>267</b>	<b>110</b>
Taxation.....	97	66	(2)
<b>Net profit .....</b>	<b>304</b>	<b>201</b>	<b>112</b>

### **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.

*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 results.* Increases in residual value gains on lease products caused an increase in other results 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 and amortisation.* The depreciation and amortisation 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.

### ***Year ended 31 December 2010 compared to year ended 31 December 2009***

*Total income.* De Lage Landen's total income increased by 15 per cent., rising to €1,181 million in 2010, compared to €1,026 million in 2009. Approximately one third of the increase was due to depreciation of the euro over the period.

*Interest.* Active portfolio management led to a higher interest margin on new contracts. This, combined with growth in the portfolio, raised De Lage Landen's interest income by 12 per cent. to €658 million, compared to €590 million in 2009.

*Commission.* Contract renewals caused commission to rise by 41 per cent. to €83 million in 2010, compared to €59 million in 2009.

*Other results.* Other results increased by 17 per cent. to €440 million in 2010, compared to €377 million in 2009. The increase in other results was attributable to higher residual value gains on the second-hand car market.

*Operating expenses.* Total operating expenses at De Lage Landen rose by 14 per cent. to €700 million in 2010, compared to €616 million in 2009. Currency effects accounted for about one third of this rise. After adjustment, a moderate increase in operating expenses remained.

*Staff costs.* In addition to the depreciation of the euro over the period, the 2 per cent. increase in headcount to 4,835 in 2010 compared to 4,734 in 2009 contributed to the rise in staff costs by 11 per cent. to €416 million in 2010, compared to €375 million in 2009.

*Other administrative expenses.* Other administrative expenses were up 18 per cent. to €244 million, compared to €206 million in 2009.

*Depreciation and amortisation.* The depreciation and amortisation item increased by 14 per cent. to €40 million in 2010, compared to €35 million in 2009, due to higher amortisation charges of software.

*Value adjustments.* Value adjustments were down €86 million to €214 million at De Lage Landen in 2010 due to a tight risk management policy and supported by the tentative economic recovery. Expressed in basis points of average lending, bad debt costs stood at 90 basis points (2009: 132 basis points), which is above the long-term average of 63 basis points (based on the period 2000 to 2009).

*Taxation.* Taxation increased in 2010 by €68 million to €66 million compared to a negative amount of €2 million in 2009.

*Net profit.* Net profit increased 79 per cent. to €201 million in 2010 compared to €112 million in 2009.

## Real Estate

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

<i>(in millions of euro)</i>	<i>Year ended 31 December</i>		
	<i>2011</i>	<i>2010</i>	<i>2009</i>
Interest.....	282	253	182
Commission.....	41	26	44
Other results .....	207	214	283
<b>Total income</b> .....	<b>530</b>	<b>493</b>	<b>509</b>
Staff costs .....	200	193	196
Other administrative expenses.....	124	145	164
Depreciation and amortisation.....	20	29	37
<b>Operating expenses</b> .....	<b>344</b>	<b>367</b>	<b>397</b>
<b>Gross result</b> .....	<b>186</b>	<b>126</b>	<b>112</b>
Value adjustments .....	129	63	22
<b>Operating profit before taxation</b> .....	<b>57</b>	<b>63</b>	<b>90</b>
Taxation.....	17	21	22
<b>Net profit</b> .....	<b>40</b>	<b>42</b>	<b>68</b>

### *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.

*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 results.* 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 results 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 and amortisation.* Depreciation and amortisation 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.

### ***Year ended 31 December 2010 compared to year ended 31 December 2009***

*Total income.* During 2010, total income in Rabobank Group's real estate business decreased by 3 per cent. to €493 million in 2010 compared to €509 million in 2009.

*Interest.* Interest income increased by €71 million to €253 million in 2010 compared to €182 million in 2009, due to higher margins on new loans and contract renewals, favourable developments in interest rates and volume growth.

*Commission.* Commission fell by 41 per cent. to €26 million in 2010, compared to €44 million in 2009. Commissions were high in 2009 because of a one-off payment to FGH Bank as a result of the repurchase of debt securities.

*Other results.* Owing in particular to the fact that Bouwfonds Property Development completed lower priced homes on average, other results dropped to €214 million in 2010, compared to €283 million in 2009.

*Operating expenses.* Total operating expenses in Rabobank Group's real estate business declined by 8 per cent. in 2010, falling to €367 million, compared to €397 million in 2009. The drop in other administrative expenses was the main factor in the lower operating expenses.

*Staff costs.* Staff costs fell by 2 per cent. to €193 million in 2010, compared to €196 million in 2009.

*Other administrative expenses.* The drop in other administrative expenses was the main factor in lower operating expenses. Other administrative expenses were down 12 per cent. to €145 million in 2010, compared to €164 million in 2009, due to the cost-cutting programme initiated in 2010.

*Depreciation and amortisation.* Depreciation and amortisation decreased by €8 million to €29 million in 2010 compared to €37 million in 2009.

*Value adjustments.* Value adjustments stood at €63 million in 2010, compared to €22 million in 2009, which corresponds to 36 (2009: 14) basis points of average lending. Despite the tentative recovery that started in mid-2009, the Dutch property market continued to suffer the consequences of the credit crunch. Bad debt costs were up at Rabo Real Estate Group because of the late-cycle character of the business.

*Taxation.* Taxation decreased by €1 million to €21 million in 2010 compared to €22 million in 2009.

*Net profit.* Net profit decreased by €26 million to €42 million in 2010 compared to €68 million in 2009.

### ***Loan portfolio***

Economic recovery slowed and then ceased in mid-2011 owing to uncertainty surrounding the ability of a number of European governments to meet their debt obligations. This again suppressed consumer confidence, which had not been very strong to begin with, and affected the manufacturing industry as well. Compounded by the levelling off of world trade and lagging government spending, Dutch economic growth slowed down in the second half of 2011. Most other countries where Rabobank operates also suffered from slower growth and a poorer outlook. In these difficult circumstances, the loans to customers item increased no more than 3 per cent., or €12.1 billion, to €468.1 billion at 31 December 2011 from €455.9 billion at 31 December 2010. The private sector loan portfolio increased by €12 billion to €448.3 billion at 31 December 2011, an increase of 3 per cent. from €436.3 billion at 31 December 2010. Loans to private individuals, primarily for mortgage finance, was up €4.3 billion, or 2 per cent., to €212.3 billion at 31 December 2011. Residential mortgage loans are granted by local Rabobanks and by Obvion. These loans are secured on underlying properties and have maturities up to 30 years. Loans to the trade, industry and services sector increased by €0.2 billion to €147.9 billion at 31 December 2011. Lending to the food and agri sector increased by €7.6 billion to €88.2 billion at 31 December 2011, a 9 per cent. increase.

The following table shows a breakdown of Rabobank Group's total lending outstanding to the private sector at 31 December 2011 and 31 December 2010, by category of borrower:

<i>At 31 December</i>				
<i>(in millions of euro and as percentage of total private sector lending)</i>				
	<i>2011</i>		<i>2010</i>	
Private individuals .....	212,269	47%	208,005	48%

Trade, industry and services sector.....	147,877	33%	147,669	34%
Food and agri sector .....	88,191	20%	80,618	18%
<b>Total private sector lending</b> .....	<b>448,337</b>	<b>100%</b>	<b>436,292</b>	<b>100%</b>

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 2011 and 31 December 2010:

<i>At 31 December</i>				
<i>(in millions of euro and as percentage of total loans to customers)</i>				
	<i>2011</i>		<i>2010</i>	
Less than 1 year .....	111,464	24%	108,260	24%
More than 1 year.....	356,621	76%	347,681	76%
<b>Total loans to customers</b> .....	<b>468,085</b>	<b>100%</b>	<b>455,941</b>	<b>100%</b>

### **Funding**

At 31 December 2011, amounts due to customers of Rabobank Group were €329.9 billion, an increase of 10 per cent. compared to 31 December 2010. The balance held in savings deposits increased by €9.1 billion to €140.0 billion, an increase of 7 per cent. Other amounts due to customers (including current accounts, repurchase agreements and time deposits) increased by €22.0 billion to €189.9 billion at 31 December 2011, largely due to an increase in term deposits. Term deposits increased by €12.1 billion to €58.9 billion. At 31 December 2011, debt securities in issue (including certificates of deposit, commercial paper and bonds) totalled €213.4 billion compared to €196.8 billion at 31 December 2010. 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 2011, 31 December 2010 and 31 December 2009:

<i>Year ended 31 December</i>			
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Savings deposits .....	140,028	130,928	121,373
Other due to customers .....	189,864	167,833	164,965
Debt securities in issue .....	213,441	196,819	171,752
Other financial liabilities at fair value through profit or loss.....	25,889	29,867	27,319
<b>Total</b> .....	<b>569,222</b>	<b>525,447</b>	<b>485,409</b>

Rabobank Group also receives funds from the interbank and institutional market. Rabobank Group's total due to other banks were €26.3 billion at 31 December 2011, a 12 per cent. increase from €23.5 billion at 31 December 2010.

### **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 2011**

<i>(in millions of euro)</i>	<i>Trading</i>	<i>Other at fair value through profit or loss</i>	<i>Available- for-sale</i>	<i>Held-to- maturity</i>	<i>Total</i>
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
<b>Other debt securities</b> .....	1,788	5,622	8,576	13	15,999
<b>Total debt securities</b> .....	6,342	6,034	51,173	109	63,658
Venture capital .....	—	571	—	—	571
Equity instruments .....	1,770	410	757	—	2,937
<b>Total other assets</b> .....	1,770	981	757	—	3,508
<b>Total</b> .....	8,112	7,015	51,930	109	67,166
Category 1 <sup>1</sup> .....	4,256	1,013	45,506	—	50,775
Category 2 <sup>1</sup> .....	3,452	4,506	6,197	—	14,155
Category 3 <sup>1</sup> .....	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.

**Other financial assets at 31 December 2010**

<i>(in millions of euro)</i>	<i>Trading</i>	<i>Other at fair value through profit or loss</i>	<i>Available- for-sale</i>	<i>Held-to- maturity</i>	<i>Total</i>
Purchased loans.....	2,600	—	—	—	2,600
Short-term government securities .....	1,292	—	1,744	—	3,036
Government bonds .....	2,351	1,018	42,963	208	46,540
Other debt securities.....	3,982	7,535	9,652	10	21,179
<b>Total debt securities</b> .....	10,225	8,553	54,359	218	73,355
Venture capital .....	—	608	—	—	608
Equity instruments .....	2,762	427	1,099	—	4,288
<b>Total other assets</b> .....	2,762	1,035	1,099	—	4,896
<b>Total</b> .....	12,987	9,588	55,458	218	78,251
Category 1 <sup>1</sup> .....	6,842	2,577	49,547	—	58,966
Category 2 <sup>1</sup> .....	5,618	4,951	5,689	—	16,258
Category 3 <sup>1</sup> .....	527	2,060	222	—	2,809

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.

