Prospectus dated 24 January 2011

Rabobank Nederland
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

U.S.$2,000,000,000 8.375 per cent. Perpetual Non-Cumulative Capital Securities

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Issue Price of the Capital Securities: 100 per cent.

The U.S.$2,000,000,000 8.375 per cent. Perpetual Non-Cumulative Capital Securities (the "**Capital Securities**") will be issued by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ("**Rabobank Nederland**", the "**Issuer**" or the "**Bank**"). Interest on the Capital Securities will accrue on their prevailing principal amount from (and including) 26 January 2011 (the "**Issue Date**") to (but excluding) 26 July 2016 (the "**First Reset Date**") at an initial rate of 8.375 per cent. per annum, and will, subject as provided below, be payable semi-annually in arrear on 26 January and 26 July in each year. Interest on the Capital Securities shall accrue from (and including) the First Reset Date at a rate, to be reset every five years thereafter, based on the US Treasury Benchmark Rate (as defined in 'Terms and Conditions of the Capital Securities') plus 6.425 per cent. Payments on the Capital Securities will be made without deduction for, or on account of, taxes of the Netherlands to the extent described under 'Terms and Conditions of the Capital Securities – Taxation'. Payments of interest will be made at the sole discretion of the Issuer and subject to the approval of the Dutch Central Bank. Payments of Prohibited Interest (as defined in 'Terms and Conditions of the Capital Securities') will not be made. Any interest not paid as aforesaid will not accumulate.

The Capital Securities will be perpetual securities and will have no fixed or final redemption date. Subject to satisfaction of certain conditions (as described herein) and applicable law, the Capital Securities may be redeemable (at the option of the Issuer) on 26 July 2016 (the "**First Call Date**"), or at any time thereafter, in whole but not in part in an amount equal to the Redemption Price (as defined in 'Terms and Conditions of the Capital Securities'). Unless the Capital Securities have previously been redeemed or purchased and cancelled as provided in the 'Terms and Conditions of the Capital Securities', the Issuer will undertake to exercise its option to redeem the Capital Securities as aforesaid on the first Interest Payment Date falling on or after 26 January 2041 on which the Conditional Call Exercise Requirements (as defined in 'Terms and Conditions of the Capital Securities') have been satisfied, as further described herein. In addition, upon the occurrence of a Tax Law Change or a Capital Event (each as defined in 'Terms and Conditions of the Capital Securities'), the Capital Securities may be redeemed (at the option of the Issuer) prior to the First Call Date in whole but not in part in an amount equal to their Redemption Price, as further described herein. Upon the occurrence of a Basel III Capital Event (as defined in 'Terms and Conditions of the Capital Securities') or a Capital Event, the Issuer may substitute, or vary the terms of, the Capital Securities so that they remain or, as appropriate, become Compliant Securities (as defined in the Conditions). The Capital Securities will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves.

If a Loss Absorption Event (as defined in 'Terms and Conditions of the Capital Securities') occurs, the Issuer shall, *inter alia*, cancel any accrued but unpaid interest and, if required, write down the prevailing principal amount of the Capital Securities in order to cause the Loss Absorption Event no longer to continue. Once the principal amount of a Capital Security has been written down in accordance with the Terms and Conditions, the amount of such write down shall not be restored in any circumstances. Each Capital Security may be written down on more than one occasion provided, *inter alia*, that the principal amount shall never be less than zero.

Application has been made to the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or "**AFM**"), in its capacity as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and regulations thereunder (together "**Dutch securities laws**"), for the approval of this Prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). Applications have also been made for the Capital Securities to be admitted to trading on NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). References in this Prospectus to the Capital Securities being "**listed**" (and all related references) shall mean that the Capital Securities have been admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and the Council on Markets in Financial Instruments. The denominations of the Capital Securities shall be U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof, up to and including U.S.$199,000. The Capital Securities will initially be represented by a temporary global Capital Security without interest coupons in bearer form (the "**Temporary Global Capital Security**"), which will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on the Issue Date. The Temporary Global Capital Security will be exchangeable for interests in a global capital security (the "**Global Capital Security**"), without interest coupons, on or after a day which is expected to be 8 March 2011, upon certification as to non-US beneficial ownership. Individual definitive Capital Securities in bearer form ("**Definitive Capital Securities**") will only be available in certain limited circumstances as described herein. See 'Summary of the Provisions Relating to the Capital Securities in Global Form'.

The Capital Securities are expected upon issue to be rated 'A' by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The credit ratings included or referred to in this Prospectus have been issued by Fitch Ratings Ltd. which is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

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

Joint Lead Managers and Joint Bookrunners

BofA Merrill Lynch	**Credit Suisse**
Morgan Stanley	**Rabobank International**

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

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

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

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

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

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

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

In connection with this issue of Capital Securities, Merrill Lynch International (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Capital Securities 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 Capital Securities and 60 days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

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

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RISK FACTORS

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

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

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

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

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

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. The financial crisis which started in the second half of 2007 affects all banks, particularly in respect of funding due to the liquidity shortage. Factors such as interest 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 (loans and bank overdrafts), a facility or a limit. As well as loans and facilities (with or without commitment), credit as a generic term also includes, among other things, guarantees, letters of credit and derivatives. Rabobank Group has a robust framework of policies and processes in place that is designed to measure, manage and mitigate credit risks. Rabobank Group's prudent policy for accepting new clients is characterised by careful assessment of clients and their ability to make repayments on credit granted. As a result, 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.

Approval of larger credit applications is decided on by committees. A structure consisting of various committees has been established, with the amount of the total exposure including the requested finance 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 Wholesale and Retail 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 Retail PCC is responsible for domestic retail banking and the Wholesale PCC for wholesale banking and international retail banking. In Rabobank Group PCC, which is chaired by the CFO, the Executive Board is represented by three members. The CFO also chairs the Wholesale and Retail 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.

As a result of Rabobank Group's high level of diversification, it has not experienced major fluctuations in its levels of profitability in the past. However, the current economic downturn may result in 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 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.

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. Although positions have been reduced, and volatility in the financial markets decreased in 2009, 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 the Rabobank Group's 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 failure of 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 current regulation, 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 lack of soundness and/or the perceived lack of soundness 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. 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, 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.

In 2008, several large commercial banks and financial institutions in the Netherlands, including ABN AMRO, Fortis Nederland, ING Group and SNS Reaal, received financial support from the Dutch government. In 2009, strong competition in the Dutch savings market reduced the margin on savings and also caused a slight drop in Rabobank Group's market share. The largest banks currently receiving state aid are expected to focus on the Dutch market to a significant extent, which is likely to result in increased competition in the Netherlands.

At 31 December 2010, mortgage loan interest payments for Dutch homeowners are tax deductable. If the tax deductibility is reduced or abolished, 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. Currently, under Basel II, capital requirements are inherently more sensitive to market movements than under previous regimes and 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 might restrict Rabobank Group's opportunities for expansion.

In the future, under Basel III, capital and liquidity requirements are expected to 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'. On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on Basel III. 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). 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 within a range of 0 per cent. to 2.5 per cent. of common equity (or other fully loss absorbing capital) is to be applied as an extension of the conservation buffer. Furthermore, systemically important banks should have loss absorbing capacity beyond these standards. The Basel III reforms also require Tier 1 and Tier 2 capital instruments to be more loss-absorbing. The reforms therefore increase the minimum quantity and quality of capital which the Rabobank Group is obliged to maintain. There can be no assurance as to the availability or cost of such capital. 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 by the beginning of 2013, however the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019.

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.

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 results of operations.

Credit ratings

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

A reduction in its credit ratings 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, oil prices and natural disasters, among other things, can affect the global financial markets. Accounting and corporate governance scandals in recent years have had a significant negative impact on investor confidence. 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, geopolitical, pandemic or other such events

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

Key employees

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

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

The Capital Securities may not be a suitable investment for all investors

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

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

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

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

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

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

The Capital Securities are subordinated obligations

Subject, *inter alia*, as discussed under '- The Capital Securities may be subject to Loss Absorption Measures', Holders of the Capital Securities have rights to payment upon liquidation or redemption equivalent to those to which the Holders would be entitled if they held the most senior ranking preferred equity securities or preferred or preference shares directly issued by the Issuer.

The Issuer's obligation to make payments under the Capital Securities is limited. In particular, the Issuer's obligations under the Capital Securities constitute unsecured obligations of the Issuer and rank:

(a) subordinate and junior to indebtedness of the Issuer (other than the Issuer's obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, the Issuer's obligations under the Capital Securities or the Coupons (including, without limitation, the Issuer's Existing Capital Securities and Junior Member Certificates Related Agreements (each as defined in Condition 1)));

(b) *pari passu* (a) with the Issuer's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI, (b) with the Issuer's obligations under the Existing Capital Securities, and (c) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer; and

(c) senior to the Issuer's obligations under the Junior Member Certificates Related Agreements and any other instruments ranking *pari passu* with the Junior Member Certificates Related Agreements (in accordance with and by virtue of the subordination provisions of the Junior Member Certificates Related Agreements) and any other instruments ranking *pari passu* therewith.

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

Other than the limitations in relation to the issue of prior rating Tier 1 Capital as set out in Condition 3(*c*), the Capital Securities do not limit the Issuer's ability or the ability of any entity in the Rabobank Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Capital Securities.

No limitation on issuing pari passu securities; subordination

There is no restriction on the amount of securities which the Issuer may issue and which rank *pari passu* with, the Capital Securities and no restriction on the Issuer issuing securities with similar, different or no Loss Absorption Event and/or Interest Cancellation Event provisions.

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

The Capital Securities may be subject to Loss Absorption Measures

Investors may lose all or part of their investment upon the occurrence or, as appropriate, the continuation of one or more of the following events (each a "**Loss Absorption Event**"):

(a) as a result of losses incurred by the Rabobank Group as reported in its Relevant Accounts, the Issuer's Equity Capital Ratio falls or remains below 8 per cent.; or

(b) there has been such a significant reduction in the retained earnings or similar reserves of the Issuer or the Rabobank Group causing a significant deterioration in the financial and regulatory solvency position of the Issuer and the Rabobank Group that the Issuer determines, or the Dutch Central Bank has notified the Issuer in writing that it believes, that the Issuer's Equity Capital Ratio will fall below 8 per cent. in the near term.

If a Loss Absorption Event has occurred and is continuing, the Issuer shall, after first giving notice thereof to Holders in accordance with the Conditions and subject to certain conditions (including obtaining the prior written consent of the Dutch Central Bank):

(i) cancel any Interest accrued to the relevant Loss Absorption Measure Effective Date; and

(ii) to the extent the cancellation of Interest in accordance with (i) above, together with the cancellation of interest on any other Loss Absorbing Instruments or any other instrument issued directly or indirectly by the Issuer which, in the case of the bankruptcy of the Issuer, a Moratorium or the dissolution (*ontbinding*) of the Issuer ranks *pari passu* with, or junior to, the Capital Securities and which contains provisions for the cancellation of interest analogous to any of those in the Capital Securities, in each case on or before the relevant Loss Absorption Measure Effective Date, is in aggregate insufficient to result in the relevant Loss Absorption Event no longer continuing, irrevocably (without the need for the consent of the Holders) reduce the then prevailing principal amount of each Capital Security by the relevant Write Down Amount.

A Loss Absorption Event may occur on more than one occasion, including on liquidation or redemption, and each Capital Security may be Written Down on more than one occasion. Once the principal amount of a Capital Security has been Written Down, the relevant Write Down Amount(s) will not be restored in any circumstances including where the relevant Loss Absorption Event(s) cease(s) to continue.

To the extent that part of the principal amount of a Capital Security has been Written Down in accordance with the above, Interest will continue to accrue on the then prevailing principal amount of that Capital Security.

Holders will bear the risk of fluctuation in the Equity Capital Ratio

The market price of the Capital Securities is expected to be affected by fluctuations in the Equity Capital Ratio since the amount of Equity Capital may vary, as may the amount and basis of calculation of the Rabobank Group's Risk Weighted Assets (the basis of calculation of the Risk Weighted Assets may vary due to changes in the Solvency Rules). Any indication that the Equity Capital Ratio is trending towards a Loss Absorption Event may have an adverse effect on the market price of the Capital Securities. The level of the Equity Capital Ratio may significantly affect the trading price of the Capital Securities.

Profit Risk

The extent to which the Issuer makes a profit from its operations (if any) will affect whether the payment of interest is prohibited or discretionary as more particularly set out in Condition 5.

Prohibited and Discretionary Interest

Payment of Interest on any Interest Payment Date is at the sole discretion of the Issuer. The Issuer may elect not to pay Interest, in whole or in part, on any Interest Payment Date. The Issuer may make such election for any reason and may be obliged to do so if it fails to maintain adequate levels of minimum and buffer capital. In addition, in certain circumstances described below, payment of Interest will be prohibited.

Payments of Interest due on any Interest Payment Date will be prohibited and will not be paid:

(i) to the extent that the amount of such Interest otherwise due together with any dividends or distributions or other payments scheduled to be paid or made on such Interest Payment Date on any Parity Share or any instruments which effectively rank *pari passu* with any Parity Share shall exceed Distributable Items as at such Interest Payment Date;

(ii) to the extent that applicable Solvency Rules prohibit the Issuer, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the Capital Securities or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Interest Payment Date (for example, as a result of the Issuer's Total Risk-Based Capital Ratio falling below the then applicable minimum requirement);

(iii) if an Interest Cancellation Event (being the Total Risk-Based Capital Ratio of the Issuer or the Rabobank Group being below applicable minima or the Equity Capital Ratio being below 8 per cent.) has occurred and is continuing as at such Interest Payment Date or would occur as a result of such Interest payment; or

(iv) if after taking into account (a) the financial and regulatory solvency position of the Issuer and the Rabobank Group before such payment and assuming such payment were made; (b) the Issuer's or the Rabobank Group's forecast development of the financial and regulatory solvency position of the Issuer and the Rabobank Group for the three years following such Interest Payment Date; and (c) an evaluation by the Issuer, the Rabobank Group and/or the Dutch Central Bank of the risks to which the Issuer and the Rabobank Group is, or may be, exposed (including through the application of stress tests), the Dutch

Central Bank has notified the Issuer that it believes an Interest Cancellation Event will occur in the three years following such Interest Payment Date.