	<i>At 31 December</i>		
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Guarantees .....	10,519	10,084	10,117
Letters of credit .....	5,487	4,910	3,887
Credit granting liabilities .....	34,522	34,670	30,420
Other contingent liabilities .....	0	66	240
<b>Total credit related and contingent liabilities .....</b>	<b>50,528</b>	<b>49,730</b>	<b>44,664</b>
Revocable credit facilities .....	44,649	41,229	39,890
<b>Total credit related commitments .....</b>	<b>95,177</b>	<b>84,554</b>	<b>84,554</b>

### *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 Tier 1 ratio and the BIS ratio are the most common ratios used in the financial world to measure solvency. The Tier 1 ratio expresses the relationship between Tier 1 capital and total risk-weighted assets. At 31 December 2011, Rabobank Group's Tier 1 ratio stood at 17.0 per cent. (year-end 2010; 15.7 per cent.). The minimum requirement set by the external supervisors is 4 per cent. The high Tier 1 ratio is one of the reasons for Rabobank Group's high credit rating.

Risk-weighted assets were up €4.0 billion to €223.6 billion at 31 December 2011 compared to €219.6 billion 31 December 2010. Retained earnings were a contributing factor in the €3.5 billion increase in Tier 1 capital to €38.0 billion at 31 December 2011 compared to 31 December 2010. See “Regulation of Rabobank Group” for further discussion of the Basel standards.

The BIS ratio is calculated by dividing the total of Tier 1 and Tier 2 capital by the total of risk-weighted assets. At 31 December 2011, the BIS ratio stood at 17.5 per cent. (year-end 2010: 16.3 per cent.). This exceeds the 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 2011, 31 December 2010 and 31 December 2009:

### **Development in capital and solvency ratios**

	<i>At 31 December</i>		
<i>(in millions of euro, except percentages)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Tier 1 capital.....	37,964	34,461	32,152
Tier 1 ratio .....	17.0%	15.7%	13.8%
Qualifying capital .....	39,088	35,734	32,973
BIS ratio .....	17.5%	16.3%	14.1%

## 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)	2011	2010	2009	2008	2007
Return on assets <sup>(1)</sup> .....	0.38	0.42	0.37	0.47	0.45
Return on equity <sup>(2)</sup> .....	6.17	5.60	6.36	8.67	8.81
Equity to assets ratio <sup>(3)</sup> .....	6.19	6.05	5.82	5.47	5.20

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)	2011	2010	2009	2008	2007
Outstanding Rabobank Member Certificates1 ...	6,551	6,368	6,275	6,180	5,948
Payments .....	315	303	318	316	299
Average yield.....	4.81%	4.76%	5.07%	5.11%	5.03%

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 2011, 31 December 2010 and 31 December 2009:

	<i>At 31 December</i>			
(in millions of euro)	2011	2010	2010	2009
		(restated)		
Private sector lending .....	448,337	436,292	436,292	415,235
Government clients .....	3,557	5,602	5,602	3,936
Securities transactions due from private sector lending.....	7,026	7,840	7,840	8,368
Interest rate hedges (hedge accounting) .....	9,165	6,207	6,207	5,818
<b>Total loans to customers</b> .....	<b>468,085</b>	<b>455,941</b>	<b>455,941</b>	<b>433,357</b>
Value adjustments in loans to customers.....	(3,089)	(2,610)	(3,845)	(4,399)
Reclassified assets .....	5,588	6,954	6,954	8,135
<b>Gross loans to customers</b> .....	<b>465,586</b>	<b>451,597</b>	<b>452,832</b>	<b>429,621</b>

The table below sets forth a geographic breakdown of Rabobank Group's loan portfolio at 31 December 2011, 31 December 2010 and 31 December 2009:

*At 31 December*

<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
The Netherlands .....	1,764	1,847	1,698
Other countries in the EU zone .....	771	484	482
North America .....	484	510	469
Latin America .....	7	11	44
Asia .....	465	2,603	1,073
Australia .....	12	10	7
Other countries .....	54	137	163
<b>Total government clients</b> .....	<b>3,557</b>	<b>5,602</b>	<b>3,936</b>
The Netherlands .....	332,489	320,446	311,964
Other countries in the EU zone .....	38,540	38,283	37,259
North America .....	40,876	41,245	36,194
Latin America .....	10,950	9,739	8,837
Asia .....	5,672	7,925	6,112
Australia .....	19,666	18,555	14,837
Other countries .....	144	99	32
<b>Total private sector lending</b> .....	<b>448,337</b>	<b>436,292</b>	<b>415,235</b>

## Risk elements\*

### Breakdown of assets and liabilities by repayment date\*

The table below 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.

<i>At 31 December 2011</i>						
<i>3</i>						
<i>Payments due by period</i>	<i>On</i>	<i>Less than</i>	<i>to 1</i>	<i>1 to 5</i>	<i>More</i>	<i>Total</i>
<i>(in millions of euro)</i>	<i>demand</i>	<i>3 months</i>	<i>year</i>	<i>years</i>	<i>than 5</i>	
Cash and cash equivalents .....	64,811	5,617	2	0	0	70,430
Due from other banks .....	9,913	10,369	1,833	2,257	849	25,221
Trading financial assets .....	1,757	776	819	2,693	2,067	8,112
Other financial assets at fair value through profit or loss .....	0	28	1,013	1,763	4,211	7,015
Derivative financial instruments .....	325	4,671	7,621	16,863	29,493	58,973
Loans to customers .....	27,068	53,697	30,699	83,716	272,905	468,085
Available-for-sale financial assets .....	2	2,832	2,153	10,308	36,635	51,930
Held-to-maturity financial assets .....	0	44	13	52	0	109
Deferred assets .....	—	—	101	—	894	995
Other assets (excluding employee benefits) .....	1,089	4,753	1,446	2,150	862	10,300
<b>Total financial assets</b> .....	<b>104,965</b>	<b>82,787</b>	<b>45,700</b>	<b>119,802</b>	<b>347,916</b>	<b>701,170</b>
Due to other banks .....	943	19,080	1,822	3,561	853	26,259
Due to customers .....	219,510	70,753	12,064	13,569	13,996	329,892
Debt securities in issue .....	0	52,065	50,200	73,976	37,200	213,441
Derivative financial instruments and other trade liabilities .....	10,246	4,463	4,690	18,689	26,843	64,931
Other debts (incl. current tax liabilities) .....	1,335	5,484	552	702	13	8,086
Other financial liabilities at fair value through profit or loss .....	1,265	1,217	3,392	10,368	9,647	25,889
Deferred tax liabilities .....	—	—	47	—	846	893
Subordinated debt .....	—	40	—	448	1,925	2,413
<b>Total financial liabilities</b> .....	<b>233,299</b>	<b>153,102</b>	<b>72,767</b>	<b>121,313</b>	<b>91,323</b>	<b>671,804</b>
<b>Net liquidity surplus/(deficit)</b> .....	<b>(128,334)</b>	<b>(70,315)</b>	<b>(27,067)</b>	<b>(1,511)</b>	<b>256,593</b>	<b>29,366</b>

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, experience has shown that this is a stable source of financing at the long-term disposal of the bank. 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 2011 and throughout 2011. The average liquidity surplus was 40 per cent. of the total liquidity requirement. The surplus at 31 December 2011 was 27 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 2011, the BPV did not exceed €25 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 200 basis point overnight upward parallel shock of the curve will result in a 5 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 interest income that is put at risk on an annual basis, based on certain interest rate scenarios. If interest rates were to gradually decrease with a maximum of 200 basis points over a one-year period, the interest income would decrease by €191 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 2011, 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:

<i>(in millions of euro)</i>	<i>Banks</i>	<i>Public authorities</i>	<i>Private sector</i>	<i>Total</i>
<b>At 31 December 2011</b>				
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
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
<b>At 31 December 2010</b>				

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
<b>At 31 December 2009</b>				
France	2,702	1,889	4,735	9,326
Germany	3,923	2,821	5,037	11,781
Ireland	499	346	7,958	8,803
United Kingdom	11,732	1,858	11,212	24,802
Poland	142	1,915	5,375	7,432
United States	7,437	6,444	48,494	62,375
Australia	1,050	412	11,943	13,405

#### ***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 2011:

<b><i>At 31 December 2011</i></b>			
<i>(in millions of euro)</i>	<i>On balance</i>	<i>Off balance</i>	<i>Total</i>
Grain and oilseeds	16,609	649	17,258
Animal protein	15,778	328	16,106
Dairy	15,580	154	15,734
Fruit and vegetables	9,689	148	9,837
Farm inputs	5,509	148	5,657
Food retail	5,296	205	5,501
Beverages	3,905	47	3,952
Flowers	3,406	9	3,415
Sugar	2,075	104	2,179
Miscellaneous crop farming	1,982	2	1,984
Other	8,362	119	8,481
<b>Total private sector lending to food and agri</b>	<b>88,191</b>	<b>1,913</b>	<b>90,104</b>
Lessors of real estate	31,026	81	31,107
Finance and insurance (except banks)	21,048	1,559	22,607
Wholesale	17,573	3,544	21,117
Activities related to real estate	8,334	1,147	9,481
Manufacturing	8,055	2,239	10,294
Transportation and warehousing	7,052	264	7,316
Construction	7,030	824	7,854
Healthcare and social assistance	5,750	35	5,785
Professional, scientific and technical services	5,019	201	5,220
Retail (except food and beverages)	4,325	662	4,987
Utilities	2,215	474	2,689
Information and communication	1,681	82	1,763
Arts entertainment and leisure	1,306	22	1,328
Other	27,463	2,682	30,145

**Total private sector lending to trade, manufacturing and services**

	147,877	13,816	161,693
Private individuals	212,269	265	212,589

**Total private sector lending**

448,337	15,994	464,386
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Apart from due from other banks (€25.2 billion at 31 December 2011 which is 3 per cent. of total assets), Rabobank's only significant risk concentration is in the portfolio of loans to private individuals which accounted for 47 per cent. of the total loan portfolio at 31 December 2011. 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 2011. The proportion of the total loan portfolio attributable to trade, industry and services was 33 per cent. at 31 December 2011. 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 made are called impaired loans. At 31 December 2011, these loans amounted to €9,958 million (2010: €8,049 million). The allowance for loan losses amounted to €3,222 million (2010: €2,779 million), which corresponds to a 32 per cent. (2010: 35 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 2011, impaired loans corresponded to 2.2 per cent. (2010: 1.8 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 2011, 31 December 2010 and 31 December 2009:

<i>(in millions of euro)</i>	<b><i>At 31 December</i></b>			
	<i>2011</i>	<i>2010</i> <i>(restated)</i>	<i>2010</i>	<i>2009</i>
Domestic retail banking	4,559	3,577	4,462	4,305
Wholesale banking and international retail banking	3,493	2,649	2,999	3,559
Leasing	832	960	960	1,066
Real estate	1,066	793	793	295
Other	8	70	70	69
<b>Rabobank Group</b>	<b>9,958</b>	<b>8,049</b>	<b>9,284</b>	<b>9,29</b>

***Summary of loan loss experience***

The following table shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to customers for the past three years:

<i>(in millions of euro)</i>	<b><i>At 31 December</i></b>			
	<i>2011</i>	<i>2010</i> <i>(restated)</i>	<i>2010</i>	<i>2009</i>
Domestic retail banking	1,376	1,325	2,030	1,398
Wholesale banking and international retail banking	670	585	1,915	1,415
Asset management	12	9	9	5
Leasing	444	387	387	246

Real estate	94	45	45	25
Other	14	13	13	41
<b>Total balance at 1 January</b>	<b>2,610</b>	<b>2,364</b>	<b>4,399</b>	<b>3,130</b>
Domestic retail banking	1,119	1,124	1,124	1,541
Wholesale banking and international retail banking	1,333	1,296	1,296	1,500
Asset management	1	7	7	7
Leasing	313	287	287	331
Real estate	147	67	67	36
Other	—	—	—	14
<b>Total additions</b>	<b>2,913</b>	<b>2,781</b>	<b>2,781</b>	<b>3,429</b>
Domestic retail banking	(465)	(759)	(759)	(805)
Wholesale banking and international retail banking	(578)	(665)	(665)	(556)
Asset management	(1)	(1)	(1)	—
Leasing	(127)	(29)	(29)	(23)
Real estate	(18)	(4)	(4)	(14)
Other	—	—	—	(42)
<b>Total reversal of impairments</b>	<b>(1,189)</b>	<b>(1,458)</b>	<b>(1,458)</b>	<b>(1,440)</b>
Domestic retail banking	(590)	(415)	(235)	(191)
Wholesale banking and international retail banking	(542)	(581)	(1,560)	(382)
Asset management	(2)	(6)	(6)	(3)
Leasing	(199)	(219)	(219)	(182)
Real estate	(19)	(14)	(14)	(6)
Other	(14)	—	—	—
<b>Total written off</b>	<b>(1,366)</b>	<b>(1,235)</b>	<b>(2,034)</b>	<b>(764)</b>
Domestic retail banking	103	101	101	87
Wholesale banking and international retail banking	6	35	34	(62)
Asset management	(9)	3	3	—
Leasing	20	18	18	15
Real estate	1	—	—	4
Other	—	1	1	—
<b>Total other</b>	<b>121</b>	<b>158</b>	<b>157</b>	<b>44</b>
Domestic retail banking	1,543	1,376	2,261	2,030
Wholesale banking and international retail banking	889	670	1,020	1,915
Asset management	1	12	12	9
Leasing	451	444	444	387
Real estate	205	94	94	45
Other	—	14	14	13
<b>Total other balance at 31 December</b>	<b>3,089</b>	<b>2,610</b>	<b>3,845</b>	<b>4,399</b>

*Due to customers\**



The following table presents a breakdown of due to customers at 31 December 2011, 31 December 2010 and 31 December 2009. Interest rates paid on time deposits and savings deposits reflect market conditions and not all current accounts/settlement accounts earn interest.

	<i>At 31 December</i>		
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Time deposits	58,931	46,846	47,897
Current accounts/settlement accounts	73,443	71,147	63,388
Repurchase agreements	2,669	2,017	1,207
Other	34,147	25,966	32,666
<b>Total due to customers by businesses</b>	<b>169,190</b>	<b>145,976</b>	<b>145,158</b>
Savings deposits	140,028	130,928	121,373
Current accounts/settlement accounts	12,988	15,812	12,768
Other	7,686	6,045	7,039
<b>Total due to customers by individuals</b>	<b>160,702</b>	<b>152,785</b>	<b>141,180</b>
<b>Total due to customers</b>	<b>329,892</b>	<b>298,761</b>	<b>286,338</b>

#### ***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 2011, 31 December 2010 and 31 December 2009 is provided below.

<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Year-end balance	70,307	72,795	78,370
Average balance	74,246	80,424	77,160
Maximum month-end balance	79,737	88,623	82,167

#### ***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 2011, 31 December 2010 and 31 December 2009 is provided below.

<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Year-end balance	169,024	153,891	120,701
Average balance	164,471	141,209	116,309
Maximum month-end balance	169,024	153,891	122,776

## 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 Base Prospectus. The Rabobank audited consolidated financial statements for the year ended 31 December 2011 and 31 December 2010 have been prepared in accordance with IFRS as adopted by the European Union.

### Consolidated statement of financial position

	<i>At 31 December</i>	
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>
<b>Assets</b>		
Cash and cash equivalents	70,430	13,471
Due from other banks	25,221	33,511
Trading financial assets	8,112	12,987
Other financial assets at fair value through profit or loss	7,015	9,588
Derivative financial instruments	58,973	43,947
Loans to customers	468,085	455,941
Available-for-sale financial assets	51,930	55,458
Held-to-maturity financial assets	109	218
Investments in associates	3,340	3,539
Intangible assets	2,802	3,675
Property and equipment	6,132	6,006
Investment properties	784	816
Current tax assets	571	357
Deferred tax assets	995	1,200
Employee benefits	—	—
Other assets	12,210	11,822
Non-current assets held for sale	14,956	—
<b>Total assets</b>	<b>731,665</b>	<b>652,536</b>
	<i>At 31 December</i>	
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>
<b>Liabilities</b>		
Due to other banks	26,259	23,476
Due to customers	329,892	298,761
Debt securities in issue	213,441	196,819
Derivative financial instruments and other trade liabilities	64,931	49,640
Other debts	8,422	8,665
Other financial liabilities at fair value through profit or loss	25,889	29,867
Provisions	765	979
Current tax liabilities	324	359
Deferred tax liabilities	893	731
Employee benefits	—	—
Subordinated debt	2,413	2,482
Liabilities held for sale	13,435	—

<b>Total liabilities</b>	686,664	611,779
	<b>At 31 December</b>	
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>
<b>Equity</b>		
Equity of Rabobank Nederland and local Rabobanks		
Equity instruments issued directly	26,500	24,749
Rabobank Member Certificates	6,614	—
Capital Securities	7,645	4,790
Non-controlling interests	—	—
Equity instruments issued by subsidiaries	40,759	29,539
Rabobank Member Certificates	—	6,583
Capital Securities	167	163
Trust Preferred Securities III to VI	1,399	1,353
	1,566	8,099
Non-controlling interests	2,676	3,119
Total equity	45,001	40,757
<b>Total equity and liabilities</b>	731,665	652,536

#### Consolidated statement of income

	<b>Year ended 31 December</b>	
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>
Interest income	22,211	19,928
Interest expense	12,982	11,314
<b>Interest</b>	9,229	8,614
Commission income	3,646	3,469
Commission expense	665	638
<b>Commission</b>	2,981	2,831
Income from associates	(17)	292
Net income from financial assets and liabilities at fair value through profit or loss	640	231
Gains on available-for-sale financial assets	(169)	105
Other income	714	643
<b>Income</b>	13,378	12,716
Staff costs	5,141	4,919
Other administrative expenses	3,001	2,706
Depreciation and amortisation	578	571
<b>Operating expenses</b>	8,720	8,196
Value adjustments	1,606	1,234

<b>Operating profit before taxation</b>	3,052	3,286
Income tax expense	425	514
<b>Net profit</b>	2,627	2,772
Of which attributable to Rabobank Nederland and local Rabobanks	1,549	1,846
Of which attributable to holders of Rabobank Member Certificates	315	303
Of which attributable to Capital Securities	612	460
Of which attributable to Trust Preferred Securities III to VI	73	73
Of which attributable to non-controlling interests	78	90
<b>Net profit for the year</b>	2,627	2,772

**Financial ratios:**

	<i>2011</i>	<i>2010</i>
BIS ratio	17.5%	16.3%
Tier 1 ratio	17.0%	15.7%
Equity capital ratio <sup>(1)</sup>	14.7%	14.2%
Bad debt costs (in basis points of average lending)	37	29

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 2011, Rabobank realised a RAROC after tax of 11.8 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 2011, 47 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 53 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 2011, the EAD of the total Advanced IRB loan portfolio was €606 billion (2010: €546 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 ninety days to bankruptcy. The weighted average PD of the total Advanced IRB loan portfolio is 1.06 per cent. (2010: 1.21 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 2011, 2010 and 2009 per business unit as a percentage of private sector loans:

**Impaired loans/private sector lending per business unit**

	<i>At 31 December</i>		
<i>(in percentages)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Domestic retail banking	1.54	1.56	1.55
Wholesale banking and international retail banking	3.46	3.25	4.19
Leasing	3.10	3.93	4.64

Real Estate	5.53	4.40	1.73
<b>Rabobank Group</b>	<b>2.25</b>	<b>2.16</b>	<b>2.28</b>

### **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 probable 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 table below sets forth Rabobank Group's bad debt costs for the three years ended 31 December 2011, 2010 and 2009, per business unit as a percentage of private sector lending:

### **Bad debt costs/average private sector lending per business unit**

	<i>Year ended 31 December</i>		
<i>(in percentages)</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Domestic retail	0.22	0.13	0.26
Wholesale banking and international retail banking	0.73	0.64	1.05
Leasing	0.58	0.90	1.32
Real estate	0.69	0.36	0.14
<b>Rabobank Group</b>	<b>0.37</b>	<b>0.29</b>	<b>0.48</b>

### **Structured credit**

Rabobank Group's trading and investment portfolios have limited direct exposure to more structured investments, which amounted to €4.6 billion at 31 December 2011, compared to €5.8 billion at 31 December 2010, of which the majority, 79 per cent. (2010: 89 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 2011 the total counterparty risk before provisions amounted to €1,313 million. The total provisions on that date ended up at €1,140 million. The remaining counterparty risk at 31 December 2011 amounted to €173 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.