Any Discretionary Interest which is not paid on the applicable Interest Payment Date or any Prohibited Interest shall not accumulate or be payable at any time thereafter. Holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise.

Thus, any Interest not paid as a result of these restrictions will be lost and the Issuer will have no obligation to make payment of such Interest or to pay interest thereon.

Furthermore, if the Issuer is prohibited from paying Interest on the Capital Securities by virtue of non-compliance with its regulatory capital ratios as described above, or exercises its discretion not to pay Interest on any Interest Payment Date, there will be no restriction on the Issuer from otherwise making distributions or any other payments to the holders of any securities ranking *pari passu* with the Capital Securities as more fully described in Condition 5(c).

Perpetual Securities

The Capital Securities are perpetual securities which have no scheduled repayment date. Holders of Capital Securities have no ability to require the Issuer to redeem their Capital Securities unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are set out in Condition 9.

The Issuer has the option to redeem the Capital Securities in certain circumstances (including from the First Call Date) and, subject to the Conditions, has undertaken to exercise its option to redeem the Capital Securities on the Conditional Call Exercise Date. The ability of the Issuer to redeem Capital Securities, including on a Conditional Call Exercise Date, is subject to the Issuer satisfying certain conditions (see Condition 7).

This means that Holders of Capital Securities have no ability to cash in their investment, except:

(a) if the Issuer exercises its rights to redeem or purchase the Capital Securities;

(b) if permitted following an Event of Default; or

(c) by selling their Capital Securities.

In addition, upon the occurrence of a Tax Law Change or a Capital Event, the Capital Securities may be redeemed at their Redemption Price, as more particularly described herein.

The Capital Securities shall be redeemed at their prevailing principal amount as at the date of such redemption. If any Loss Absorption Event has occurred since the Issue Date, as more fully described in '- The Capital Securities may be subject to Loss Absorption Measures', Holders will receive an amount less than the initial principal amount of the Capital Securities.

There can be no assurance that Holders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

Substitution and Variation upon the occurrence of a Basel III Capital Event or a Capital Event

Upon the occurrence and continuation of a Basel III Capital Event or a Capital Event, the Issuer may, subject as provided in Condition 7 and without the need for any consent of the Holders, substitute all (but not some only) of the Capital Securities, or vary the terms of the Capital Securities so that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 1), and which may take the form of preferred equity securities. The tax and stamp duty consequences of holding preferred equity securities following a substitution could be different for some categories of holder from the tax and stamp duty consequences for them of holding Capital Securities.

Modification and waiver

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

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

Further, the agreement or approval of the Holders and Couponholders shall not be required in the case of any Write Down of the principal amount of the Capital Securities in accordance with Condition 6(a).

Risks related to the market generally

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

The secondary market generally

The Capital Securities 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 Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Capital Securities that are especially sensitive to interest rate, or market risks. These types of Capital Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Capital Securities.

Exchange rate risks and exchange controls

The Issuer will, in the circumstances provided herein, pay principal and interest on the Capital Securities in U.S. Dollars. 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 U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar 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 U.S. Dollars would decrease (i) the Investor's Currency-equivalent yield on the Capital Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Capital Securities and (iii) the Investor's Currency-equivalent market value of the Capital Securities. If the Capital Securities are denominated in another currency than the currency of the country in which the Holder is resident, the Holder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Holder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices in another currency than the currency in which the relevant Capital Security is denominated. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

It is expected that the Capital Securities will be assigned a rating of 'A' by Fitch on or around their Issue Date. The Capital Securities will not be assigned any rating by Moody's or Standard & Poor's on issue. There can be no assurance that Moody's or Standard & Poor's will in the future assign any rating to the Capital Securities or that if they do assign a rating that such rating will correspond to the then prevailing rating of the Capital Securities by Fitch. There can be no assurance that the methodology of the ratings agencies will not evolve or that any ratings once given will not be suspended, reduced or withdrawn at any time by the assigning rating agency.

The credit rating(s) of the Capital Securities from time to time may not be reliable and changes to the credit ratings could affect the value of the Capital Securities. Credit ratings may not reflect the potential impact of all risks relating to the value of the Capital Securities. Real or anticipated changes in the credit ratings of the Issuer will generally affect the market value of the Capital Securities. Further, any credit ratings may be revised downwards in the event of, *inter alia*, a deterioration in the Equity Capital Ratio or the Total Risk-Based Capital Ratio of Rabobank Group.

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

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Capital Securities are legal investments for it, (ii) Capital Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Capital Securities under any applicable risk-based capital or similar rules.

EU Savings Directive

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

Investors should note that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in an EU Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

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

Integral multiples of less than U.S.$100,000

The Capital Securities are denominated in amounts of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof up to and including U.S.$199,000. In the event that definitive Capital Securities are required to be issued, a holder who holds a principal amount which is less than U.S.$100,000 (or, following adjustment (if any) downwards in accordance with Condition 6, the lesser amount resulting from such adjustment) in his account with the relevant clearing system at the relevant time would need to purchase a principal amount of Capital Securities such that his holding amounts to at least U.S.$100,000 (or, following adjustment (if any) downwards in accordance with Condition 6, the lesser amount resulting from such adjustment) before he may receive a definitive Capital Security in respect of such holding. Except in circumstances set out in the relevant Global Capital Security, investors will not be entitled to receive definitive Capital Securities.

Change of law

The conditions of the Capital Securities are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Dutch law or administrative practice after the date of this Prospectus. Such changes in law may include the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Capital Securities,. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger.

IMPORTANT INFORMATION

Responsibility Statement

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

Documents incorporated by reference

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and which have been filed with the AFM:

(a) the audited consolidated and unconsolidated annual financial statements of the Issuer for the financial year ended 31 December 2007 (together with the auditor's reports thereon and explanatory notes thereto);

(b) the audited consolidated and unconsolidated annual financial statements of the Issuer for the financial year ended 31 December 2008 (together with the auditor's reports thereon and explanatory notes thereto);

(c) the audited consolidated and unconsolidated annual financial statements of the Issuer for the financial year ended 31 December 2009 (together with the auditor's reports thereon and explanatory notes thereto); and

(d) the unaudited interim report of Rabobank Group for the six months ended 30 June 2010 (together with the review report on the condensed consolidated interim financial information in respect thereof).

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents incorporated herein by reference unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available, without charge, from the principal office in the Netherlands of Rabobank International (as Euronext Amsterdam Listing Agent).

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Rabobank Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Rabobank Group will operate in the future. Among the important factors that could cause the Rabobank Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the competitive nature of the banking business in the Netherlands; credit and other risks of lending; volatility in Dutch and international equity markets; government regulation and tax matters; the outcome of legal or regulatory disputes and proceedings; and changes in Dutch economic conditions, political events, interest rates, exchange rates and inflation. These forward-looking statements speak only as of the date of this Prospectus. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The foregoing paragraph applies to those forward-looking statements which are both set out in this Prospectus and which are incorporated by reference herein - see 'Important Information - Documents incorporated by reference'.

OVERVIEW

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

Issuer of the Capital Securities.......... Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)

Joint Lead Managers.......................... Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)
Credit Suisse Securities (Europe) Limited
Merrill Lynch International
Morgan Stanley & Co. International plc

Fiscal Agent... Deutsche Bank AG, London Branch

Paying Agents...................................... The Fiscal Agent and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)

Issue Size .... U.S.$2,000,000,000

Maturity Date .... The Capital Securities are perpetual securities and have no scheduled maturity date.

Issue Date .... 26 January 2011

Interest... The Capital Securities will bear interest at an initial interest rate of 8.375 per cent. per annum on their prevailing principal amount, from (and including) the Issue Date to (but excluding) 26 July 2016, payable, subject as provided below, semi-annually in arrear on each Interest Payment Date, as more fully described under Condition 4. Interest on the Capital Securities shall accrue from (and including) the First Reset Date at a rate, to be reset every five years thereafter, based on the US Treasury Benchmark Rate plus 6.425 per cent.

Interest Payment Dates...................... Except as described below, interest will be payable on 26 January and 26 July in each year (each, an "**Interest Payment Date**"), commencing on 26 July 2011.

Ranking .... The payment obligations under the Capital Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. Subject to exceptions provided by mandatory applicable law, in the case of (a) the bankruptcy of the Issuer; (b) a Moratorium; or (c) dissolution (*ontbinding*) of the Issuer, the payment obligations of the Issuer under the Capital Securities and the Coupons shall rank:

(i) subordinate and junior to indebtedness of the Issuer (other than the Issuer's obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, the Issuer's obligations under the Capital Securities or the Coupons (including, without limitation, the Existing Capital Securities and the Junior Member Certificates Related Agreements));

(ii) *pari passu* (a) with the Issuer's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI, (b) with the Issuer's obligations under the Existing Capital Securities, and (c) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer; and

(iii) senior to the Issuer's obligations under the Junior Member Certificates Related Agreements and any other instruments ranking *pari passu* with the Junior Member Certificates Related Agreements (in accordance with, and by virtue of, the subordination provisions of, the Junior Member Certificates Related Agreements) and any other instruments ranking *pari passu* therewith.

By virtue of such subordination, payments to Holders and Couponholders will, in the case of the bankruptcy or dissolution of the Issuer or in the event of a Moratorium, only be made after all payment obligations of the Issuer ranking senior to the Capital Securities and Coupons have been satisfied.

Discretionary and Prohibited Interest...

Discretionary Interest

Subject as described below under 'Prohibited Interest', Interest shall be payable on the applicable Interest Payment Date at the sole discretion of the Issuer (and, if paid, may be paid in whole or in part) subject to the approval of the Dutch Central Bank, if required.

Prohibited Interest

The Issuer shall not pay the Interest due on an Interest Payment Date:

(i) to the extent that the amount of such Interest otherwise due together with any dividends or distributions or other payments scheduled to be paid or made on such Interest Payment Date on any Parity Share or any instruments which effectively rank *pari passu* with any Parity Share shall exceed Distributable Items as at such Interest Payment Date;

(ii) to the extent that applicable Solvency Rules prohibit the Issuer, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the Capital Securities or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Interest Payment Date;

(iii) if an Interest Cancellation Event (being the Total Risk-Based

Capital Ratio of the Issuer or the Rabobank Group being below applicable minima or the Equity Capital Ratio being below 8 per cent.) has occurred and is continuing as at such Interest Payment Date or would occur as a result of such Interest payment; or

(iv) if after taking into account (a) the financial and regulatory solvency position of the Issuer and the Rabobank Group before such payment and assuming such payment were made; (b) the Issuer's or the Rabobank Group's forecast development of the financial and regulatory solvency position of the Issuer and the Rabobank Group for the three years following such Interest Payment Date; and (c) an evaluation by the Issuer, the Rabobank Group and/or the Dutch Central Bank of the risks to which the Issuer and the Rabobank Group is, or may be, exposed (including through the application of stress tests), the Dutch Central Bank has notified the Issuer that it believes an Interest Cancellation Event will occur in the three years following such Interest Payment Date.

Any Prohibited Interest or any Discretionary Interest not paid on any relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise.

Consequential Restrictions .... If, on any Interest Payment Date, payment of the Interest scheduled to be made on such date is not made in full by reason of the provisions set out above, the Issuer shall not:

(i) declare or pay in cash any distribution or dividend (other than a distribution or dividend declared by the Issuer before the Issuer gives notice that payment of such Interest is not to be paid in full) or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Relevant Junior Securities; or

(ii) redeem, purchase, cancel, reduce or otherwise acquire any Relevant Junior Securities, except where any such purchase or acquisition is made in connection with the Issuer's activities as a *bona fide* liquidity provider in respect of Relevant Junior Securities,

in each case unless or until the earlier of: (x) the Interest due and payable on any subsequent Interest Payment Date in respect of the then prevailing principal amount of all outstanding Capital Securities has been paid in full (i) to the Holders or (ii) to a designated third party trust account for the benefit of the Holders pending payment by the trustee thereof to the Holders on such subsequent Interest Payment Date, or (y) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the principal amount of the Capital Securities to zero.

Loss Absorption Events………….. Upon the occurrence, or the continuation of, one or more of the following events:

(a) as a result of losses incurred by the Rabobank Group as reported in its Relevant Accounts, the Issuer's Equity Capital Ratio falls or remains below 8 per cent.; or

(b) there has been such a significant reduction in the retained earnings or similar reserves of the Issuer or the Rabobank Group causing a significant deterioration in the financial and regulatory solvency position of the Issuer and the Rabobank Group that the Issuer determines, or the Dutch Central Bank has notified the Issuer in writing that it believes, that the Issuer's Equity Capital Ratio will fall below 8 per cent. in the near term,

(each a "**Loss Absorption Event**"), the Issuer shall, subject to certain conditions:

(i) cancel any Interest accrued to the relevant Loss Absorption Measure Effective Date; and

(ii) to the extent the cancellation of Interest in accordance with (i) above, together with the cancellation of interest on any other Loss Absorbing Instruments or any other instrument issued directly or indirectly by the Issuer which, in the case of the bankruptcy of the Issuer, a Moratorium or the dissolution (*ontbinding*) of the Issuer ranks *pari passu* with, or junior to, the Capital Securities and which contains provisions for the cancellation of interest analogous to any of those in the Capital Securities, in each case on or before the relevant Loss Absorption Measure Effective Date, is in aggregate insufficient to result in the relevant Loss Absorption Event no longer continuing, irrevocably (without the need for the consent of the Holders) reduce the then prevailing principal amount of each Capital Security by the relevant Write Down Amount.

A Loss Absorption Event may occur on more than one occasion and each Capital Security may be Written Down on more than one occasion. Once the principal amount of a Capital Security has been Written Down, the relevant Write Down Amount(s) will not be restored in any circumstances including where the relevant Loss Absorption Event(s) cease(s) to continue.

Optional Redemption.......................... Subject to certain conditions, as more particularly set out in Condition 7*(b)* of the Capital Securities, the Issuer may elect to redeem all, but not some only, of the Capital Securities on the First Call Date or at any time thereafter at their Redemption Price.