At 31 December 2011, the net transfer risk before provisions for non-OECD countries was 1.7 per cent. (2010: 1.4 per cent.).

At 31 December 2011 the Rabobank Group exposure to government bonds issued by Greece, Ireland, Italy, Portugal and Spain (the GIIPS-countries) was €349 million. In addition there was a limited exposure to Greek and Portuguese state-guaranteed bonds. The Portuguese state-guaranteed bonds were repaid in February 2012. The bonds issued by financial institutions in the countries referred to are mainly Spanish covered bonds. The issuing entity has provided additional collateral.

#### **Government exposure at year-end 2011 (in millions of euro)**

<i>Country</i>	<i>Government bonds</i>	<i>State-guaranteed bonds</i>	<i>Bonds issued by financial institutions</i>	<i>Total</i>	<i>Cumulative changes through profit or loss at 31 December 2011</i>
Greece	49	38	—	87	227
Ireland	60	—	31	91	8
Italy	200	—	55	255	—
Portugal	19	60	42	121	23
Spain	21	23	1,450	1,494	116
<b>Total</b>	<b>349</b>	<b>121</b>	<b>1,578</b>	<b>2,048</b>	<b>374</b>

Based on Rabobank Group's accounting policies, it has been established with respect to the Greek and Portuguese 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 2011. The average valuation of the Greek government bonds and state-guaranteed bonds was 28 per cent. at year-end 2011.

Exposure to European government bonds other than Dutch, German and French is very limited. There is no exposure to Cyprus, Hungary and Romania. The portfolio of French government bonds was sharply reduced in 2011 to approximately €6 billion (2010: approximately €11 billion).

#### **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 manages interest rate risk by using both the accrual based Income at Risk concept and the value based Equity at Risk concept. Based on the 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 24 months, due to parallel increases/decreases in interest rates of 200 basis points, assuming no management intervention. As of 1 January 2011 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. The applied interest rate scenarios are 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 and remain at those elevated levels in months 13 to 24. The simulation of the possible 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/decline by 200 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 2011, the Income at Risk (“**IatR**”) and Equity at Risk (“**EatR**”) for Rabobank Group were as follows:

<i>(in millions of euro, except percentages)</i>	<i>200 points increase</i>	<i>basis 200 points decrease</i>
	<i>increase</i>	<i>decrease</i>
IatR 1-12 months	434	(191)
IatR 13-24 months	1,120	16
EatR	(5%)	(1%)

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

### **Liquidity risk**

Liquidity risk is the risk that the bank is not able to meet its financial liabilities when due, as well as the risk that it is unable to fund increases in assets either at reasonable prices or at all. In line with the Basel principles, the Rabobank Group policy is that long-term lending is financed by means of stable funding, being funding from customers and long-term funding from the professional market. Liquidity risk management is based on three pillars.

The first pillar sets strict limits on the maximum outgoing cash flows of the wholesale banking division. This ensures that excessive dependence on the professional market is avoided. To this end, the incoming and outgoing cash flows over the next 12 months are calculated and reported on a daily basis. In addition, limits have been set on the outgoing cash flows per currency and location. Detailed contingency plans have been drawn up in order to ensure the bank is prepared for potential crises.

Under the second pillar, a large buffer of liquid assets is held. If necessary, these assets can be used to generate liquidity immediately, either by being used in repo transactions, being sold directly on the market, or by means of pledging them to central banks.

The third pillar is to limit liquidity risk by pursuing a prudent funding policy that is designed to ensure that the financing requirements of group entities are met at an acceptable cost. The diversification of funding sources and currencies, the flexibility of the funding instruments used and an active investor relations function play an important role in this context. This prevents Rabobank Group from becoming overly dependent on a single source of funding.

Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets. Several methods have been developed to measure and manage liquidity risk. Methods used to measure liquidity risk include the CA/CL method (Core Assets/Core Liabilities). Using various time periods, a quantification is made of the assets, unused facilities and liabilities that are expected to remain on the balance sheet after assumed and closely defined stress scenarios have occurred. These remaining assets and liabilities are referred to as Core Assets and Core Liabilities, respectively, and their inter-relationship is the liquidity ratio. A ratio below 1.2 is considered adequate and in 2011, this was the case for the scenarios used. The Dutch regulator also provides extensive guidelines for measuring and reporting the liquidity position of Rabobank Group. According to these guidelines the liquidity position is more than adequate, with available liquidity exceeding the requirement by 40 per cent. on average.

## 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 2011, the Value at Risk, based on a one day holding period and 97.5 per cent. confidence level, fluctuated between €10 million (2010: €9 million) and €24 million (2010: €18 million), with an average of €16 million (2010: €14 million). The slight increase of the average Value at Risk compared to 2010 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, also other risk indicators are 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 2011

## 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 the 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 the 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.

## 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, which is formed by the members, i.e. the local Rabobanks.

The Dutch Financial Supervision Act and related subordinate legislation, as well as regulations imposed by the Dutch supervisory authorities have formulated standards for financial institutions. The supervision of Rabobank Nederland's solvency and stability — i.e. prudential supervision — is performed by the Dutch Central Bank, while the AFM supervises orderly and transparent market processes, sound relationships between market parties and conscientious customer treatment, i.e. conduct supervision. Obviously, these regulations form the framework for the organisation and control of Rabobank Group's activities.

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. The Executive Board is responsible for the authorisation of debenture issues of Rabobank Nederland, under the approval of the Supervisory Board.

### 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, as well as Rabobank Nederland's Works Council and the General Meeting 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. 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 and also has a say in the profile of the members of the Supervisory Board.

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 the Rabobank Nederland cooperative 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. The local Rabobanks can vote at the General Meeting according to a formula that is adjusted periodically by the Executive Board, and through indirect representation at the Central Delegates Assembly.

### **Central Delegates Assembly**

The local Rabobanks are organised geographically in twelve Regional Delegates Assemblies, each with a board of six. Together the Boards of the Regional Delegates Assemblies form the Central Delegates Assembly (*Centrale Kringvergadering*) (“CKV”), which meets at least four times a year in the city of Utrecht. Prior to the CKV, the banks belonging to a particular Regional Delegates Assembly discuss the agenda at their Assembly. Thus, the members of the local Rabobanks, through the representation of the local management and supervisory bodies in the Regional Delegates Assemblies, are represented in the CKV, although without instructions or consultations. The majority of the Boards of the Regional Delegates Assemblies and thereby the CKV consists of individuals elected by the local members, who from their commitment to the Rabobank organisation wish to fulfil this role.

The CKV's powers include the establishment of rules that are binding on all local Rabobanks and the establishment of Rabobank's Strategy. This strategy describes the principles for the Executive Board's

policies and thereby directly influences Rabobank Group's policy. The CKV also approves the budget for Rabobank Nederland's activities on behalf of the local Rabobanks. The CKV has in-depth discussions, which are held not only as part of the CKV's specific duties and powers, but also with the aim of encouraging commitment in the local Rabobanks and consensus between the local Rabobanks and Rabobank Nederland. Finally, the CKV advises the local Rabobanks on all the items on the agenda pertaining to the General Meeting.

The manner in which Rabobank Nederland accounts for its policy to its members in the CKV is considerably more extensive than the account rendered by a typical listed public company to its shareholders. Because of the special relationship between Rabobank Nederland and its members, the CKV enjoys almost full attendance. In order to operate effectively, the CKV has appointed three committees from among its members, which are charged with special duties. The Committee on Confidential Matters advises on appointments in the Supervisory Board, sets the Supervisory Board's remuneration and assesses the Supervisory Board's application of the remuneration policy. The Coordinating Committee draws up the agenda of the CKV and subjects items for the agenda to formality compliance tests. The Emergency Affairs Committee advises the Executive Board on behalf of the CKV in urgent, price-sensitive and/or confidential cases concerning major investments or divestments.

In order to maintain maximum effectiveness of the CKV, an internal committee was established in 2006 whose task was to advise on the CKV's desired future size and composition. The committee's recommendations included the following: to reduce the CKV membership from 120 to 72, to introduce observers in the CKV and to confirm the CKV's composition according to the ratio of "2 elected members to 1 appointed member". These recommendations have been implemented.

## **General Meeting**

The General Meeting (*algemene vergadering*) is the body through which all local Rabobanks, as members of Rabobank Nederland, can exercise direct control. The General Meeting 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 CKV issues advice prior to the General Meeting on all the items on the agenda. This procedure ensures that, prior to the General Meeting, 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 enjoys almost full attendance.

## **Local Rabobanks**

### ***Corporate governance at the local Rabobanks***

In the past, the local Rabobanks could choose one of two governance models: the Partnership model and the Executive model. Based on a review of the operation of both models, preparations started in 2009 to replace them and from mid-2010 they began to be replaced by a single governance model: the Rabo model. Effective member influence and control are similarly assured in this new governance model, and the governance of the local Rabobanks will be carried out both adequately and professionally, and in a way that befits their cooperative culture. The members of all the local Rabobanks have important powers, for instance to adopt the financial statements, to amend the Articles of Association, to appoint members of the Supervisory Board and to approve and endorse management and supervision. Account is rendered to the members in respect of the local Rabobank's management and supervision.

### ***Rabo model***

In the Rabo model, each local Rabobank has a Board of Directors comprising several persons appointed by the Supervisory Board, which operates under the supervision of the Supervisory Board. A delegation of the members (*de ledenraad*) has important powers, such as to appoint the members of the Supervisory Board, to amend the articles of association, to approve of a merger and to adopt the financial statements. Each member of a local Rabobank belongs to an electoral district and has the power to vote for a candidate of that electoral district as a member of the delegation of members (*de ledenraad*). From mid-2010 the Rabo model began to replace the Partnership model and the Executive model.

### ***Member council***

Local Rabobanks must institute a member council in order to firmly and permanently embed member influence and control in the structure. The member council is a delegation of all members elected by the members from their ranks. The member council assumes the bulk of the powers of the General Meeting and promotes and structures member control and engagement. The General Meeting continues to exist, but decides only on major issues that impact the local Rabobank's continued existence.

### **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.

### **Dutch Corporate governance code**

Although it is under no obligation to do so due to its cooperative structure, Rabobank Nederland complies with the Dutch Corporate Governance Code on a voluntary basis.

Partly because of its cooperative structure, Rabobank Nederland departs in some respects from the Dutch Corporate Governance Code.