Unless the Capital Securities have previously been redeemed or purchased and cancelled, the Issuer has undertaken to exercise its option to redeem the Capital Securities on the first Interest Payment Date falling on or after 26 January 2041 (i) which is a Relevant Interest Payment Date and (ii) prior to which the Issuer has previously raised (or caused to be raised by a member of the

Rabobank Group) the amount of net proceeds which the Issuer determines (at any time prior to such date in its sole discretion but in consultation with the Dutch Central Bank, as necessary) is the minimum amount required by the Rabobank Group to be raised through the issuance of Qualifying Securities to replace the Capital Securities (as more particularly set out in Condition 7*(c)* of the Capital Securities).

Redemption for Taxation Reasons ..... If as a result of a Tax Law Change:

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

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

then the Issuer may, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption as more particularly set out in Condition 7*(d)*.

Redemption for Regulatory Reasons.. If a Capital Event has occurred and is continuing, then the Issuer may, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price, on the relevant date fixed for redemption, as more particularly set out in Condition 7*(e)*.

Substitution or variations for a Basel III Capital Event or a Capital Event.. If a Basel III Capital Event or a Capital Event has occurred and is continuing, then the Issuer may either substitute, or vary the terms of, the Capital Securities so that they remain, or as appropriate become Compliant Securities, as more particularly set out in Condition 7*(f)*.

Withholding Tax and Additional Amounts .... The Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Capital Securities, after withholding for any taxes imposed by tax authorities in the Netherlands upon payments made by or on behalf of the Issuer in respect of the Capital Securities, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as more particularly set out in Condition 10.

Listing.. Application has been made to list the Capital Securities on NYSE Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. It is expected that admission to listing will become effective and dealings are expected to commence on 26 January 2011.

Governing Law .... The Capital Securities will be governed by, and construed in accordance with, Dutch law.

Form .... Bearer. The Capital Securities will initially be represented by a Temporary Global Capital Security, without interest coupons, which will be deposited with a common depositary on behalf of Euroclear

	and Clearstream, Luxembourg. The Temporary Global Capital Security will be exchangeable for interests in a global capital security, without interest coupons, on or after 8 March 2011, upon certification as to non-US beneficial ownership.
Denomination.......................................	U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof, up to and including U.S.$199,000.
Clearing and Settlement	The Capital Securities have been accepted for clearance through the facilities of each of Euroclear and Clearstream, Luxembourg.
Rating	The Capital Securities are expected to be assigned on issue a rating of 'A' by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.
Security Codes	ISIN: XS0583302996 Common Code: 058330299
Selling Restrictions..............................	The United States of America, United Kingdom, Japan, Singapore, Hong Kong, Malaysia, the Republic of China, the People's Republic of China, the Republic of Korea, India, Indonesia, Brazil, Switzerland, France, the Republic of Italy and Israel. The Capital Securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Capital Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Capital Securities and distribution of this Prospectus, see 'Subscription and Sale'.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The issue of the Capital Securities was authorised by a resolution of the Issuer on 18 January 2011 and is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 9 November 2010 and a resolution of the Supervisory Board passed on 29 November 2010. The Agency Agreement has been entered into in respect of the Capital Securities and is available for inspection during usual business hours at the specified offices of each of the Paying Agents. The Agency Agreement includes the form of the Capital Securities, the Coupons and the Talons. The Holders and the Couponholders (whether or not the Coupons held are attached to the relevant Capital Securities) are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 Definitions

In these Conditions:

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

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

"**Agency Agreement**" means the fiscal agency agreement dated 26 January 2011 entered into between the Issuer, the Fiscal Agent and the Paying Agents;

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

"**Bank Instrument**" means any share capital or other instrument of the Issuer;

"**Basel III Capital Event**" is deemed to have occurred if the Issuer is notified in writing by the Dutch Central Bank to the effect that the Capital Securities may no longer be included in full in the consolidated Tier 1 Capital of Rabobank Group by reason of non-compliance with the Solvency Rules as they are amended to implement the Basel III Proposals;

"**Basel III Proposals**" means the Basel Committee on Banking Supervision proposals known as 'Basel III', and together with any relevant Basel III related publications issued by the Basel Committee on Banking Supervision prior to 24 January 2011;

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

"**Calculation Amount**" means, initially, U.S.$1,000 in principal amount of each Capital Security, or, following adjustment (if any) downwards in accordance with Condition 6, the lesser amount resulting from such adjustment;

"**Capital Bank Guarantee**" means any guarantee issued by the Issuer of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital and which guarantee effectively ranks senior to a Parity Bank Guarantee;

A “**Capital Event**” is deemed to have occurred if the Issuer is notified in writing by the Dutch Central Bank to the effect that the Capital Securities may no longer be included in the consolidated Tier 1 Capital of Rabobank Group other than by reason of a Basel III Capital Event;

“**Capital Local Rabobank Guarantee**” means any guarantee issued by any Local Rabobank of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

“**Capital Securities**” means the U.S.$2,000,000,000 8.375 per cent. Perpetual Non-Cumulative Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 15 and forming a single series with the Capital Securities;

“**Compliant Securities**” means securities issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to an investor than the terms of the Capital Securities (as reasonably determined by the Issuer, and provided that a certification to such effect of the Authorised Signatories shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities), provided that such securities (1) contain terms such that they comply with the then current requirements of the Dutch Central Bank in relation to Tier 1 Capital; (2) include terms which provide for the same Interest Rate from time to time applying to the Capital Securities; (3) rank *pari passu* with, the Capital Securities; and (4) such securities shall preserve any existing rights under these Conditions to any accrued interest which has not been satisfied; and

(b) where the Capital Securities which have been substituted or varied were listed immediately prior to their substitution or variation, the relevant securities are listed on (i) Euronext Amsterdam or (ii) such other internationally recognised stock exchange as selected by the Issuer; and

(c) where the Capital Securities which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Compliant Securities;

“**Conditional Call Exercise Date**” means the first Interest Payment Date falling on or after 26 January 2041 on which all of the Conditional Call Exercise Requirements are satisfied;

“**Conditional Call Exercise Requirements**” shall be deemed to be satisfied as at an Interest Payment Date falling on or after 26 January 2041 if (a) such Interest Payment Date is a Relevant Interest Payment Date and (b) the Issuer (or any member of the Rabobank Group) has raised the Replacement Capital Amount, if any, on or before such date;

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

“**Corresponding Proportion**” means, in relation to the writing down of the prevailing principal amount of any Loss Absorbing Instrument as contemplated in Condition 6*(c)* following the giving of a Loss Absorption Event Notice, an amount calculated by the Issuer which as near as practicable (taking account of currencies and market conventions for denominations) corresponds to the prevailing principal amount of such Loss Absorbing Instrument divided by B and multiplying the result by NEC (as such terms are calculated in accordance with the definition of Write Down Amount and set out in the relevant Loss Absorption Event Notice);

“**Coupon**” means an interest coupon in respect of a Capital Security (which expression includes, where the context so permits, Talons);

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

"**Day-count Fraction**" means (i) in respect of an Interest Amount payable on a scheduled Interest Payment Date, one-half, (ii) in respect of an Interest Amount payable other than on a scheduled Interest Payment Date the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis if a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Interest Period in which the relevant period falls (including the first such day but excluding the last);

"**Determination Agent**" means an independent investment bank or financial institution selected by the Issuer for the purposes of performing the functions required to be performed by it under these Conditions;

"**Discretionary Interest**" means Interest that the Issuer may pay at its discretion in accordance with Condition 5*(a)*;

"**Distributable Items**" means, as at any Interest Payment Date, the net profit of the Rabobank Group for the financial year of the Rabobank Group ended immediately prior to such Interest Payment Date together with any net profits and retained earnings carried forward from any previous financial years and any net transfers from any reserve accounts in each case available for the payment of distributions on Junior Group Member Instruments as shown in the audited annual financial statements of the Issuer and the Rabobank Group in respect of such financial year;

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

"**Equity Capital**" means, at any time, the aggregate euro amount of all Junior Group Member Instruments (and such successor or other instruments representing capital paid up or contributed to the Rabobank Group by members and others) and retained earnings or similar reserves of the Rabobank Group, at such time calculated by the Issuer on a consolidated basis in accordance with the accounting standards applicable to the Rabobank Group;

"**Equity Capital Ratio**" means, at any time, the ratio of the Equity Capital divided by the Risk Weighted Assets, calculated by the Issuer on a consolidated basis;

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

"**Event of Default**" means, any of the following events:

(i) default by the Issuer is made for more than 30 days in the payment of interest or principal due in respect of any of the Capital Securities or the Coupons; or

(ii) the Issuer becomes bankrupt, an administrator is appointed, or an order is made or an effective resolution is passed for the winding-up, liquidation or administration of the Issuer (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders) or an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Art 3:160 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, in respect of the Issuer;

"**Excluded Declarations**" means any declarations or payments by any Local Rabobank applied for purposes deemed by such Local Rabobank to be of local or general interest as provided in the articles of association of such Local Rabobank;

"**Executive Board**" means the executive board (*raad van bestuur*) of the Issuer;

"**Existing Capital Securities**" means the NZ$ Perpetual Non-Cumulative Capital Securities issued on 8 October 2007, the U.S.$ Perpetual Non-Cumulative Securities issued on 22 October 2007, the U.S.$ Perpetual Non-Cumulative Capital Securities issued on 6 June 2008, the £ Perpetual Non-Cumulative Capital Securities issued on 10 June 2008, the CHF Perpetual Non-Cumulative Capital Securities issued on 27 June 2008, the ILS Perpetual Non-Cumulative Capital Securities issued on 14 July 2008, the U.S.$ Perpetual Non-Cumulative Capital Securities issued on 24 September 2008, the EUR Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 27 February 2009, the U.S.$ Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 4 June 2009, the U.S.$ Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 18 June 2009 and the CHF Fixed to Floating Rate Perpetual Non-Cumulative Capital Securities issued on 12 August 2009;

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

"**First Call Date**" means 26 July 2016;

"**First Fixed Period**" has the meaning ascribed to it in Condition 4*(b)*;

"**First Reset Date**" means 26 July 2016;

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

"**Group Declarations**" means in relation to any Parity Share, Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument, any declaration or payments with respect to such share capital or other instrument held by any member of the Rabobank Group;

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

"**Initial Interest Rate**" means 8.375 per cent. per annum;

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

"**Interest Amount**" means the amount of Interest payable per Calculation Amount in respect of the relevant Interest Period or Interest Periods, as calculated by the Determination Agent;

"**Interest Cancellation Event**" means, as a result of losses incurred by the Issuer or the Rabobank Group as reported in the Relevant Accounts, the first to occur of the following: (i) the Total Risk-Based Capital Ratio of the Issuer or the Rabobank Group falls or remains below the applicable minimum from time to time specified in the Solvency Rules (currently 8 per cent.) excluding, for this purpose, any capital buffers required to be maintained over and above such minimum, or (ii) the Equity Capital Ratio of the Issuer falls or remains below 8 per cent.;

"**Interest Determination Date**" means, in respect of a Reset Period, the second Business Day prior to the Reset Date in respect of such Reset Period;

"**Interest Payment Date**" means 26 January and 26 July of each year commencing 26 July 2011;

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

"**Interest Rate**" means, in respect of the First Fixed Period, the Initial Interest Rate, and, in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 4*(b)*;

“**Issue Date**” means 26 January 2011, being the date of the initial issue of the Capital Securities;

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

“**Junior Group Member Instrument**” means the Member Certificates *(ledencertificaten)* issued by Stichting AK Rabobank Ledencertificaten representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V. as well as any share capital or other instrument of any other member of the Rabobank Group which (i) qualifies as consolidated Tier 1 Capital and (ii) effectively ranks junior to the most senior preferred equity securities or preferred or preference shares of such member and is guaranteed by the Issuer or any Local Rabobank and which guarantee effectively ranks junior to a Parity Bank Share, in the case of the Issuer, or Parity Local Rabobank Share, in the case of a Local Rabobank;

“**Junior Member Certificates Related Agreements**” means the junior subordinated loan agreements between the Issuer and Rabobank Ledencertificaten N.V. dated 30 December 2008 (and including any similar junior subordinated loan agreements subsequently entered into between the parties referred to above in addition to the existing subordinated loan agreements) and the agreements regarding certain obligations of the Issuer between the Issuer and Stichting Buffer Rabobank Ledencertificaten, dated 30 December 2008, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V.;

“**Local Rabobank**” means any of the Issuer’s local member banks;

“**Local Rabobank Instrument**” means any share capital or other instrument of any Local Rabobank which qualifies as consolidated Tier 1 Capital;

“**Loss Absorbing Instrument**” means any instrument (other than the Capital Securities) issued directly or indirectly by the Issuer which (a) in the case of the bankruptcy of the Issuer, a Moratorium or the dissolution (*ontbinding*) of the Issuer ranks *pari passu* with, or junior to, the Capital Securities; and (b) contains provisions analogous to those in Condition 6 relating to a Write Down of the principal amount of such instrument or which otherwise permit the write down of such instrument and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

“**Loss Absorption Event**” means the occurrence or, as appropriate, the continuation of one or more of the following events:

(a) as a result of losses incurred by the Rabobank Group as reported in its Relevant Accounts, the Issuer’s Equity Capital Ratio falls or remains below 8 per cent.; or

(b) there has been such a significant reduction in the retained earnings or similar reserves of the Issuer or the Rabobank Group causing a significant deterioration in the financial and regulatory solvency position of the Issuer and the Rabobank Group that the Issuer determines, or the Dutch Central Bank has notified the Issuer in writing that it believes, that the Issuer’s Equity Capital Ratio will fall below 8 per cent. in the near term;

“**Loss Absorption Event Notice**” means the notice referred to in Condition 6 which shall be given by the Issuer not less than 15 nor more than 30 calendar days prior to the relevant Loss Absorption Measure Effective Date, to the Holder, the Fiscal Agent and the Paying Agents, in accordance with Condition 14 and which shall state with reasonable detail the nature of the relevant Loss Absorption Event, the relevant Loss Absorption Measure being implemented, any Write Down Amount and the basis of its calculation and the relevant Loss Absorption Measure Effective Date;

“**Loss Absorption Measure**” has the meaning ascribed to it in Condition 6*(a)*;

"**Loss Absorption Measure Effective Date**" means the date specified as such in the relevant Loss Absorption Event Notice;

"**Margin**" means 6.425 per cent.;

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

"**Outstanding Payments**" means, in relation to any amounts payable on redemption or repayment of the Capital Securities, an amount representing accrued and unpaid Interest for the Interest Period during which redemption or repayment occurs to the date of redemption or repayment plus Additional Amounts thereon, if any;

"**Parity Bank Guarantee**" means a guarantee issued by the Issuer of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital and which guarantee effectively ranks:

(i) subordinate and junior to indebtedness of the Issuer (other than the Issuer's obligations under (a) the Capital Securities, (b) any guarantee or contractual right effectively ranking *pari passu* with the Issuer's obligations under the Capital Securities (including, for the avoidance of doubt, the Existing Capital Securities and the guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI) and (c) any guarantee or contractual right effectively ranking junior to the Issuer's obligations under the Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));

(ii) *pari passu* with the Capital Securities, the Existing Capital Securities and the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing); and

(iii) senior to any other share capital of the Issuer not described in paragraph (i)(A) of the definition of Parity Bank Share or paragraph (ii) above of this definition;

"**Parity Bank Share**" means:

(i) (A) the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing);

(B) any Bank Instrument which effectively ranks:

(1) subordinate and junior to indebtedness of the Issuer (other than the Issuer's obligations under (a) the Capital Securities, (b) any guarantee or contractual right effectively ranking *pari passu* with the Issuer's obligations under the Capital Securities (including, for the avoidance of doubt, the Existing Capital Securities and the guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI); and (c) any guarantee or contractual right effectively ranking junior to the Issuer's obligations under the Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));

(2) *pari passu* with the Capital Securities, the Existing Capital Securities and the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing); and

(3) senior to any other share capital of the Issuer not described in paragraph (A) or (B)(2) of this definition;

and,

(C) any Parity Bank Guarantee;

and,

(ii) any preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which are guaranteed by the Issuer under a Parity Bank Guarantee or a Capital Bank Guarantee;

"**Parity Local Rabobank Guarantee**" means any guarantee issued by any Local Rabobank of preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which qualify as consolidated Tier 1 Capital and which guarantee effectively ranks:

(i) subordinate and junior to indebtedness of such Local Rabobank;

(ii) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and

(iii) senior to any other share capital of such Local Rabobank not described in paragraph (i)(A) of the definition of Parity Local Rabobank Share or paragraph (ii) above of this definition (if and when existing);

"**Parity Local Rabobank Share**" means:

(i) (A) the most senior ranking preferred equity securities or preferred or preference shares of any Local Rabobank (if and when existing);

(B) any Local Rabobank Instrument which effectively ranks:

(1) subordinate and junior to indebtedness of such Local Rabobank;

(2) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and

(3) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(2) above of this definition (if and when existing); and

(C) any Parity Local Rabobank Guarantee; and

(ii) any preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which are guaranteed by any Local Rabobank under a Parity Local Rabobank Guarantee or Capital Local Rabobank Guarantee;

"**Parity Share**" means (i) any Parity Bank Share and (ii) any Parity Local Rabobank Share; provided, however, that Parity Share shall not include any Parity Bank Share or Parity Local Rabobank Share which (a) is held by, or on which payments are made to, any member of the Rabobank Group or (b) is accounted for as a financial liability in accordance with the generally accepted accounting standards applicable to the Rabobank Group from time to time;

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

"**prevailing principal amount**" means, in relation to each Capital Security at any time, the principal amount of such Capital Security at that time, being its initial principal amount, or any such lesser amount following adjustment (if any) downwards in accordance with Condition 6 and, in relation to any Loss Absorbing Instrument at any time, the principal amount of such Loss Absorbing Instrument at that time;

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

"**Prohibited Interest**" means Interest that the Issuer is prohibited from paying in accordance with Condition 5*(b)*;

"**Qualifying Securities**" means securities of the Issuer or any member of the Rabobank Group that qualify as consolidated Tier 1 Capital under the Solvency Rules;

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

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

"**Redemption Price**" means, in respect of each Capital Security at any time, the then prevailing principal amount thereof together with any Outstanding Payments;

"**Relevant Accounts**" means, in relation to an Interest Cancellation Event or, as appropriate, a Loss Absorption Event, the then most recently published annual, interim or *ad hoc* financial statements or other audited or unaudited published statement of results;

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

"**Relevant Interest Payment Date**" means any Interest Payment Date that occurs on, or within three calendar months of, the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group: (i) declares or pays a dividend or distribution or makes any other payment with respect to (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument (other than any Group Declarations and any Excluded Declarations); or (ii) redeems, repurchases or otherwise acquires (w) a Parity Share, (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument, for any consideration;

"**Relevant Junior Securities**" means the Junior Member Certificates Related Agreements and any other instruments ranking *pari passu* with the Junior Member Certificates Related Agreements (in accordance with, and by virtue of the subordination provisions of, the Junior Member Certificates Related Agreements) and any other instruments ranking *pari passu* therewith, whether such instruments are issued directly by the Issuer or where the terms of such instruments benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank *pari passu* therewith;

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

“**Replacement Capital Amount**” means the amount of net proceeds, between zero and the aggregate Redemption Price of the Capital Securities (both inclusive), which the Issuer determines (at any time prior to a Conditional Call Exercise Date in its sole discretion but in consultation with the Dutch Central Bank as deemed necessary) is the minimum amount required by the Rabobank Group to be raised through the issuance of Qualifying Securities to replace the Capital Securities on or prior to their redemption;

“**Reset Date**” has the meaning ascribed to it in Condition 4*(b)*;

“**Reset Period**” means the period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

“**Risk Weighted Assets**” means, at any time, the aggregate euro amount of the risk weighted assets of the Rabobank Group at such time calculated by the Issuer on a consolidated basis in accordance with the Solvency Rules, at such time;

“**Solvency Rules**” means the solvency rules from time to time pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) to which the Issuer and the Rabobank Group are subject;

“**Talon**” means a talon for further Coupons;

“**Tax Law Change**” means (i) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of the Netherlands or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any Administrative Action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, on or after the Issue Date;

“**Tier 1 Capital**” means, at any time, the aggregate euro amount of all items classified as Tier 1 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group on a consolidated basis;

“**Tier 2 Capital**” means, at any time, the aggregate euro amount of all items classified as Tier 2 Capital (as defined at such time, in the Solvency Rules) of the Rabobank Group on a consolidated basis;

“**Total Capital**” means, at any time, the aggregate euro amount of Tier 1 Capital and Tier 2 Capital at such time;

“**Total Risk-Based Capital Ratio**” means, at any time, the ratio of Total Capital to Risk Weighted Assets at such time;

“**U.S.$**”, “**U.S. dollars**” or “**cent**” means the lawful currency of the United States of America;

“**US Treasury Benchmark Rate**” means either (i) the rate per annum equal to the yield, under the heading that represents the average for the week immediately preceding the third Business Day prior to the relevant Reset Date, appearing in the most recently published statistical release designated ‘H.15(519)’ or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption ‘Treasury Constant Maturities’ for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the relevant Reset Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the U.S. Treasury Benchmark Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third Business Day prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant Reset Date, in each case calculated on the third Business Day immediately preceding the relevant Reset Date. For the purposes of this definition of US Treasury Benchmark Rate:

"**Comparable Treasury Issue**" means the United States Treasury selected by the Determination Agent, having a five year maturity, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a five-year maturity most nearly equal to the next Reset Date;

"**Comparable Treasury Price**" means, with respect to any Reset Date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the relevant Reset Date;

"**Reference Treasury Dealer**" means each of the three nationally recognised firms selected by the Determination Agent that are primary U.S. Government securities dealers; and

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and the relevant Reset Date, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third Business Day immediately preceding such Reset Date; and

"**Write Down Amount**" means the amount by which the prevailing principal amount of a Capital Security is to be Written Down on a Loss Absorption Measure Effective Date and which is calculated per Calculation Amount of such Capital Security in accordance with the following formula:

$$WDA = NEC \times \frac{PPA}{B}$$

where:

"**WDA**" means the Write Down Amount per Calculation Amount (provided that if WDA is not an integral multiple of U.S.$10, WDA shall be rounded down to the nearest integral multiple of U.S.$10 and further provided that if WDA would otherwise be greater than PPA, it shall be deemed to be equal to PPA, such that the principal amount of each Capital Security shall never be reduced to an amount less than zero);

"**PPA**" means the Calculation Amount of such Capital Security immediately prior to the relevant Loss Absorption Measure Effective Date;

"**B**" means the sum of:

(i) the aggregate prevailing principal amount of all the Capital Securities outstanding immediately prior to the relevant Loss Absorption Measure Effective Date;

(ii) the aggregate prevailing principal amount of all Loss Absorbing Instruments outstanding and available to absorb losses immediately prior to the relevant Loss Absorption Measure Effective Date (ignoring for this purpose any interest accrued but unpaid on such instruments and the amount by which the then prevailing principal amount of such Loss Absorbing Instrument has, or will be, written down in respect of the relevant loss pursuant to the Issuer's obligation in Condition 6*(c)*) translated where necessary into U.S. dollars at the Prevailing Rate; and

(iii) the aggregate book value of all Equity Capital as at the relevant Loss Absorption Measure Effective Date (ignoring for this purpose any interest accrued but unpaid on such instruments) translated where necessary into U.S. dollars at the Prevailing Rate);

"**NEC**" means in respect of losses incurred by the Rabobank Group for a particular period as reported in any Relevant Accounts for the same period which give rise to a Loss Absorption Event:

(i) if the Equity Capital Ratio prior to the effect of such losses is equal to, or higher than, 8 per cent., the amount (translated into U.S. dollars at the Prevailing Rate) of new Equity Capital that otherwise would have to be raised or generated by the Issuer or the Rabobank Group to cause the relevant Loss Absorption Event to cease to be continuing; or

(ii) if the Equity Capital Ratio prior to the effect of such losses is lower than 8 per cent., the amount (translated where necessary into U.S. dollars at the Prevailing Rate) of such losses as reported in such Relevant Accounts; and

"**Prevailing Rate**" means, in respect of any currency, the spot rate of exchange between such currency and U.S. dollars prevailing at or about 12 noon (London time) on the Business Day immediately prior to the date on which the relevant Loss Absorption Event Notice is given as appearing on, or as derived from, the relevant page on Bloomberg or such other information service provider that displays the relevant information or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined.

The Write Down Amount for each Capital Security will therefore be the product of WDA and the prevailing principal amount of such Capital Security divided by the Calculation Amount (in each case immediately prior to the relevant Loss Absorption Measure Effective Date).

2 Form, Denomination and Title

(a) Form and Denomination

The Capital Securities are serially numbered and in bearer form in the denominations of U.S.$100,000, and integral multiples of U.S.$1,000 in excess thereof, up to and including U.S.$199,000, each with Coupons and one Talon attached on issue. No definitive Capital Securities will be issued with a denomination above U.S.$199,000. Capital Securities of one denomination may not be exchanged for Capital Securities of any other denomination.

(b) Title

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

3 Status and Subordination

(a) Status

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

(b) Subordination

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

(i) subordinate and junior to indebtedness of the Issuer (other than the Issuer's obligations under any guarantee or contractual right that effectively ranks *pari passu* with, or junior to, the Issuer's obligations under the Capital Securities or the Coupons (including, without limitation, the Existing Capital Securities and the Junior Member Certificates Related Agreements));

(ii) *pari passu* (a) with the Issuer's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Preferred Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding LLC Class B Preferred Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI, (b) with the Issuer's obligations under the Existing Capital Securities, and (c) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer; and

(iii) senior to the Issuer's obligations under the Junior Member Certificates Related Agreements and any other instruments ranking *pari passu* with the Junior Member Certificates Related Agreements (in accordance with, and by virtue of the subordination provisions of, the Junior Member Certificates Related Agreements) and any other instruments ranking *pari passu* therewith.

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

(c) Other Issues

So long as the Capital Securities are outstanding, the Issuer shall not:

(a) issue any preferred equity securities or preferred or preference shares or debt or other securities, in each case that qualify as Tier 1 Capital under the Solvency Rules; or

(b) enter into any guarantee, support or other credit enhancement of any such issue by any other member of the Rabobank Group,

in each case if such issue or guarantee, support or other credit enhancement would rank ahead of the Capital Securities as to entitlement to distribution upon a bankruptcy or dissolution of the Issuer or in the event of a Moratorium unless the Issuer amends the terms of the Capital Securities prior thereto such that the rights and claims of Holders would be entitled to rank equally with such new issue or guarantee, support or other credit enhancement upon a bankruptcy or dissolution of the Issuer, or in the event of a Moratorium.

In addition, so long as the Capital Securities are outstanding, the Issuer shall not:

(i) permit (where such permission is required) or take any action to cause a Local Rabobank to issue any preferred equity securities or preferred or preference shares or debt or other securities, in each case that rank senior to any Parity Local Rabobank Share and qualify as Tier 1 Capital under the Solvency Rules; or

(ii) permit (where such permission is required) or take any action to cause a Local Rabobank to issue any guarantee, support or other credit enhancement ranking senior to any Parity Local Rabobank Guarantee of any such issue by any other member of the Rabobank Group.

4 Interest

(a) General

Subject to Conditions 5 and 6, the Capital Securities bear Interest on their prevailing principal amount from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, Interest shall be payable on the Capital Securities semi-annually in arrear in equal instalments on each Interest Payment Date as provided in this Condition 4.

Interest will not be cumulative and Interest which is not paid will not accumulate or compound and Holders of the Capital Securities will have no right to receive such Interest at any time, even if Interest is paid in the future.