### **Banking Code**

On 9 September 2009, the Banking Code for Dutch banks was adopted as binding by the Board of the Netherlands Bankers' Association, in response to the report entitled "Restoring Trust" ("*Naar herstel van vertrouwen*") of the Advisory Committee on the Future of Banks in the Netherlands. Although the Banking Code did not come into force until 1 January 2010, Rabobank commenced compliance preparations in 2009. Rabobank intends fully to observe the Banking Code and has only one departure, which is explained according to the "comply or explain" principle. This departure concerns the severance pay for members of the Executive Board. Members of the Executive Board appointed prior to 1 January 2010 receive severance pay based on the subdistrict court formula in the event of their removal. This entitlement to severance pay was laid down in agreements made previously with the relevant members of the Executive Board and therefore constitutes a departure from the relevant provision of the Banking Code. The Banking Code principle on severance pay will be complied with in the case of new members of the Executive Board.

### **Controls over financial reporting**

Rabobank Group constantly seeks to improve its corporate governance and overall internal controls, with the aim of achieving an open culture and transparent accountability in respect of policies and supervision, and to remain in line with the leading standards across the globe. Accordingly, Rabobank Group voluntarily implemented internal controls over its financial reporting in a manner similar to that of US-registered companies pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), even though Rabobank Group is not a registrant with the United States Securities and Exchange Commission and, thus, is not subject to the Sarbanes-Oxley Act or related regulations and oversight. Rabobank Group believes that internal controls over financial reporting increase the effectiveness of such reporting, and offer opportunities to identify and remedy any deficiencies at an early stage. This results in a higher quality of Rabobank Group's financial reporting process.

## Internal controls

Rabobank Group uses internal controls to provide reasonable assurance that:

- transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and that receipts and expenditures are recognised only in accordance with authorisations of management;
- unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements, is prevented or detected.

Rabobank Group's internal control framework is based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). As set out in the report included in the financial statements, the Executive Board concluded that the internal risk management and control systems are adequate and effective and provide reasonable assurance that the financial reporting is free of material misstatement.

## 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:

<i>Name</i>	<i>Born</i>	<i>Year Appointed<sup>(1)</sup></i>	<i>Term Expires</i>	<i>Nationality</i>
Lense (L.) Koopmans, Chairman	1943	2002	2013	Dutch
Antoon (A.J.A.M.) Vermeer, Vice Chairman	1949	2002	2014	Dutch
Irene (I.P.) Asscher-Vonk	1944	2009	2013	Dutch
Bernard (B.) Bijvoet	1940	2002	2012	Dutch
Tom (A.) de Bruijn	1953	2009	2013	Dutch
Wout (W) Dekker	1956	2010	2012	Dutch
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	2012	Dutch
Marinus (M.) Minderhoud	1946	2002	2014	Dutch
Martin (M.J.M.) Tielen	1942	2002	2013	Dutch
Cees (C.P.) Veerman	1949	2007	2015	Dutch

(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 L. Koopmans (Lense)**

Date of Birth	17 June 1943
Profession	– Professional supervisory director – Former Professor at the Erasmus University of Rotterdam – Emeritus Professor at the University of Groningen
Main positions	– Chairman of the Supervisory Board of Rabobank Nederland – Chairman of the Board of Directors of Stichting TBI
Nationality	Dutch
Auxiliary positions	<u>Supervisory Directorships:</u> – Chairman of the Supervisory Board of Siers Groep B.V. – Chairman of the Supervisory Board of Arriva Nederland B.V. – Chairman of the Supervisory Board of TSS B.V. – Vice-Chairman of the Supervisory Board of KIWA N.V. <u>Other auxiliary positions:</u> – Member of the Board of Directors of Unilever Trust Office – Vice-Chairman of the Board of Supervision of the University Medical Center Groningen – Chairman of the Board of Supervision of the Fries Museum en Prinsessehof
Date of first appointment to the Supervisory Board	June 2002 (Member of the Board of Directors ( <i>raad van beheer</i> ) from June 1996 until June 2002)
Current term of appointment to the Supervisory Board	June 2009 — June 2013

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

Date of Birth	21 October 1949
Profession	Professional director/supervisory director
Main positions	Member of a dairy farming partnership ( <i>maatschap melkveehouderijbedrijf</i> )
Nationality	Dutch
Additional positions	<u>Supervisory Directorships:</u> – Vice-Chairman of the Supervisory Board of Rabobank Nederland – Chairman of the Supervisory Board of VION N.V. – Member of the Supervisory Board of Achmea 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 – Chairman Council for the Rural Area ( <i>Raad voor het Landelijk Gebied</i> )
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 Emeritus professor at the Radboud University, Nijmegen  
Nationality Dutch  
Auxiliary positions Supervisory Directorships:

- 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
- Member of the Supervisory Board of TBI

Other auxiliary positions:

- Chairman of the Episcopal Court (*Bisschoppelijk Scheidsgerecht*)
- Chairman 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 2009 — June 2013

**Mr B. Bijvoet (Bernard)**

Date of Birth 12 April 1940  
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 Achmea B.V.
- Chairman of the Supervisory Board of A-ware Food Group

Date of first appointment to the Supervisory Board June 2002  
Current term of appointment to the Supervisory Board June 2008 – June 2012

**Mr A. de Bruijn (Tom)**

Date of Birth 9 July 1953  
Profession – Entrepreneur  
– Professional director/professional supervisory director  
Main position Grower of cut flowers and potted plants  
Nationality Dutch  
Auxiliary positions Supervisory Directorships:

- Member of the Supervisory Board of

	Rabobank Nederland
	<u>Other auxiliary positions:</u>
	– Acting member of the Board of Directors of Vereniging Achmea
	– Chairman Program Advisory Committee Greenhouse Farming Research (Commodity Board for Horticulture/productschap tuinbouw)
	– Member of the Board of the Dutch Foundation for Innovation in Greenhouse Farming (Stichting Innovatie Glastuinbouw Nederland)
	– Chairman of the Cooperative Growers Society FresQ (Coöperatieve Telersvereniging)
	– Member of the Board of the Dutch Produce Association (Branch association of market organisations in vegetables, fruit and fungi in The Netherlands)
Date of first appointment to the Supervisory Board	June 2009
Current term of appointment to the Supervisory Board	June 2009 — June 2013
<b>Mr W. Dekker (Wout)</b>	
Date of Birth	10 November 1956
Profession	– Professional director
Main position	Chief Executive Officer/Chairman Executive Board Nutreco N.V.
Nationality	Dutch
Auxiliary Positions	<u>Supervisory Directorships:</u>
	– Member of the Supervisory Board of Rabobank Nederland
	– Member Supervisory Board (member audit committee, member Remuneration Committee) Macintosh Retail Group N.V.
	<u>Other auxiliary positions:</u>
	– Member Taskforce Biodiversity & Natural Resources
	– Member Advisory Council for Issuers NYSE Euronext Amsterdam
Date of first appointment to the Supervisory Board	June 2010
Current term of appointment to the Supervisory Board	June 2010 — June 2012
<b>Mrs L.O. Fresco (Louise)</b>	
Date of Birth	11 February 1952
Profession	– Professional director
	– Professor
Main positions	– University Professor, University of Amsterdam
Nationality	Dutch
Auxiliary positions	<u>Supervisory Directorships:</u>
	– Member of the Supervisory Board of Rabobank Nederland
	– Non-executive Director, Unilever N.V./Unilever PLC
	<u>Other auxiliary positions:</u>
	– Crown-Appointed Member of the Social and Economic Council of the Netherlands (SER)
	– Distinguished Professor at Wageningen University
	– Member of the Recommendation Committee for the University Asylum Fund
	– Vice-chairman of the Board of Supervision of the United Nations University in Tokyo

	<ul style="list-style-type: none"> <li>– Member Royal Holland Society of Sciences and Humanities</li> <li>– Member Royal Netherlands Academy of Arts and Sciences</li> <li>– Member of the Spanish Academy of Engineering Sciences and the Swedish Academy of Agricultural and Forestry Sciences</li> <li>– Member of the Advisory Board of Wereldvoedselprijs (World Food Prize)</li> <li>– Member of the Board of Erasmusprijs</li> <li>– Member of the Board of the Concertgebouworkest</li> <li>– Member of the former Delta Committee</li> <li>– Member of the Trilateral Committee</li> </ul>
Date of first appointment to the Supervisory Board	June 2006
Current term of appointment to the Supervisory Board	June 2010 — June 2014
<b>Mr S.L.J. Graafsma RA (Leo)</b>	
Date of Birth	29 March 1949
Former profession	<ul style="list-style-type: none"> <li>– Accountant/associate of an audit, tax and advisory firm</li> </ul>
Nationality	Dutch
Auxiliary Positions	<ul style="list-style-type: none"> <li>– Deputy member of the “Accountantskamer” (Chamber of accountants) resulting from the “Wet Tuchtrechtspraak Accountants” (Disciplinary jurisdiction accountants)</li> </ul>
Date of first appointment to the Supervisory Board	September 2010
Current term of appointment to the Supervisory Board	September 2010 — June 2014
<b>Mr E.A.J. van de Merwe (Erik)</b>	
Date of Birth	30 December 1950
Profession	<ul style="list-style-type: none"> <li>– Advisor</li> <li>– Professional director/professional supervisory director</li> </ul>
Nationality	Dutch
Auxiliary Positions	<p><u>Supervisory Directorships:</u></p> <ul style="list-style-type: none"> <li>– Member of the Supervisory Board of Rabobank Nederland</li> <li>– Chairman of the Supervisory Board of Fornix Biosciences N.V.</li> <li>– Chairman of the Supervisory Board (and audit committee) of Staalbankiers N.V.</li> <li>– Chairman of the Supervisory Board (and audit committee) of Achmea Bank Holding N.V.</li> <li>– Chairman of the Supervisory Board of Welke Beheer N.V.</li> <li>– Member of the Supervisory Board (and Chairman of the audit committee) of Achmea B.V.</li> </ul> <p><u>Other auxiliary positions:</u></p> <ul style="list-style-type: none"> <li>– Non-executive Chairman of GWK Travelex N.V.</li> <li>– Member of the Board of Directors of Vereniging Achmea</li> <li>– Member of the Board of Governors of the postgraduate study Corporate Compliance, VU University Amsterdam</li> <li>– Member Board of Supervision and</li> </ul>

	Chairman audit committee of the Dutch Burns Foundation (Nederlandse Brandwonden Stichting)
	– Member Advisory Council Euro Tissue Bank
	– Member Advisory Council Dutch Institute of Internal Auditors (IIA)
	– Member 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 2010 — June 2012
<b>Mr M. Minderhoud (Marinus)</b>	
Date of Birth	13 September 1946
Profession	None
Main position	None
Nationality	Dutch
Auxiliary Positions	<u>Supervisory Directorships:</u>
	– Member of the Supervisory Board of Rabobank Nederland
	– Vice-Chairman of the Supervisory Board of Achmea B.V.
	– Chairman of the Supervisory Board of Agis Zorgverzekeringen N.V.
	– Chairman 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 2007 — June 2014
<b>Mr M.J.M. Tielen (Martin)</b>	
Date of Birth	22 September 1942
Profession	Professor
Main position	Emeritus Professor at Utrecht University
Nationality	Dutch
Auxiliary positions	<u>Supervisory Directorships:</u>
	– Member of the Supervisory Board of Rabobank Nederland
	<u>Other auxiliary positions:</u>
	– Chairman Evaluation Team EAEVE to Faculty of Veterinary Medicine, Afyon, Turkey
	– Chairman of the Stichting Stimulerend Agrarisch Onderwijs en Praktijk
	– Chairman of the Stichting Professor Tielen Fonds
	– Acting member of the Board of Directors of Vereniging Achmea
	– Professor Honoris Causa University of Environmental and Life Science in Wroclaw, Poland
Date of first appointment to the Supervisory Board	June 2002
Current term of appointment to the Supervisory Board	June 2009 — June 2013
<b>Mr C.P. Veerman (Cees)</b>	
Date of Birth	8 March 1949
Profession	– Professor
	– Professional director/supervisory director
	– CEO of Bracamonte B.V. in Groesbeek
Main positions	– Professor at Tilburg University and Wageningen University focusing on the field of

Nationality  
Auxiliary positions

sustainable rural development from a European perspective

– Crop farmer

Dutch

Supervisory Directorships:

– Member of the Supervisory Board of Rabobank Nederland

– Member of the Supervisory Board of USG People

– Member of the Supervisory Board of DHV Holding B.V.

– Member of the Supervisory Board of Prominent

– Member of the Supervisory Board of Barenbrug B.V.

– Chairman of the Supervisory Board of Koninklijke Reesink N.V.

– Member of the Supervisory Board of Ikazia Hospital Rotterdam

– Member of the Supervisory Board of KDS

– Chairman of the Board of Supervision of the knowledge for Climate (Kennis voor Klimaat)

– Chairman of the Board of Supervision Deltares

Other auxiliary positions:

– Chairman Deltacommissie (2008)

– Chairman of the Committee for the long term education system

– Chairman Project Administration Noord Zuidlijn

– Chairman Board of Supervision Roosevelt Academy

– Chairman Committee Toekomstbestendig Hoger Onderwijs Stelsel

– Chairman Advisory Board Dutch Delta Academy

– Member of the Governing Board of the Netherlands Organisation for Scientific Research (NWO)

Date of first appointment to the Supervisory Board  
Current term of appointment to the Supervisory Board

June 2007

June 2007 — June 2015

**Executive Board of Rabobank Nederland**

<i>Name</i>	<i>Born</i>	<i>Year Appointed</i>	<i>Nationality</i>
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
Piet (P.J.A.) van Schijndel	1950	2002	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 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 2002. Mr. Moerland also had a sponsored chair as a professor of corporate governance at the University of Tilburg. Mr. Moerland is a member of the supervisory board of Rabohypothekbank and a member of the shareholders' council of Rabo Development B.V. Outside Rabobank, Mr. Moerland serves as chairman of the European Association of Co-operative Banks (Groupement), 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.

*Bert (A.) Bruggink:* Mr. Bruggink was appointed 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 Rabohypothekbank, IPB Holding B.V., Rabo Herverzekeringsmaatschappij N.V., Robeco, the Nederlandse Financierings Maatschappij voor Ontwikkelingslanden (FMO), Friesland Bank N.V. and Rabo Cycling Teams (*Rabo Wielerploegen B.V.*). Mr. Bruggink is chairman of the board of the Rabobank Pension Fund and a member of the board of directors of Rabo Groei Sparen B.V. 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.

*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 Rabohypothekbank 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 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 Bouwfonds Holding N.V., Rabo Vastgoedgroep, Rabohypothekbank, Bank Sarasin & Cie AG and Rothschilds Continuation Holding AG. 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.

*Piet (P.J.A.) van Schijndel:* Mr. van Schijndel was appointed to Rabobank Nederland's Executive Board as of 1 December 2002. Mr. van Schijndel is responsible for the Retail, Private Banking and Group ICT directorates. Mr. van Schijndel took a position as a management consultant with Rabobank Nederland from 1975 to 1977. From 1977 to 1979, Mr. van Schijndel was Head of Insurance Administration. From 1979 to 1983, Mr. van Schijndel was a member of the Staff Group Directorate Insurance. Thereafter, he served as Acting Head and Head of the Insurance and Travel Directorate from 1983 to 1986 and from 1986 to 1990, respectively, Vice-chairman of the Executive Board of Interpolis from 1990 to 1997 and Chairman of the Executive Board of Interpolis from 1998 to 2002. Mr. van Schijndel serves as chairman of the supervisory boards of De Lage Landen, Obvion and Friesland Bank N.V. and as vice chairman of the supervisory board of Robeco. Furthermore, Mr. van Schijndel is a member of the board of directors of the NVB (Association of Dutch Banks), a member of the board of the Netherlands Red Cross, a member of the Supervisory Boards of St. Elisabeth Hospital Tilburg and CSU Total Care, chairman of the boards of advisors of the Dutch E-work Foundation (*TelewerkForum*) and of the Industrial Engineering & Innovation Sciences Faculty of Eindhoven University of Technology, vice chairman of the Oisterwijk-Haaren chapter of the Red Cross and chairman of the Friends of the Oisterwijks Brass Band Foundation.

*Gerlinde (A.G.) Silvis:* Mrs. Silvis was appointed to Rabobank Nederland's Executive Board as of 1 July 2009. Mrs. Silvis is responsible for the Small- and Medium-Sized Enterprises, Company Management, Co-operative, Management & Sustainability Affairs and Human Resources directorates. Mrs. Silvis joined Rabobank in 1984. Having begun working for Rabobank Nederland as a management trainee, she then went on to hold a number of positions within the securities division, the international division, the payments division and Rabofacet. In her role as Head of Administrative Affairs, she was closely engaged in the process of merging local Rabobanks. In recent years, she has served as Head of the Management and Talent Development Directorate and has been responsible for merging the Human Resources and Management and Talent Development directorates into a single directorate providing integrated services for the entire Rabobank Group. Mrs. Silvis serves as chairman of the boards of the Foundation Contingency Fund Rabobanken (*Stichting Garantiefonds Rabobanken*), the Rabobank Guarantee Foundation (*Stichting Waarborg Rabobank*) and the Supervision Internal Market Rabobank Member Certificates Foundation (*Stichting Toezicht Interne Markt Rabobank Ledencertificaten*). Mrs. Silvis is also a member of the board of the Rabobank Foundation and a member of the supervisory boards of Rabohypothekbank, De Lage Landen and Friesland Bank N.V. Outside of Rabobank she serves as a member of the board of the NVB (Dutch Association of Banks), a member of the board of directors of Holland Financial Centre, a member of the INSEAD Dutch Council, member of the supervisory board of Koninklijke Kentalis Zorggroep and member of the supervisory boards of Stadsschouwburg Amsterdam and of the Amsterdam Institute of Finance.

#### **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 the new capital framework 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.

In the future, 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 the Basel Committee issued its final view on Basel III. 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 2013 until 1 January 2017). 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 proposed reforms are expected to be implemented from the beginning of 2013, although certain requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to become 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. 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, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, 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 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 new capital requirements framework agreed by the Basel Committee. The new 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 are expected to take place from 1 February 2013 onwards.

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 intends to propose a European Crisis Management Framework. In this framework different issues will be addressed, 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. 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 US).

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 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 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 CFTC and the newly created FSOC, and uncertainty remains about the final details, timing and impact of the rules.

## 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 2011 and at 31 December 2010:

	<i>At 31 December</i>	
<i>(in millions of euro)</i>	<i>2011</i>	<i>2010</i>
<b>Capitalisation of Rabobank Group</b>		
Equity of Rabobank Nederland and local Rabobanks .....	26,500	24,749
<i>Equity instruments issued directly</i>		
Rabobank Member Certificates .....	6,614	0
Capital Securities .....	7,645	4,790
	<u>40,759</u>	<u>29,539</u>
<i>Equity instruments issued by subsidiaries</i>		
Rabobank Member Certificates .....	0	6,583
Capital Securities .....	167	163
Trust Preferred Securities III to VI .....	1,399	1,353
	<u>1,566</u>	<u>8,099</u>
Non-controlling interests .....	2,676	3,119
<b>Total equity</b> .....	<u>45,001</u>	<u>40,757</u>
Subordinated debt .....	2,413	2,482
Long-term debt securities in issue .....	143,134	124,024
Short-term debt securities in issue .....	70,307	72,795
<b>Total capitalisation</b> .....	<u>260,855</u>	<u>240,058</u>
<b>Breakdown of reserves and retained earnings</b>		
Revaluation reserves for available-for-sale financial assets .....	93	48
Other reserves .....	40	80
Retained earnings .....	26,367	24,621
<b>Total reserves and retained earnings</b> .....	<u>26,500</u>	<u>24,749</u>

There has been no material change in the capitalisation of Rabobank Group since 31 December 2011.



## TAXATION

### 1. General

The following is a general discussion of certain tax consequences under the tax laws of the Federal Republic of Germany, the Netherlands and Austria of the acquisition, ownership and disposal of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of the Federal Republic of Germany and the Netherlands currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

**PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY, THE NETHERLANDS AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.**

### 2. Netherlands Taxation

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*For the purpose of this summary it is assumed that no holder of a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.*

*Generally speaking, an individual has a substantial interest in the Issuer if (a) such individual, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such individual or his partner directly or indirectly have, the ownership of, a right to acquire the ownership of, or certain rights over, membership rights or profit sharing certificates (winstbewijzen), entitling the holder to five per cent. or more of the annual profits or of the liquidation distributions of the Issuer or membership rights representing five per cent. or more of the voting rights in the Issuers general meeting.*

*Generally speaking, an entity has a substantial interest in the Issuer if such entity, directly or indirectly has the ownership of, a right to acquire the ownership of, or certain rights over, membership rights or profit sharing certificates (winstbewijzen), entitling the holder to five per cent. or more of the annual profits or of the liquidation distributions of the Issuer or membership rights representing five per cent. or more of the voting rights in the Issuers general meeting. An entity holding a Note has a deemed substantial interest in the Issuer if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note. Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.*

***Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.***

## 2.1 Withholding Tax

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt that effectively functions as equity for purposes of article 10, paragraph 1, sub d of the Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*). According to Supreme Court case law, the Notes effectively function as equity if (a) the Notes are subordinated to all non-subordinated creditors of the Issuer, (b) the Notes do not have a fixed maturity or have a maturity of more than 50 years, and (c) payments under the Notes are entirely or almost entirely dependent on the Issuer's profits.