(b) Interest Rate

From (and including) the Issue Date to (but excluding) the First Reset Date (the "**First Fixed Period**"), the Capital Securities bear interest on their prevailing principal amount at the Initial Interest Rate.

The Interest Rate will be reset on the First Reset Date and every fifth anniversary thereafter (each a "**Reset Date**") on the basis of the aggregate of the Margin and the US Treasury Benchmark Rate on the relevant Interest Determination Date, as determined by the Determination Agent.

The Determination Agent will, as soon as practicable upon determination of the Interest Rate which shall apply to the Reset Period commencing on the relevant Reset Date, cause the applicable Interest Rate and the corresponding Interest Amount to be notified to the Fiscal Agent, each of the Paying Agents and Euronext Amsterdam or any other stock exchange on which the Capital Securities are for the time being listed and to be notified to Holders as soon as possible after their determination but in no event later than the second Business Day thereafter.

The determination of the applicable Interest Rate by the Determination Agent shall (in the absence of manifest error) be final and binding upon all parties.

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

(c) Interest Accrual, Calculation and Rounding

The Capital Securities will cease to bear Interest from (and including) the date of redemption thereof pursuant to Condition 7 unless payment of all amounts due in respect of the Capital Securities is not properly and duly made, in which event Interest shall continue to accrue, both before and after judgment, at the Interest Rate and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

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

If, following a Loss Absorption Event, Interest is payable in respect of part only of an Interest Period, such Interest shall be calculated by reference to the relevant prevailing principal amount and part (ii) of the definition of Day-count Fraction.

(d) Determination Agent

The Issuer will procure that, so long as any Capital Security is outstanding, there shall at all times be a Determination Agent when one is required for the purposes of these Conditions. If the Determination Agent fails duly to establish the Interest Rate or to calculate the corresponding Interest Amount, the Issuer shall appoint another Determination Agent to act as such in its place. The Determination Agent may not resign its duties without a successor having been so appointed.

5 Discretionary Interest, Prohibited Interest and Consequential Restrictions

(a) Discretionary Interest

Subject to Condition 5(*b*), Interest shall be payable on the applicable Interest Payment Date at the sole discretion of the Issuer (and, if paid, may be paid in whole or in part) subject to the approval of the Dutch Central Bank, if required.

Any Discretionary Interest not paid on the relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Fiscal Agent and the Paying Agents, and shall give notice to any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 14, the Holders, in each case before the relevant Interest Payment Date on which Interest was scheduled to be paid if such Interest is Discretionary Interest and the Issuer has exercised its discretion under this Condition 5(*a*) not to pay such Discretionary Interest in full, to such effect setting out brief details of such exercise.

(b) Prohibited Interest

The Issuer shall not pay any Interest otherwise due on an Interest Payment Date:

(i) to the extent that the amount of such Interest otherwise due together with any dividends or distributions or other payments scheduled to be paid or made on such Interest Payment Date on any Parity Share or any instruments which effectively rank *pari passu* with any Parity Share shall exceed Distributable Items as at such Interest Payment Date;

(ii) to the extent that applicable Solvency Rules prohibit the Issuer, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the Capital Securities or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Interest Payment Date (for example, as a result of the Issuer's Total Risk-Based Capital Ratio falling below the then applicable minimum requirement);

(iii) if an Interest Cancellation Event has occurred and is continuing as at such Interest Payment Date or would occur as a result of such Interest payment; or

(iv) if after taking into account (a) the financial and regulatory solvency position of the Issuer and the Rabobank Group before such payment and assuming such payment were made; (b) the

Issuer's or the Rabobank Group's forecast development of the financial and regulatory solvency position of the Issuer and the Rabobank Group for the three years following such Interest Payment Date; and (c) an evaluation by the Issuer, the Rabobank Group and/or the Dutch Central Bank of the risks to which the Issuer and the Rabobank Group is, or may be, exposed (including through the application of stress tests), the Dutch Central Bank has notified the Issuer that it believes an Interest Cancellation Event will occur in the three years following such Interest Payment Date.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Fiscal Agent and the Paying Agents, and shall give notice to any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 14, the Holders in each case as soon as practicable following any declaration that Interest is Prohibited Interest pursuant to this Condition 5*(b)* or, where no such prior declaration is made, following any Interest Payment Date on which Interest was scheduled to be paid if such Interest is Prohibited Interest, to such effect setting out brief details as to why the Interest is Prohibited Interest.

Any Prohibited Interest not paid on the relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise.

(c) Consequential Restrictions

If, on any Interest Payment Date, payment of the Interest scheduled to be made on such date is not made in full by reason of this Condition 5, the Issuer shall not:

(i) declare or pay in cash any distribution or dividend (other than a distribution or dividend declared by the Issuer before the Issuer gives notice that payment of such Interest is not to be paid in full) or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any Relevant Junior Securities; or

(ii) redeem, purchase, cancel, reduce or otherwise acquire any Relevant Junior Securities, except where any such purchase or acquisition is made in connection with the Issuer's activities as a *bona fide* liquidity provider in respect of Relevant Junior Securities,

in each case unless or until the earlier of: (x) the Interest due and payable on any subsequent Interest Payment Date in respect of the then prevailing principal amount of all outstanding Capital Securities has been paid in full (i) to the Holders or (ii) to a designated third party trust account for the benefit of the Holders pending payment by the trustee thereof to the Holders on such subsequent Interest Payment Date, or (y) the redemption or purchase and cancellation of the Capital Securities in full, or reduction of the principal amount of the Capital Securities to zero.

6 Loss Absorption

(a) Loss Absorption Measures

If a Loss Absorption Event has occurred and is continuing, the Issuer shall, after first giving a Loss Absorption Event Notice, subject as provided below:

(i) cancel any Interest which is accrued to the relevant Loss Absorption Measure Effective Date and unpaid; and

(ii) to the extent the cancellation of Interest in accordance with (i) above, together with the cancellation of interest on any other Loss Absorbing Instruments or any other instrument issued directly or indirectly by the Issuer which, in the case of the bankruptcy of the Issuer, a

Moratorium or the dissolution (*ontbinding*) of the Issuer ranks *pari passu* with, or junior to, the Capital Securities and which contains provisions for the cancellation of interest analogous to any of those in the Capital Securities, in each case on or before the relevant Loss Absorption Measure Effective Date, is in aggregate insufficient to result in the relevant Loss Absorption Event no longer continuing, irrevocably (without the need for the consent of the Holders) reduce the then prevailing principal amount of each Capital Security by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**", shall be construed accordingly);

(each of (i) and (ii) are referred to herein as a "**Loss Absorption Measure**").

(b) Conditions to a Loss Absorption Measure

Giving effect to any Loss Absorption Measure is subject to (i) the Issuer obtaining the prior written consent of the Dutch Central Bank therefor, provided at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the giving effect to of any Loss Absorption Measure, no Capital Event or Basel III Capital Event has occurred or is continuing or, as appropriate, would occur; (iii) the Issuer giving the relevant Loss Absorption Event Notice which notice shall be irrevocable; and (iv) prior to the giving of the Loss Absorption Event Notice, the Issuer delivering to the Fiscal Agent a certificate signed by the Authorised Signatories stating that, and in reasonable detail how, the relevant requirement or circumstance giving rise to the right to effect the relevant Loss Absorption Measure is satisfied.

(c) Consequences of a Loss Absorption Measure

A Loss Absorption Event may occur on more than one occasion (and each Capital Security may be Written Down on more than one occasion provided that (i) only one Write Down may be made as a result of losses reported in any Relevant Accounts covering the same, or any overlapping, period and (ii) the principal amount of each Capital Security shall never be reduced to an amount less than zero). Following any Write Down of the Capital Security, references herein to "**prevailing principal amount**" shall be construed accordingly.

Once the principal amount of a Capital Security has been Written Down, the relevant Write Down Amount(s) will not be restored in any circumstances including where the relevant Loss Absorption Event(s) cease(s) to continue.

Following the giving of a Loss Absorption Event Notice which specifies a Write Down of the Capital Securities, the Issuer shall procure that (i) a similar notice is given in respect of other Loss Absorbing Instruments (in accordance with their terms) and (ii) the prevailing principal amount of each series of Loss Absorbing Instruments outstanding (if any) and of each series of Equity Capital (the terms of which permit such a write down) outstanding (if any) is written down by an amount equal to the relevant Corresponding Proportion as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

The Issuer shall determine the WDA in the manner set out in the definition thereof and shall set out its determination thereof in the relevant Loss Absorption Event Notice together with the then prevailing principal amount of each Capital Security following the relevant Write Down. The Issuer's determination of the WDA (and its component parts) shall in the absence of manifest error be binding on all parties. In addition, prior to the giving of the Loss Absorption Event Notice, the Issuer shall deliver a certificate to the Fiscal Agent signed by the Authorised Signatories setting out in reasonable detail its calculation of the WDA.

7 Redemption, Substitution, Variation and Purchase

(a) No Fixed Redemption Date

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem them or purchase them in accordance with the following provisions of this Condition 7.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Capital Securities in accordance with Condition 7*(c)*, *(d)*, *(e)*, *(f)* or *(g)* is subject to the Issuer (i) obtaining the prior written consent of the Dutch Central Bank, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the redemption or purchase, being in compliance with its capital requirements as provided in the Solvency Rules applicable to it from time to time (and a certificate from the Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance); and (iii) except in the case of any purchase of the Capital Securities in accordance with Condition 7*(g)*, giving not less than 30 nor more than 60 calendar days' notice to the Holders, the Fiscal Agent and the Paying Agents, in accordance with Condition 14, which notice shall be irrevocable.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 7 (other than redemption pursuant to Condition 7*(c)*), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied.

(c) Issuer's Call Option

Subject to the first paragraph of Condition 7*(b)*, the Issuer may elect, in its sole discretion, to redeem all, but not some only, of the Capital Securities on the First Call Date or at any time thereafter at their Redemption Price.

Unless the Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 7, the Issuer undertakes to exercise its option to redeem the Capital Securities on the Conditional Call Exercise Date (being the first Interest Payment Date falling on or after 26 January 2041 (i) which is a Relevant Interest Payment Date and (ii) prior to which the Issuer has previously raised (or caused to be raised by a member of the Rabobank Group) the amount of net proceeds, between zero and the aggregate Redemption Price of the Capital Securities (both inclusive), which the Issuer determines (at any time prior to such date in its sole discretion but in consultation with the Dutch Central Bank, as necessary) is the minimum amount required by the Rabobank Group to be raised through the issuance of Qualifying Securities to replace the Capital Securities (on or prior to their redemption)).

Interest on the prevailing principal amount of the Capital Securities shall, subject to Conditions 5*(b)* and 7, continue to accrue at the Interest Rate until the Capital Securities have been redeemed in full.

Subject to Condition 7*(b),* nothing in this Condition 7*(c)* shall prevent the Issuer from exercising its option to redeem the Capital Securities on the Interest Payment Date falling on 26 January 2041 or at any time thereafter, in its sole discretion in accordance with the first paragraph of this Condition 7*(c)* without regard to the Conditional Call Exercise Requirements.

(d) Redemption Due to Taxation

If as a result of a Tax Law Change:

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

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

then the Issuer may, subject to Condition 7*(b)*, having delivered to the Fiscal Agent a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Netherlands experienced in such matters to the effect set out in (i) or, as applicable, (ii) above, and having given the notice required by Condition 7*(b)* specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

(e) Redemption for Regulatory Purposes

If a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 7*(b)* and having given the notice required by Condition 7*(b)* specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

(f) Substitution or Variation for Basel III Capital Event or a Capital Event

If a Basel III Capital Event or a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 7*(b)* (without any requirement for the consent or approval of the Holders) either substitute all (but not some only) of the Capital Securities for, or vary the terms of the Capital Securities so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by Condition 7*(b)*, the Issuer shall either vary the terms of, or substitute, the Capital Securities in accordance with this Condition 7*(f)*, as the case may be.

In connection with any substitution or variation in accordance with this Condition 7*(f)*, the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

(g) Purchases

The Issuer or any other member of the Rabobank Group may, subject to Condition 7*(b)(i)* and *(ii)*, at any time purchase Capital Securities in any manner and at any price (provided that, if they should be cancelled under Condition 7*(h)* below, they are purchased together with all unmatured Coupons and Talons relating to them).

(h) Cancellation

All Capital Securities redeemed by the Issuer pursuant to this Condition 7, and any unmatured Coupons or Talons attached to or surrendered with them, will forthwith be cancelled. All Capital Securities and Coupons purchased by or on behalf of the Issuer or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation. Capital Securities, Coupons and Talons so surrendered shall be cancelled forthwith and may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities, Coupons or Talons shall be discharged.

8 Payments

(a) Method of Payment

(i) Payments of principal and Interest shall be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the Capital Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent (subject to Condition 8*(a)*(ii)) by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City. Payments of Interest due in respect of any Capital Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Capital Security.

(ii) Payments of Interest may only be made at the specified offices of Paying Agents outside the United States of America, except that they may be made at the specified office of a Paying Agent in New York City if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment at such offices of the full amount of the Interest in U.S. dollars when due, (ii) payment of the full amount of such Interest at all specified offices of the Paying Agents outside the United States of America is illegal or effectively precluded by exchange controls or other similar restrictions, and (iii) the relevant payment is permitted by applicable U.S. law. If a Capital Security is presented for payment of principal at the specified office of any Paying Agent in the United States of America in circumstances where Interest is not to be paid there, the relevant Paying Agent will annotate the Capital Security with the record of the principal paid and return it to the holder for the obtaining of Interest elsewhere.

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 10, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Unmatured Coupons

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

(d) Talons

On or after the Interest Payment Date for the final Coupon forming part of the Coupon sheet issued in respect of any Capital Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (but excluding any Coupons that may have become void pursuant to Condition 11).

(e) Payments on Business Days

A Capital Security or Coupon may only be presented for payment on a business day in the place of presentation. Unless otherwise specified herein, if the day on which the relevant Capital Security or Coupon may be presented for payment falls after the due date for any payment in respect of the Capital

Securities or Coupons, the Holder or Couponholder, as the case may be, shall not be entitled to any interest or other sum in respect of such postponed payment. In this Condition, "**business day**" means a day on which commercial banks and foreign exchange markets are open in the place of the location of the specified office of the relevant Paying Agent.