## 2.2 Taxes on Income and Capital Gains

### Residents

#### *Resident entities*

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at rates up to 25.5 per cent.

#### *Resident individuals*

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent. if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts to 4 per cent. of the average value of the individual's net assets in the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

### Non-residents

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### 2.3 **Gift and Inheritance Tax**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

### 2.4 **Value Added Tax**

The issuance or transfer of a Note, and payments of interest and principal under a Note, will not be subject to value added tax in The Netherlands.

### 2.5 **Other Taxes and Duties**

The subscription, issue, placement, allotment, delivery or transfer of a Note will not be subject to registration tax, stamp duty or any other similar tax or duty payable in The Netherlands.

### 2.6 **Residence**

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

## 3. **Germany**

*The following discussion of certain German tax consequences of buying, holding or disposing of the Notes is based on tax laws (including tax treaties), regulations, decisions, judgments and administrative decrees currently in effect, which may be amended or construed differently, potentially with retroactive or retrospective effect. However, this section does not cover all possible tax consequences which are relevant to the decision of any potential purchaser with respect to buying, holding or disposing of the Notes; in particular, it does not refer to specific circumstances which may be relevant to certain purchasers. This means that the following comments exclusively refer to Notes as an investment as such (unless expressly indicated otherwise) and does not address any persons in their specific tax situation. The information contained in the following section is not intended to be, and does not purport to be, legal or tax advice.*

**POTENTIAL INVESTORS IN THE NOTES ARE, THEREFORE, ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE GERMAN AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES.**

### 3.1 **German Tax Residents**

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

#### 3.1.1 **Taxation if the Notes are held as private assets (*Privatvermögen*)**

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

*Income*

The Notes should qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Notes should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 22 December 2009 as amended on 16 November 2010, a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. However, the Issuer takes the view that losses suffered for other reasons (e.g. because the Notes are linked to a reference value and such reference value decreases in value) should be tax-deductible, subject to the ring-fencing rules described above and subject to the following paragraph. Investors should note that such view of the Issuer must not be understood as a guarantee that the tax authorities and/or courts will follow such view.

Further, pursuant to said tax decree, where notes provide for instalment payments (e.g. Instalment Notes), such instalment payments shall always qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) in the sense of section 20 para 1 no 7 ITA, unless the terms and conditions of the notes provide explicit information regarding redemption or partial redemption during the term of the notes and the contractual parties comply with these terms and conditions. It is further stated in the tax decree that, if, in the case of notes with instalment payments, there is no final payment at maturity, the expiry of such notes shall not qualify as a sale-like transaction, which means that any remaining acquisition costs could not be deducted for tax purposes. Similarly, any remaining acquisition costs of notes with instalment payments shall not be tax-deductible if the notes do not provide for a final payment or are terminated early without a redemption payment because the respective underlying has left the defined corridor or has broken certain barriers (e.g. in knock-out structures). Although this tax decree only refers to notes with instalment payments, it cannot be excluded that the tax authorities apply the above principles also to other kinds of full risk notes.

If the Notes provide for a physical delivery of bonds, shares, interests in funds, shares in exchange-traded-funds ("**ETF-shares**") or other interests, the Notes may qualify as convertible, exchangeable or similar instruments, subject to the relevant Terms and Conditions of the Notes (e. g. whether the Issuer or the investor has the right to opt for a physical delivery). In such a case, the sales proceeds from the Notes and the acquisition costs of the received securities may be deemed to be equal to the initial acquisition costs of the Notes (section 20 para 4a sentence 3 ITA) so that no taxable capital gains would be achieved due to the conversion. However, capital gains realised upon an on-sale of the received securities generally qualify as taxable income.

Against the background of a decision of the fiscal court of Hesse dated 22 October 2010 (8 V 1268/10), it cannot be excluded that Notes where the redemption amount and/or the interest is linked to a reference value qualify as contract for differences (*Termingeschäfte*) in terms of section 20 para 2 sentence 1 no 3 ITA rather than as other

capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 ITA. In such a case, in principle also all income from the Notes including capital gains should be taxed as savings income. If the Notes expire worthless, any loss suffered by an investor might not be tax-deductible.

If the Notes are allocated to an activity of letting and leasing of property, the income from the Notes qualifies, deviating from the above, as income from letting and leasing of property. In such a case, the taxable income is calculated as the difference between the income and income-related expenses (*Werbungskosten*).

#### *Taxation of income*

Savings income is taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*), which is 26.375 per cent. (including solidarity surcharge (*Solidaritätszuschlag*)) plus, if applicable, church tax. When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income related expenses, if any, is excluded. The taxation of savings income shall take place mainly by way of levying withholding tax (please see below). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. However, the separate tax rate for savings income applies in most cases also within the assessment procedure. In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate.

If the income from the Notes qualifies as income from letting and leasing of property, the investor has to report income and income-related expenses (*Werbungskosten*) in its tax return and the balance will be taxed at the investor's individual income tax rate of up to 47.475 per cent. (including solidarity surcharge) and, as the case may be, church tax.

#### *German withholding tax (Kapitalertragsteuer)*

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (e.g. if the Notes are transferred from a non-EU custodial account), withholding tax is applied to 30 per cent. of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent may deduct any negative savings income or accrued interest paid of the same calendar year or of previous calendar years.

The Issuer is, in general, not obliged to levy German withholding tax in respect of payment on the Notes.

German withholding tax will be levied at a flat withholding tax rate of 26.375 per cent. (including solidarity surcharge) plus, if applicable, church tax.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining to apply have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards

church withholding tax will presumably be introduced as of 2014, with the effect that a written application for church withholding tax is no longer necessary. Accordingly, the obligation to include savings income in the tax return for church tax purposes will no longer apply.

No German withholding tax will be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the maximum exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the investor has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

### 3.1.2 Taxation if the Notes are held as business assets (*Betriebsvermögen*)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15 per cent. or income tax at a rate of up to 45 per cent., as the case may be, (in each case plus 5.5 per cent. solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Capital losses may be ring-fenced.

If instead of a cash-settlement at maturity of a Note, a physical delivery of bonds, shares, interests in funds or ETF-shares takes place, such delivery would be regarded as a taxable sale of the Note and the corresponding capital gain will be taxable.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out in section 3.1.1 above. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a company satisfying the requirements of section 43 para 2 sentence 3 no 1 ITA or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

## 3.2 Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see 3.1 above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

## 3.3 Taxation if the Notes qualify as equity or equity-like

If a Note qualifies as equity or equity-like from a German tax perspective, in addition to the rules set out above, income and deemed income may be subject to income taxation, trade tax.

Further, capital gains achieved by an investor holding the Notes as private assets might be re-qualified as business income and, thus, taxable at the investor's individual income tax rate. Capital gains and dividend income might also be partly tax-exempt according to section 8b

German Corporate Income Tax Act (*Körperschaftsteuergesetz*) and section 3 no 40 ITA respectively.

### 3.4 Gift and Inheritance Taxation

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed. In addition, certain German expatriates will be subject to inheritance and gift tax.

### 3.5 Stamp Duty

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

## 4. Austria

**This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in the Republic of Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This summary furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential purchasers of the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 42 of the Austrian Investment Funds Act 1993 (*Investmentfondsgesetz 1993*)) shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons and purchased after 31 March 2012.**

### 4.1 General remarks

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

### 4.2 Income taxation of the Notes

With the passing of the Budget Accompanying Act of 2011 (*Budgetbegleitgesetz 2011*), the Austrian legislator intended to comprehensively realign the taxation of financial instruments, in

particular with regard to capital gains. Pursuant to the newly worded sec. 27(1) of the Austrian Income Tax Act, the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and also broken-period interest; and
- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) is considered as a sale (except if the transfer to another bank deposit does not result in Austria losing its right to tax vis-à-vis other countries and if specific notifications as mentioned in sec. 27(6)(1)(a) of the Austrian Income Tax Act are effected).

Individuals subject to unlimited income tax liability in Austria holding the Notes as a non-business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25%. In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 27(8) of the Austrian Income Tax Act, losses from investment income may not be offset with other types of income. Negative income subject to the flat tax rate of 25% may not be offset with income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation). Further, an offsetting of losses from realised increases in value and from derivatives with (i) interest and other claims against credit institutions and (ii) income from Austrian or foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) is not permissible.

Individuals subject to unlimited income tax liability in Austria holding the Notes as a business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%. While this withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must on the other hand be included in the income tax return (nevertheless flat income tax rate of 25%). In case of investment income without an Austrian nexus, the income must always be included in the income tax return (flat income tax rate of 25%). In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income.

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Notes at a rate of 25%. In case of investment income



with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%, which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied in the first place. Income from the sale of the Notes is subject to corporate income tax of 25%. Losses from the sale of the Notes can be offset against other income.

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as a non-business asset are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%, which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act no withholding tax is levied.

As of 1 January 2013, pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent will be obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent (for the period from 1 April 2012 to 31 December 2012 grandfathering provisions exist). Negative income is primarily to be offset against positive income which is earned at the same or a later point in time. If this is not possible, withholding tax on positive income withheld at an earlier point in time has to be credited. Losses may not be offset across bank deposits by the custodian agent, *inter alia*, in case of bank deposits held as business assets or in trust. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit.

Pursuant to sec. 42 of the Austrian Investment Funds Act 1993, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. Certain collective investment vehicles investing in real estate are exempted. It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (*Investmentfondsrichtlinien*). Pursuant to these, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Directly held bonds shall not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of whether the index is a well-known one, an individually constructed "fixed" index or an index which is changeable at any time.

#### 4.3 **EU withholding tax**

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State (or in certain dependent or associated territories) are subject to a withholding tax of 35% if no exception from such withholding applies. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from withholding tax where the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her Member State of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Regarding the issue of whether also index certificates are subject to the EU withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. The exact tax treatment of index certificates furthermore depends on their underlying.