9 Events of Default

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

10 Taxation

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

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

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

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

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

11 Prescription

Claims for principal and Interest shall become void unless the relevant Capital Security or Coupon (which for this purpose shall not include Talons) is presented for payment as required by Condition 8 within a period of 5 years of the appropriate due date. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition 11 or Condition 8*(c)*.

12 Replacement of Capital Securities, Coupons and Talons

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

13 Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Holders holding not less than 10 per cent. in principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons holding or representing whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration or proposals, *inter alia*, (i) to modify the provisions for redemption of the Capital Securities or the dates on which Interest is payable in respect of the Capital Securities, (ii) to reduce or cancel the principal amount of, or amounts payable on redemption of, the Capital Securities (in each case other than as a result of the operation of Condition 6), (iii) to reduce the rate of Interest in respect of the Capital Securities or to vary the method of calculating the rate of Interest, or method of calculating the Interest Amount, on the Capital Securities, (iv) to change the currency of payment of the Capital Securities or the Coupons, (v) to modify the provisions concerning the quorum required at any meeting of Holders or (vi) to modify the provisions regarding the status or loss absorption features of the Capital Securities referred to in Condition 3(*a*) or Condition 6, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in principal amount of the Capital Securities for the time being outstanding or at any adjourned meeting two or more persons holding or representing not less than 25 per cent. in principal amount of the Capital Securities for the time being outstanding.

(b) Modification and Waiver

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

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

The Conditions may be amended as provided herein without the agreement or approval of the Holders or Couponholders in the case of any Write Down of the principal amount of the Capital Securities in accordance with Condition 6*(a)* or in the circumstances described in Condition 7*(f)* in connection with the variation of the terms of the Capital Securities so that they become or remain alternative Compliant Securities.

14 Notices

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

15 Further Issues

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

16 Agents

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

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in the circumstances described in Condition 8*(a)*(ii) above (if there is no such Paying Agent at the time) and shall after such circumstances arise maintain such a Paying Agent.

Notice of any such termination or appointment and of any change in the specified office of the Fiscal Agent or any Paying Agent will be given to the Holders in accordance with Condition 14. If the Fiscal Agent or any Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint an independent investment bank or financial institution registrar to act as such in its place. The Fiscal Agent and the Paying Agents may not resign their duties or be removed without a successor having been appointed as aforesaid.

17 Governing Law

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

18 Jurisdiction

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

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES WHILE IN GLOBAL FORM

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

1. Form of Capital Securities

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

2. Exchange

The Temporary Global Capital Security is exchangeable in whole or in part for interests in the Global Capital Security on or after a date which is expected to be 8 March 2011, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Capital Security.

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

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

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

(iii) with the consent of the Issuer.

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

3. Payments

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

A record of each payment made in respect of Capital Securities represented by the Global Capital Security will be endorsed in the appropriate schedule to such Global Capital Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of such Capital Securities. Conditions 10(iv) and 16(iv) will apply to the Definitive Capital Securities only.

4. Accountholders

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Capital Security represented by the Global Capital Security must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Global Capital Security, and in relation to all other rights arising under the Global Capital Security, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Capital Securities for so long as the Capital Securities are represented by such Global Capital Security and such obligations of the Issuer will be discharged by payment to the holder of the Global Capital Security, as the case may be, in respect of each amount so paid.

5. Default

The Global Capital Security provides that the Holders may cause the Global Capital Security or a portion of it to become due and payable in the circumstances described in Condition 9 by stating in the notice to the Issuer the principal amount of Capital Securities to which such notice relates. If principal in respect of any Capital Security is not paid when due and payable, the holder of the Global Capital Security may from time to time elect that direct enforcement rights under the provisions of the Global Capital Security shall come into effect as against the Issuer, in favour of the relevant person(s) shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder(s) of such Capital Securities represented by the Global Capital Security. Such election shall be made by notice to the Fiscal Agent and presentation of the Global Capital Security to or to the order of the Fiscal Agent for reduction of the principal amount of Capital Securities represented by the Global Capital Security to U.S.$ zero (or to such other figure as shall be specified in the notice) by endorsement thereon and the corresponding endorsement thereon of such principal amount of Capital Securities in respect of which such direct enforcement rights have arisen. Upon such notice being given the appropriate direct enforcement rights shall take effect.

6. Notices

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

7. Prescription

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

8. Meetings

The holder of the Global Capital Security will be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each U.S.$0.01 principal amount of Capital Securities for which the Global Capital Security may be exchanged.

9. Purchase, Cancellation and Write Down

Cancellation of any Capital Security required by the Conditions to be cancelled, and the Write Down of the principal amount of any Capital Security in accordance with the Conditions, will be effected by reduction in the principal amount of the Global Capital Security.

DESCRIPTION OF BUSINESS OF RABOBANK GROUP

General

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. At 30 June 2010, it comprised 143 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 48 countries. Its operations include domestic retail banking, wholesale and international retail banking, asset management and investment, 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 Nederland has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981) and Moody's (Aaa since 1981). In terms of Tier 1 capital, Rabobank Group is among the world's 25 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 950 branches and 2,986 cash-dispensing machines at 30 June 2010, the local Rabobanks form a dense banking network in the Netherlands. The website www.rabobank.nl serves over three million online banking customers. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients and approximately 800,000 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 and international retail banking, asset management and investment, 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 30 June 2010, Rabobank Group had total assets of € 675.8 billion, a private sector loan portfolio of € 435.1 billion, amounts due to customers of € 297.8 billion, savings deposits of € 125.5 billion and equity of € 40.5 billion. Of the private sector loan portfolio, € 202.3 billion, virtually all of which are mortgages, consists of loans to private individuals, € 156.4 billion of loans to the trade, industry and services sector and € 76.4 billion of loans to the food and agri sector. At 30 June 2010, its Tier 1 ratio, which is the ratio between Tier 1 capital and total risk-weighted assets, was 14.9 per cent. For the six month period ended 30 June 2010, Rabobank Group's efficiency ratio was 60.4 per cent., and the return on equity, or net profit expressed as a percentage of Tier 1 capital, was 10.3 per cent. For the six month period ended 30 June 2010, Rabobank Group realised a net profit of € 1,661 million and a risk-adjusted return on capital ("**RAROC**") of 15.0 per cent. after tax. At 30 June 2010, Rabobank Group had 58,419 full-time employees.

Rabobank Group

Rabobank Group organisational chart

Situation at 1 July 2010

The local Rabobanks make up the core of the banking business. They form the heart of the cooperative. Being the umbrella organisation, Rabobank Nederland supports the local Rabobanks, for instance by helping them develop new products and market their services. Rabobank Nederland also carries out staff functions for the local Rabobanks and for Rabobank Group as a whole. Rabobank International applies its expertise towards serving a large number of corporate and retail clients globally. Rabobank Group also provides services via several specialist subsidiaries and associates that operate in different markets under their own labels.

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 and international retail banking, asset management and investment, 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 the largest 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 30 June 2010, Rabobank Group's domestic retail banking operations had total assets of € 349.8 billion, a private sector loan portfolio of € 282.0 billion, amounts due to customers of € 191.9 billion and savings deposits of € 111.9 billion. For the six month period ended 30 June 2010, Rabobank Group's domestic retail banking operations accounted for 50 per cent., or € 3,254 million, of Rabobank Group's total income and 56 per cent., or € 932 million, of Rabobank Group's net profit. At 30 June 2010, Rabobank Group's domestic retail banking operations employed 27,670 full-time employees.

Local Rabobanks

The 143 (at 30 June 2010) local Rabobanks are independent cooperative entities, each with their own operating areas. With 950 branches and 2,986 cash dispensing machines at 30 June 2010, they are one of the leading local banks in the Netherlands with a dense branch network. The website www.rabobank.nl serves over three million online banking customers. Proximity and commitment to their clients enhances the local Rabobank's 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 the telephone. Together, the local Rabobanks serve approximately 6.8 million private clients and approximately 800,000 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 Rabobank. 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 2009 (*AM Jaarboek 2009*)).

Obvion N.V.

Obvion is a joint venture between 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. At 31 December 2009, Rabobank Group had a 50 per cent. shareholding in Obvion and a voting share of 70 per cent.

Rabohypotheekbank N.V.

Rabohypotheekbank, 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. (at 31 December 2009) by Rabobank Nederland.

Rabohypotheekbank also serves as a supplementary financing vehicle for the local Rabobanks in the event that they choose not to make certain mortgage loans to their customers entirely on their own, either for liquidity or lending-limit reasons or because of the nature of the required financing. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank Nederland and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At 31 December 2009, Rabohypotheekbank had assets of € 11.6 billion.

Wholesale 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 branches 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, Structured Finance, Leveraged 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. Leveraged Finance is involved in financing acquisitions by private equity companies and has a significant market share in the agricultural market. Structured Finance 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 and New Zealand.

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 59 per cent. stake.

Over the last few years, Rabobank International has strengthened its position in retail banking. It expanded its activities in the United States by acquiring Community Bank of Central California in 2006 and Mid-State Bank & Trust in 2007. Smaller acquisitions of retail banking activities were made in Chile and Indonesia in 2007. In 2008, Rabobank International increased its 46 per cent. stake in the Polish Bank BGZ to a majority interest of 59 per cent.

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 30 June 2010, Rabobank Group's wholesale and international retail banking operations had total assets of € 457.0 billion and a private sector loan portfolio of € 104.8 billion. For the six month period ended 30 June 2010, Rabobank Group's wholesale and international retail banking operations accounted for 31 per cent., or € 2,025 million, of Rabobank Group's total income and 45 per cent., or € 750 million, of Rabobank Group's net profit. At 30 June 2010, Rabobank Group's wholesale and international retail banking operations had 14,517 full-time employees.

Asset management and investment

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**"), the Dutch private bank. Rabobank Group has a 46 per cent. stake in Sarasin and a voting share of 69 per cent.

At 30 June 2010, the assets under management and held in custody for clients of Rabobank Group's asset management and investment operations amounted to € 250.1 billion. For the six month period ended 30 June 2010, Rabobank Group's asset management and investment operations accounted for 7 per cent., or € 473 million, of Rabobank Group's total income and 0.1 per cent., or € 1 million, of Rabobank Group's net profit. At 30 June 2010, Rabobank Group's asset management and investment operations had 3,228 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 2009.

For the year ended 31 December 2009, Robeco's net loss was € 9 million, corresponding to a loss of € 2.03 per share. At 31 December 2009, Rabobank Nederland's liabilities to Robeco amounted to € 273 million (bonds), € 819 million (current accounts), € 11 million (professional securities transactions), € 96 million (loans and deposits) and € 10 million (derivatives). At 31 December 2009 Rabobank Nederland's claims on Robeco amounted to € 237 million (loans), € 244 million (current accounts), € 34 million (professional securities transactions) and € 296 million (derivatives).

At 30 June 2010, Robeco managed € 141.3 billion in assets.

Bank Sarasin & Cie S.A.

Founded in 1841, the Sarasin Group is one of Switzerland's leading private banks. Rabobank Group has a 46 per cent. shareholding in Sarasin and a voting share of 69 per cent. 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 adviser and asset manager for high net-worth private individuals and institutional clients. Internationally, the Sarasin Group operates in 14 countries in Europe, the Middle East and Asia. Rabobank clients have access to Sarasin's investment funds though the local Rabobanks.

At 30 June 2010, Sarasin managed € 72.4 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 30 June 2010, Schretlen & Co managed € 7.9 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 more than 30 countries. 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 2009, Rabobank Nederland's liabilities to De Lage Landen amounted to € 1,076 million. At 31 December 2009 Rabobank Nederland's claims on De Lage Landen amounted to € 21,620 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 30 June 2010, De Lage Landen had a loan portfolio of € 25.6 billion. For the six month period ended 30 June 2010, De Lage Landen accounted for 9 per cent., or € 570 million, of Rabobank Group's total income and 6 per cent., or € 101 million, of Rabobank Group's net profit. At 30 June 2010 Rabobank Group's Leasing operations employed 4,803 full-time employees.

Real estate, Rabo Vastgoedgroep N.V.

Rabo Real Estate Group (Rabo Vastgoedgroep N.V. ("**Rabo Vastgoedgroep**")) is a prominent international 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 six months ended 30 June 2010, the Rabo Real Estate Group sold 3,280 houses and managed € 7.2 billion of real estate assets and its loan portfolio amounted to € 17.5 billion. For the six month period ended 30 June 2010, the Real Estate operations accounted for 4 per cent., or € 253 million, of Rabobank Group's total income and 5 per cent., or € 79 million, of Rabobank Group's net profit. At 30 June 2010, Rabobank Group's Real Estate operations had 1,541 full-time employees.

Participations

Eureko B.V.

Rabobank has a 39 per cent. interest in Eureko B.V. ("**Eureko**"). Rabobank does not exercise control over Eureko and therefore does not consolidate Eureko as a subsidiary in Rabobank's financial statements. Eureko is accounted for as an associate in Rabobank's financial statements in accordance with the equity method. With a workforce of approximately 23,500 full-time equivalents, Eureko is the market leader in the area of insurance in the Netherlands (source: Eureko Annual Report 2009), where it serves a broad customer base of private individuals as well as government agencies and corporate clients. Eureko occupies a relatively minor position outside the Netherlands, operating in ten other European countries. Rabobank and Eureko work closely together in the area of insurance. Achmea, which is part of Eureko, 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 the market leader in the agricultural sector (source: *www.interpolis.nl*).

Recent developments

Conversion of Rabo Extra Member Bonds into Rabobank Membership Certificates

On 15 December 2010 Rabobank Nederland announced that it has decided to exercise its right to convert 25 per cent. of the initial nominal value of € 100 per Rabo Extra Member Bond into a Rabobank Membership Certificate on 30 December 2010. The conversion will increase the number of Rabobank Membership Certificates in issue by 9 million to 255,069,080 at 30 December 2010.

Eureko

On 17 November 2010 it was announced that Rabobank and Eureko are to intensify their commercial alliance. This constitutes the core of a new joint operating agreement that will go into effect on 1 January 2011. As part of the new agreement, Rabobank will also reduce its stake in Eureko to approximately 29 per cent. in light of the new capital regulations for banks.

Stress test confirms Rabobank's low risk profile

Press Release dated 23 July 2010

"The stress test for banks initiated by the Committee of European Banking Supervisors (CEBS) has not revealed any surprising results for Rabobank. The test once again confirms the bank's low risk profile, combined with strong buffers against any setbacks. The stress situation defined by the CEBS shows Rabobank's Tier 1 ratio for 2011 to be 12.5%. This is more than double the 6% threshold that the CEBS has set as the lower limit for this exercise.

The test was carried out based on the scenarios, methodology and assumptions established by the CEBS. It was not problematic for Rabobank to carry out the test because it corresponds with the framework the bank uses itself (Pillar 2 of Basel II) to monitor its risk position.

As a result of the presumed shocks in the stress scenario, the Tier 1 ratio would be reduced by 1.6 percentage points from 14.1% at year-end 2009 [1] to 12.5% at year-end 2011.

The benchmark scenario (based on moderate assumptions) shows the Tier 1 ratio at year-end 2011 to be 14.8%. Given that the stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet) the information on benchmark scenarios is provided only for comparison purposes and should in no way be construed as a forecast. The results of the stress test were extensively discussed with and endorsed by DNB.

The decline in the Tier 1 ratio calculated in this manner is caused primarily by the higher provisions related to the Rabobank credit portfolio that ensue from the stress scenario. Moreover the capital requirements for the credit portfolio are higher. The losses in the trading environment (without management intervention) are limited. The presumed additional shock to the value of government bonds also has a minimal impact on Rabobank.

The bank's exposure to the southern European and Irish governments that are encountering financial problems currently amounts to EUR 1.29 billion.

In the interpretation of the outcome of the exercise, it is imperative to differentiate between the results obtained under the different scenarios developed for the purposes of the EU-wide exercise. The results of the adverse scenario should not be considered as representative of the current situation or possible present capital needs. A stress testing exercise does not provide forecasts of expected outcomes since the adverse scenarios are designed as "what-if" scenarios including plausible but extreme assumptions, which are therefore not very likely to materialise. Different stresses may produce different outcomes depending on the circumstances of each institution.

[1] Redefined compared to the outcome of 13.8% shown in the 2009 Financial Statements, in order to comply with CEBS' definitions and assumptions."

Butte Community Bank and Pacific State Bank

On 21 August 2010 Rabobank, N.A. (California) announced it acquired all deposits and certain assets and liabilities of the Californian Butte Community Bank and Pacific State Bank from the Federal Deposit Insurance Corporation (FDIC). The addition of these banking activities creates a 120-branch retail banking franchise which extends from the Imperial Valley up through the Central Valley and throughout the Central Coast. Butte Community Bank was a U.S.$499 million community bank based in Chico with 14 branches concentrated in Butte County and the surrounding counties. Established in 1990, the bank offered insurance, investment services and payroll services along with traditional banking products. Pacific State Bank was a U.S.$312 million community bank based in Stockton with nine branches primarily in San Joaquin County and the Sierra foothills, with an additional branch in the Bay area. Pacific State Bank was founded in 1987 to serve the local business community.

Yes Bank

On 22 June 2010 Rabobank successfully placed 37.3 million shares of the Indian Yes Bank with a diversified group of investors, thereby reducing its stake in Yes Bank from around 15.9 per cent. to 4.9 per cent. Rabobank, as a part of its overall business plan for India, is obliged under the regulations to reduce its shareholding in Yes Bank pending approval of its application for a full banking license in India.

Banco Cooperativo Sicredi

After signing a memorandum of understanding in 2009, Rabobank Group obtained a 30 per cent. stake in Banco Cooperativo Sicredi S.A., the central organisation of the 128 Sicredi credit cooperatives in Brazil in June 2010. The agreement between the Rabobank Group and Sicredi is based on the joint cooperative background and their widely spread branch network in the inland parts of Brazil. The investment is subject to approval of the Brazilian Central Bank.

Issue of Senior Contingent Notes

On 19 March 2010 Rabobank Nederland issued € 1,250,000,000 6.875 per cent. Senior Contingent Notes due 2020 (the "**Senior Contingent Notes**"). Subject to the terms and conditions and in accordance with the procedures as set out in the prospectus dated 17 March 2010, the principal amount of the Senior Contingent Notes may automatically and permanently be reduced to 25 per cent. of their original principal amount and redeemed at a redemption price of 25 per cent. of their original principal amount together with accrued interest, in case the Equity Capital Ratio of Rabobank Group (as defined in the aforementioned prospectus) is and remains (for a certain period of time as set out in the aforementioned prospectus) less than 7 per cent.

Issue of Rabo Extra Member Bonds

On 29 January 2010 Rabobank Nederland issued € 900 million Rabo Extra Member Bonds (*Rabo Extra Ledenobligaties*) due 30 December 2013. At the sole and absolute discretion of Rabobank Nederland, 25 per cent. of the initial nominal value of € 100 per Rabo Extra Member Bond (€ 25) may be exchanged into one Rabobank Member Certificate (*Rabobank Ledencertificaat*) on 30 December in each year, commencing on 30 December 2010 and ending on 30 December 2013.

Ratings

On 22 October 2009, Moody's affirmed Rabobank's long-term deposit and senior unsecured Aaa ratings. Moody's revised its outlook on these ratings from stable to negative. On 8 December 2009, Standard & Poor's affirmed Rabobank's long-term deposit and senior unsecured AAA ratings. S&P revised its outlook on these ratings from stable to negative.

Strategy of Rabobank Group

Rabobank's strategic objectives are set out in its Strategic Framework 2005-2010, which it has been implementing since its introduction. Following changes in the Dutch banking market that took place in 2008, and the turbulent developments in the international financial markets, Rabobank Group has been considering adjustments to the framework. Accordingly, at the end of 2008, Rabobank Group began formulating adjustment proposals for a revised Strategic Framework covering the period 2009-2012. Under these proposals, the principles of the framework were refocused and reprioritised in several areas. Rabobank approved the new Strategic Framework on 18 March 2009 in its Central Delegates Assembly.

The credit crisis has had a significant impact on the environment within which Rabobank carries on its banking operations. Confidence in the financial sector has been adversely affected. In the Netherlands, the banking landscape has changed dramatically and the economic outlook has deteriorated. Moreover, banks are facing stricter regulation in the areas of solvency and liquidity, making it harder for them to increase lending. Limitations on growth opportunities have resulted in a greater focus on core activities at Rabobank Group.

Strategy principles

As a cooperative, Rabobank prioritises clients' interests, and Rabobank's structure and processes are focused accordingly. Through their influence and control, members enforce discipline on the cooperative.

As an all-finance service provider, Rabobank Group offers a comprehensive package of financial products and services. Rabobank believes that the diversification within the group benefits its financial stability, and that Rabobank Group's broad range of knowledge and expertise results in innovation and synergies within Rabobank. Market leadership remains important to Rabobank Group, but Rabobank believes this must be balanced with prudent margins and Rabobank Group's cooperative mandate.

International growth is necessary because opportunities for growth in the domestic market are set to gradually level out. Moreover, Rabobank believes food and agri is an attractive niche because of its global knowledge of food and agri, which it attributes to its connection with the agricultural and horticultural sectors of the Dutch market. Rabobank International also intends to expand its activities in sustainable energy and clean technology.

Under the present economic conditions Rabobank believes a high credit rating is important and that a healthy balance sheet, stable profit growth and a high Tier 1 ratio are prerequisites for a high credit rating.

In addition, the Corporate Social Responsibility ("**CSR**") policy within Rabobank Group, including its core banking processes, must meet high standards.

Strategy adjustment

Under the revised Strategic Framework, Rabobank is putting greater emphasis on sound balance sheet ratios. Growth in lending largely depends on growth in amounts due to customers and as a result, Rabobank believes that both the local Rabobanks and Rabobank International should provide for a significant part of their own funding. Expansion of the activities of subsidiaries will be aligned with the volume of funding available at Rabobank Group level.

In the Netherlands, Rabobank aims to be the largest bank for corporate enterprises. A stronger position in the corporate market offers private banks additional opportunities to the 'private entrepreneur' as well. Rabobank also seeks further growth in the private-banking segment through differentiated customer service, collaboration with subsidiaries and improved quality of advice.

Rabobank aims to develop further as a cooperative. The revised Strategic Framework will enable local Rabobanks to respond to changing client priorities. At the same time, the programme introduces an optimised servicing model and produces cost reductions from standardisation. In order to maintain their market leadership, the local Rabobanks must operate at competitive rates.

Rabobank International will focus more on Rabobank Group's core activities. In the Netherlands, this means supporting Rabobank Group's aim to be the largest corporate bank in the Netherlands. Outside the Netherlands, Rabobank International intends to focus more on food and agri. In addition, Rabobank International plans to expand its activities in the areas of sustainable energy and clean technology. Global Financial Markets will confine itself to client-related activities and liquidity management; other activities will be phased out. In the Netherlands, Rabo Development intends to gradually increase the number of minority interests in partner banks having a food and agri focus in developing countries. Abroad, the Rabobank Foundation will focus on countries where Rabobank International and/or Rabo Development operate.

Rabobank Group's subsidiaries will similarly focus more on supporting the realisation of Rabobank Group's core objectives: market leadership in all-finance services in the Netherlands and building up a distinct position as the world's pre-eminent food and agri bank. Other important main functions of the subsidiaries and participations will continue to be leveraging of specialisations and achieving sound financial returns.

Strategic core objectives

Rabobank Group's strategic core objectives are:

- to achieve all-finance market leadership in the Netherlands;
- to strengthen Rabobank's position as the leading international food and agri bank;
- to expand, and develop additional synergies with, Rabobank Group subsidiaries.

Strategy for domestic retail banking

Rabobank Group aims to be the market leader in all-finance in the Netherlands. The local Rabobanks and Obvion's mortgage sales are important components in this strategy. In its strategy update, Rabobank indicated that it aims to be the largest corporate bank in the Netherlands. In order to achieve this Rabobank must improve on its current market position, particularly at the high end of the market. Rabobank also aims to expand in the private banking market. As a result of the increased focus on strong balance sheet ratios, the local Rabobanks intend to finance a large proportion of their increased lending from growth in amounts due to customers. The implementation of the Rabobank 2010 programme for the local Rabobanks is another important element in the revised Strategic Framework.

Strategy for wholesale banking and international retail banking

In accordance with Rabobank Group's strategy, Rabobank International focuses on the food and agri sector and aims to expand its global network for both its wholesale and retail rural banking activities in major agricultural markets. By providing international operations to both the high end of the corporate market and to retail clients in the Netherlands, Rabobank International's strategy contributes to Rabobank Group's strengthening of its all-finance position. The food and agri product range will be improved and enlarged through collaboration with Rothschild Investment Banking. The international retail banking business continues to grow, particularly in the core markets of Australia, New Zealand, the United States, Brazil and Poland. Following an adjustment in Rabobank International's business model for Global Financial Markets, Rabobank International will focus more on its core clients while reducing the number of complex products. Products relating to sustainable energy and clean technology will be developed further.

Strategy for asset management and investment

The asset manager Robeco and the private banks Sarasin and Schretlen & Co offer high-quality services to different types of investors. The range of innovative products and services offered will be expanded. Both the distribution network and the institutional sales and asset management activities will be expanded on a selective basis. At the same time, Rabobank Group aims to strengthen its position in the market for high net-worth individuals and institutional investors and consolidate its positions in the Netherlands and abroad.

Strategy for leasing

De Lage Landen provides a wide range of lease and factoring products to Rabobank clients and contributes to the strengthening of Rabobank Group's position in the Dutch market for consumer loans. On a global scale, De Lage Landen offers finance solutions for producers and distributors of capital assets.

Strategy for real estate

Rabo Real Estate Group is the largest integrated real estate enterprise in the Netherlands (measured by Rabobank's own surveys). One of its objectives is to be the most sustainable real estate enterprise in the

Netherlands. Rabo Real Estate Group aims to help clients achieve their ambitions in terms of housing, working, shopping, leisure and investing in pleasant and sustainable surroundings. It aims to retain, strengthen and where possible expand its strong market positions in the Netherlands. Internationally, Rabo Real Estate Group anticipates controlled growth of its activities, particularly in Germany and France.

Corporate social responsibility

One of the cornerstones of the Strategic Framework is a high quality policy for corporate social responsibility. Within this scope, Rabobank continued to develop its CSR policy and activities in 2009 and in the first half of 2010.

Employees

Rabobank Group needs the right people to achieve its strategic goals. Rabobank invests in its employees, not just in terms of their conditions of employment, but also by providing training, opportunities for growth and healthcare, and helping employees achieve a good work/life balance. Rabobank Group's workforce is ageing, and in a changing and innovative environment such as Rabobank's, it is vital that its employees are versatile and have the relevant skills. Rabobank also prioritises talent development, diversity and raising awareness of CSR among its employees.

For the year ended 31 December 2009, the rate of absenteeism was 3.7 per cent. and Rabobank's employee satisfaction score was 88 per cent. according to internal surveys. At 30 June 2010, Rabobank Group employed 58,419 full-time employees.

Competition

Rabobank Group competes in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, Fortis Nederland, 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 significantly increased competition among banks in the Netherlands. 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, Fortis Nederland, ING Group and SNS Reaal, received financial support from the Dutch government. In 2009, DSB Bank, a Dutch competitor of Rabobank, collapsed. 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 the second half of 2010 and in 2011.

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 61 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 do not have the option to prepay 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 six month period ended 30 June 2010, Rabobank Group had a market share of approximately 30.6 per cent. of the total amount of new home mortgages in the Dutch mortgage market by value (26.9 per cent. by local Rabobanks and 3.7 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 May 2010, Rabobank Group had a market share of approximately 39.3 per cent. of the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Rabobank Group is the largest savings institution in the Netherlands measured as a percentage of the amount of saving deposits. Of the total saving deposits in the Netherlands, 37.8 per cent. are held by the local Rabobanks and 1.5 per cent. are held by Robeco Direct's savings bank Roparco.