#### 4.4 Austrian inheritance and gift tax

Austria does not levy an inheritance and gift tax anymore.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa*, in particular for bank deposits, publicly placed bonds and portfolio shares (*i.e.*, less than 1%). The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that pursuant to sec. 27(6)(1)(a) of the Austrian Income Tax Act the withdrawal of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act is considered a sale. Thus, also gratuitous transfers of the Notes can trigger income tax on the level of the transferor. Under the circumstances mentioned in sec. 27(6)(1)(a)(4) and (5) of the Austrian Income Tax Act, no income tax is triggered.

#### 5. European Union Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Belgian State elected to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2010.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding – a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

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. Investors who are in any doubt as to their position should consult their professional advisers.

## SUBSCRIPTION AND SALE

### 1. Dealer Agreement

The Issuer and the Dealer have agreed in a dealer agreement dated 9 August 2007 (the “**Dealer Agreement**”) relating to the Programme basis upon which they may from time to time issue Notes. The Dealer Agreement makes provisions for the resignation or replacement of existing Dealers and the appointment of additional or other dealers (each a “**Dealer**”). The Notes will be offered on a continuous basis by the Issuer to the Dealer and may be resold by the relevant Dealer at market prices prevailing at the time of such sale. It also contemplates that Notes may be sold on a syndicated basis pursuant to subscription agreements or corresponding documents. Any such agreement to issue and sell will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase.

### 2. Selling Restrictions

#### 2.1 General

Offers and sales of the Notes issued under this Programme are subject to the selling restrictions applicable in the jurisdictions where the Notes are offered or sold. The selling restrictions in respect of the United States, the European Economic Area (EEA), Austria, and the UK are set out below. Additional selling restrictions, if any, may be set out in the Final Terms. These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer has agreed, and each further Dealer appointed pursuant to the Programme will be required to agree, that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approvals or permission required by it for the purchase, offer, sales or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer or any of the other Dealers shall have any responsibility therefor.

#### 2.2 United States of America: Regulation S Category 2, TEFRA D or TEFRA C

A purchase of the Notes by an employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974 (“**ERISA**”) or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or by any entity whose assets are treated as assets of any such plan, could result in severe penalties or other liabilities for (among others) the purchaser and the Issuer. The Notes may not be acquired by such a plan or entity.

By its purchase and holding of a Note or any interest therein, each purchaser and each transferee will be deemed to have represented and warranted that (A) it is not, and is not acting on behalf of, an employee benefit plan as described in Section 3(3) of ERISA that is subject to Title I of ERISA, or a plan subject to Section 4975 of the Code, or a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or an entity whose assets are treated as assets of any such plan and (B) it will not sell or otherwise transfer any such Note, or any interest therein, to any person without first obtaining from such person these same foregoing written representations and warranties.

Each Note will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate:

“EACH BENEFICIAL OWNER HEREOF REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT AND WILL NOT BE (A) AN EMPLOYEE BENEFIT PLAN AS DESCRIBED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF AN INVESTMENT IN THE ENTITY BY A PERSON DESCRIBED IN (A) OR (B) ABOVE OR OTHERWISE, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTE OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATIONS, WARRANTIES AND COVENANTS FROM THAT PERSON”

*For Notes to which neither TEFRA C nor TEFRA D is applicable, the following shall apply:*

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption 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**”). Each Dealer has agreed that it will not offer, sell or deliver any Notes within the United States.

Each Dealer has agreed and each further bank appointed as Dealer will agree that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. Persons. Each Dealer has agreed and each further bank appointed as Dealer will agree that it will have sent to each Dealer to which it sells Notes during the distribution compliance period for such distribution a confirmation or other notice setting out the restrictions on offers and sales set out above. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of such Notes, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements under the Security Act.

*For Notes which are subject to TEFRA C or TEFRA D, the following shall apply:*

The Notes have not been and will not be registered under 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 except pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, the Notes are subject to certain requirements of U.S. tax laws and may not be offered, sold or delivered in the United States or its territories or possessions or to U.S. Persons except in certain transactions permitted by the U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and regulations thereunder. Each Global Note representing TEFRA D Notes will bear the following legend: “Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

Each Dealer has agreed and each further bank appointed as Dealer will agree that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an

identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. Persons. Each Dealer has agreed and each further bank appointed as Dealer will agree that it will have sent to each Dealer to which it sells Notes during the distribution compliance period for such distribution a confirmation or other notice setting out the restrictions on offers and sales set out above. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days of the commencement of the offer, an offer or sale of Notes within the United States by any Dealer not participating in the issuance of the Notes may violate the registration requirements of the Securities Act.

## 2.3 **European Economic Area: Public Offer Selling Restrictions Under The Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (1) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), in the period beginning on the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, and ending on the date specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (2) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (3) Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer; or
- (4) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes referred to in (2) to (4) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of the Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto,

including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

*Selling Restrictions Addressing Additional Austria Securities Law*

The following selling restriction shall apply to offers of the Notes in Austria in place of those for the European Economic Area set out in 2.3 (1) above. The requirement in (ii) below also applies for 2.3 (4) and 2.3 (5).

No offer of the Notes may be made to the public in Austria, except that an offer of the Notes may be made to the public in Austria (a) in the period following the later of (i) the date of publication of this Prospectus (or, when such date is not a bank working day, such next bank working day) including any supplements but excluding any Final Terms in relation to the Notes which has been approved by the Financial Market Authority in Austria (*Finanzmarktaufsichtsbehörde* - the “**FMA**”) or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive and (ii) the date of filing of a notification with Oesterreichische Kontrollbank, all as prescribed by the Capital Market Act 1991 (“**CMA**”; *Kapitalmarkgesetz* 1991), and ending on the date specified in such Prospectus or Final Terms, as applicable, or (b) otherwise in compliance with the CMA.

For the purposes of this provision, the expression “an offer of the securities to the public” means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities.

This definition encompasses the placing of the Notes through financial intermediaries.

*Selling Restrictions Addressing Additional United Kingdom Securities Laws*

Each Dealer has represented, warranted and agreed and each further Dealer appointed will be required to represent, warrant and agree that:

- (1) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or would not, if it was not an authorised person, apply to the Issuer; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

*Selling Restrictions Addressing Additional Netherlands Securities Laws*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including 1 January 2012 it will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (1) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- (2) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act (Wet op het financieel toezicht, the "FMSA"); or
- (3) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

**provided that** no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in the paragraph headed with "European Economic Area: Public Offer Selling Restriction Under the Prospectus Directive".

## GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The update of and amendment to the Programme was authorised by a resolution of the Executive Board of Rabobank Nederland passed on 8 November 2011, by a resolution of the Supervisory Board passed on 28 November 2011 and by a secretary's certificate dated 7 June 2012.
2. There has been no significant change in the financial or trading position of the Issuer since 31 December 2011 nor of the Group since 30 December 2011, and there has been no material adverse change in the financial position or prospects of the Issuer nor of the Group since 31 December 2011.
3. Save as disclosed in "Description of Business of Rabobank Group — Legal proceedings" on page 102 of this Base Prospectus, neither the Issuer nor Rabobank Group, nor any of its members or subsidiaries, is involved in any litigation or arbitration or other proceedings nor, so far as the Issuer is aware, is any such litigation or arbitration or other proceedings involving the Issuer or Rabobank Group pending or threatened.
4. Each TEFRA D Note will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
5. The Notes have been accepted for clearance through Clearstream Banking and the Euroclear and Clearstream systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of Clearstream Banking is Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany.
6. For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Paying Agents at BNP Paribas Securities Services S.A. - Frankfurt Branch at Europa-Allee 12, 60327 Frankfurt am Main, Germany and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) at Croeselaan 18, 3521 CB Utrecht, The Netherlands and on the website of the Issuer ([www.rabobank.com/ir](http://www.rabobank.com/ir) under Corporate Governance and Funding and Funding Programmes):
  - (a) the Agency Agreement (as amended and supplemented from time to time) (which includes the form of the Global Notes);
  - (b) the articles of association of the Issuer;
  - (c) the audited consolidated financial statements of Rabobank Group and audited non-consolidated financial statements of Rabobank Nederland for the years ended 31 December 2009, 2010 and 2011;
  - (d) a copy of the latest Base Prospectus (together with any supplement including the Form of Final Terms thereto); and
  - (e) any copies of the documents incorporated by reference into this Base Prospectus.
7. For the period of 12 months following the date of this Base Prospectus, copies of the annual consolidated financial statements of Rabobank Group ended 31 December 2009, 2010 and 2011 may be obtained free of charge at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. Copies of the latest annual non-consolidated accounts of Rabobank Nederland may be obtained free of charge at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. Rabobank Nederland does not publish condensed non-consolidated interim financial information.



8. Ernst & Young Accountants LLP, of which the “Registeraccountants” are members of the Royal Netherlands Institute for Registeraccountants, has audited and issued unqualified independent auditor's reports on the consolidated financial statements of Rabobank Group and the non-consolidated financial statements of Rabobank Nederland for the years ended 31 December 2009, 2010 and 2011. Ernst & Young Accountants LLP has given its consent to the incorporation by reference of its independent auditor's reports on the financial statements of Rabobank Group and Rabobank Nederland. Ernst & Young Accountants LLP has no interest in Rabobank Group nor Rabobank Nederland.
9. A copy of this Base Prospectus has been, and a copy of each Final Terms will be filed with the Netherlands Authority for the Financial Markets.
10. The Issuer is subject to corporate income tax.
11. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of the issue in accordance with prevailing market conditions.
12. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes constituting Derivative Securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

ISSUER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabobank Structured Products)  
**Croeselaan 18**  
**3521 CB Utrecht, The Netherlands**

DEALER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabobank International)  
**Thames Court, One Queenhithe**  
**London EC4V 3RL, United Kingdom**

FISCAL AND PAYING AGENT

BNP Paribas Securities Services S.A. - Frankfurt Branch  
**Europa-Allee 12**  
**60327 Frankfurt am Main**  
**Germany**

PAYING AGENT

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabobank International)  
**Croeselaan 18,**  
**3521 CB Utrecht**  
**The Netherlands**

LEGAL ADVISER TO THE DEALER

Clifford Chance  
**Partnerschaftsgesellschaft von Rechtsanwälten,**  
**Wirtschaftsprüfern, Steuerberatern und Solicitors**  
**Mainzer Landstraße 46**  
**60325 Frankfurt am Main**  
**Germany**

INDEPENDENT AUDITOR TO THE ISSUER

Ernst & Young Accountants LLP  
**Euclideslaan 1**  
**3584 BL Utrecht, The Netherlands**