Lending to small and medium-sized enterprises: At 30 June 2010, Rabobank Group had a market share of approximately 41 per cent. of domestic loans to the trade, industry and services sector (i.e. small enterprises with fewer than 100 employees; measured by Rabobank's own surveys).

Agricultural loans: At 31 December 2009, Rabobank Group had a market share of approximately 84 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 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, robust balance sheet, stable income stream and prudent 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. As of 1 July 2010, as approved by the General Meeting on 17 June 2010, the total number of outstanding shares of Rabobank has been increased from 4,001,200 to 6,001,800 shares of € 1,000 each, thus increasing the share capital of Rabobank Nederland from € 4,001 million to € 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. For the year ended 31 December 2009, a dividend of € 342 million, as approved by the General Meeting, was distributed to the local Rabobanks and for the year ended 31 December 2010, a dividend of € 438 million, as approved by the General Meeting, was distributed to the local Rabobanks. At Rabobank Group level, this increase in share capital and distribution of dividend has no 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 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.

Through mergers, the number of local Rabobanks has decreased from 174 at 31 December 2007, to 153 at 31 December 2008, to 147 at 31 December 2009 and to 143 at 30 June 2010. The local Rabobanks are organised as cooperative entities under the laws of the Netherlands and draw all of their members from their customers. At 30 June 2010, the local Rabobanks had approximately 1,784,000 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 to support the local Rabobanks' banking business and to 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 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 Financial Supervision Act, Rabobank Nederland has been appointed by the Dutch Ministry of Finance as the holder of a collective licence 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 together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the 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*).

In addition, Rabobank Nederland provides (bank) guarantees in its ordinary course of business.

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 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 the issue of 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 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 Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*), as far as compliance with the rules on market conduct pursuant to the 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 Prospectus. As of 2005, the financial statements have been prepared in accordance with IFRS as adopted by the European Union. The financial data in the (sub) paragraphs in this chapter marked with an asterisk (*) has not been directly extracted from the audited financial statements but instead is unaudited and derived from the accounting records of Rabobank Nederland, unless otherwise stated.

Business overview*

Rabobank Group is an international financial services provider operating on the basis of cooperative principles. At 30 June 2010, it comprised 143 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 48 countries. Its operations include domestic retail banking, wholesale and international retail banking, asset management and investment, 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 30 June 2010, Rabobank Group had total assets of € 675.8 billion and 54,419 full-time employees.

Rabobank Group has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981) and Moody's (Aaa since 1981). In terms of Tier 1 capital, Rabobank Group is among the world's 25 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 950 branches and 2,986 cash-dispensing machines at 30 June 2010, the local Rabobanks form a dense banking network in the Netherlands. The website www.rabobank.nl serves over three million online banking customers. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients and approximately 800,000 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 increased competition. The moderate economic recovery in the second half of 2010 is expected to lead to a small increase in activity levels among our clients, as a result of which growth in lending will remain limited. Rabobank expects that while bad debt costs will still exceed the long-term average, they will be down on 2009. For the second half of 2010 Rabobank expects to be able to bring about further improvements in its capital position and to keep its liquidity position at the same robust level as it is now.

In 2009, 57 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 the Capital Securities – 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. Stock prices dropped significantly in 2008 and in the first quarter of 2009. As share prices improved from the second quarter of 2009, global stock markets made a partial recovery from 2008. Uncertainty among investors and market volatility remain high. A further 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, the relatively low interest rate environment in the Netherlands and Rabobank Group's other major markets has driven growth in mortgage volumes, which is positive. However, a low interest rate environment also adversely affected 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. Rabobank expects that the current low interest rate environment is likely to continue in the second half of 2010 and in 2011, 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 could have a significant effect on Rabobank Group's results of operations. As a result, determinations regarding these items necessarily involve the use of assumptions and judgements as to future events and are subject to change. Different assumptions or judgements could lead to materially different results. See the footnotes to the audited consolidated financial statements incorporated by reference into this Prospectus for additional discussion of the application of Rabobank Group's accounting policies.

Value adjustments

Rabobank regularly assesses the adequacy of the provision 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 provisions 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 retail provisions 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.

- An Incurred But Not Reported ("**IBNR**") provision 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 expected loss parameters. Furthermore, factors are used which assume that within 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 a provision against the loan balance in the balance sheet.

The Provisioning Committee headed by the CFO decides twice a year on provision-taking for all impaired loans above a certain threshold (currently over € 30 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 valuation 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 at and for the years ended 31 December 2008 and 31 December 2007 in this Prospectus have been restated. See

'Important Information – Presentation of financial information – Change in accounting policies' and Note 2 to the consolidated financial statements for Rabobank Group for the year ended 31 December 2009 and for the year ended 31 December 2008. Where the year ended 31 December 2009 is compared with the year ended 31 December 2008, the restated figures for 2008 are discussed. Only the restated figures for 2007 are presented in this Prospectus.

Results of operations

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

	Year ended 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Interest	8,046	8,517	6,771
Fees and commission	2,575	2,889	2,857
Other income	1,246	246	1,394
Total income	11,867	11,652	11,022
Staff costs	3,869	4,290	4,400
Other administrative expenses	2,908	2,796	2,779
Depreciation	527	525	484
Operating expenses	7,304	7,611	7,663
Gross profit	4,563	4,041	3,359
Value adjustments	1,959	1,189	266
Operating profit before taxation	2,604	2,852	3,093
Taxation	316	98	397
Net profit	2,288	2,754	2,696

Year ended 31 December 2009 compared to year ended 31 December 2008

Total income. Rabobank Group's total income increased 2 per cent. to € 11,867 million in 2009 compared to € 11,652 million in 2008, due to an increase in other income.

Interest. The local Rabobanks and Robeco Direct saw a decrease in their savings margins due to strong competition in the savings market. This had a significant impact on interest income, which fell by 6 per cent. to € 8,046 million in 2009 compared to € 8,517 million in 2008. However, a recovery of the margins on new mortgage loans, business loans, lease transactions and property loans had a positive effect on interest income.

Fees and commission. The local Rabobanks experienced a decline in commissions from treasury services. At Group level, this was a factor in the 11 per cent. drop in commission income to € 2,575 million in 2009 compared to € 2,889 million in 2008.

Other income. Other income increased by € 1,000 million in 2009 to € 1,246 million compared to € 246 million in 2008 which was related to rising trading income in the wholesale banking division, the repurchase of debt securities and improved financial performance by Eureko, an associate. The settlement between Eureko and the Polish government in the matter of Polish insurer PZU, in which Eureko has an equity interest, had a positive impact on earnings.

Operating expenses. Cost cuts were achieved throughout Rabobank Group. Total operating expenses decreased by 4 per cent. in 2009, falling to € 7,304 million compared to € 7,611 million in 2008. Staff costs accounted for 53 per cent. of total operating expenses.

Staff costs. The decrease in clients' activity levels led to an outflow of staff at virtually all Group entities, particularly in the second half of the year. This resulted in a reduction in employee headcount by 2 per cent. to 59,311 (2008: 60,568) full-time employees at group level. Staff costs fell by 10 per cent. to € 3,869 million compared to € 4,290 million in 2008 as a result of internal staff cuts as well as a sharp reduction in the costs of contract staff and a decrease in pension costs.

Other administrative expenses. Other administrative expenses increased by 4 per cent. to € 2,908 million compared to € 2,796 million in 2008 due, in particular, to the provision of € 200 million that was formed for the collapse of DSB Bank. This provision was formed within the scope of the deposit guarantee scheme.

Depreciation. Depreciation was almost stable at € 527 million compared to € 525 million in 2008.

Value adjustments. Value adjustments increased at Group level due to the poor economic conditions, which particularly affected the local Rabobanks, but also Rabobank International and De Lage Landen. The 'value adjustments' item rose by € 770 million to € 1,959 million in 2009 compared to € 1,189 million in 2008. This corresponds with 48 (2008: 31) basis points of the average loan portfolio volume, which is above the 10-year average of 21 basis points (based on the period 1999 to 2008).

Taxation. The recognised tax expense in 2009 amounted to € 316 million compared to € 98 million in 2008. This corresponds with an effective tax rate of 12.1 per cent. (2008: 3.4 per cent.). The tax-exempt share of profit of associates, including the equity interest in Eureko, is a factor in the lower tax rate.

Net profit. Rabobank Group's net profit decreased by 17 per cent. in 2009 to € 2,288 million, compared to € 2,754 million in 2008. Net of non-controlling interests, payments on Rabobank Member Certificates and hybrid capital instruments, the amount remaining was € 1,475 million compared to € 2,089 million in 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Total income. Total income grew by 6 per cent. in 2008 to € 11,652 million compared to € 11,022 million in 2007, with a particularly strong contribution from interest income. Interest income accounted for 73 per cent. of total income in 2008. Other income fell by 82 per cent. to € 246 million (2007: € 1,394 million).

Interest. Interest income was 26 per cent. higher in 2008, at € 8,517 million compared to € 6,771 million in 2007. This increase was mainly due to Rabobank International's interest income being higher as a result of growth in lending and higher spreads.

Fees and commission. Fees and commission were 1 per cent. higher, at € 2,889 million compared to € 2,857 million in 2007.

Other income. Other income was 82 per cent. lower, at € 246 million compared to € 1,394 million in 2007. The continuing adverse conditions in the financial markets depressed Rabobank International's results. On a net basis, the fair value changes of assets and liabilities had a limited impact on earnings. Rabo Real Estate Group's project results were also lower. Income from the Eureko participation was negative. The sale of Alex and the consolidation of Bank BGZ made positive contributions to earnings. In 2007, other income benefited from revenues from the sale of activities at Sarasin.

Operating expenses. Total operating expenses decreased by 1 per cent. in 2008 to € 7,611 million compared to € 7,663 million in 2007. Staff costs accounted for 56 per cent. of total operating expenses.

Staff costs. Partly as a result of a reduction of bonuses, staff costs were 3 per cent. lower, at € 4,290 million compared to € 4,400 million in 2007. From 2008, Bank BGZ employees are included in Rabobank Group's staff count. As a result, staff numbers at Rabobank Group increased by 11 per cent. to 60,568 (2007: 54,737) full-time employees. Staff numbers at the local Rabobanks and Robeco declined.

Other administrative expenses. Other administrative expenses were 1 per cent. higher, at € 2,796 million compared to € 2,779 million in 2007.

Depreciation. Depreciation charges were 8 per cent. higher, at € 525 million compared to € 484 million in 2007, partly because of higher depreciations of proprietary software and increased amortisation of intangible assets.

Value adjustments. Mainly as a result of the increase in the item ‘value adjustments’ at Rabobank International, this item rose to € 1,189 million compared to € 266 million in 2007. This corresponds to 31 basis points of average lending and is higher than the 10-year average of 21 basis points (based on the period 1998 to 2007).

Taxation. Income tax recognised in 2008 amounted to € 98 million compared to € 397 million in 2007, which is equivalent to an effective tax rate of 3.4 per cent. (2007: 12.8 per cent.). The results from equity investments such as those in the Gilde funds and the equity investments in Rabo Private Equity, which are exempt from taxation, contributed to the lower effective tax rate.

Net profit. Rabobank Group’s net profit grew by 2 per cent. in 2008 to € 2,754 million compared to € 2,696 million in 2007. After deduction for minority interests and payments on Rabobank Member Certificates, Capital Securities and Trust Preferred Securities III to VI, the amount remaining was € 2,089 million compared to € 1,971 million in 2007.

Segment discussion*

Domestic retail banking

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

	Year ended 31 December			
	2009	**2008 *(restated)***	**2008**	**2007**
(in millions of euro)				
Interest	4,360	4,758	5,005	4,504
Fees and commission	1,261	1,354	1,354	1,379
Other income	505	42	42	25
Total income	6,126	6,154	6,401	5,908
Staff costs	2,196	2,264	2,264	2,072
Other administrative expenses	1,569	1,639	1,639	1,618
Depreciation	133	141	141	145
Operating expenses	3,898	4,044	4,044	3,835
Gross profit	2,228	2,110	2,357	2,073
Value adjustments	721	199	199	145
Operating profit before taxation	1,507	1,911	2,158	1,928

	Year ended 31 December			
	2009	2008 (restated)	2008	2007
(in millions of euro)				
Taxation	294	478	541	495
Net profit	1,213	1,433	1,617	1,433

Year ended 31 December 2009 compared to year ended 31 December 2008

Total income. The domestic retail banking division recorded total income of € 6,126 million in 2009 compared to € 6,154 million in 2008.

Interest. Strong competition in the savings market led to a decline in the savings margin at the local Rabobanks. Margins on new mortgages and business loans increased. On balance, interest income fell by 8 per cent. to € 4,360 million in 2009 compared to € 4,758 million in 2008.

Fees and commission. The decrease in commissions on treasury services and lower growth in lending were factors in the 7 per cent. decrease in commissions to € 1,261 million in 2009 compared to € 1,354 million in 2008.

Other income. Other income rose by € 463 million to € 505 million in 2009 compared to € 42 million in 2008 due to the repurchase of debt securities and dividend income received from Rabobank Nederland.

Operating expenses. Total operating expenses in domestic retail banking were down 4 per cent. to € 3,898 million in 2009 compared to € 4,044 million in 2008; expenses fell in the second half of 2009 in particular.

Staff costs. Fewer employees were needed, both at the local Rabobanks and Obvion, resulting in a 1 per cent. reduction in the employee base to 28,529 (2008: 28,953) full-time employees. Due in part to this reduction, the lower number of contract staff and the fall in pension costs, staff costs experienced a 3 per cent. decrease to € 2,196 million in 2009 compared to € 2,264 million in 2008.

Other administrative expenses. Other administrative expenses decreased 4 per cent. to € 1,569 million in 2009 compared to € 1,639 million in 2008, which was due, in part, to lower advertising and office expenses.

Depreciation. Depreciation charges fell by 6 per cent. to € 133 million compared to € 141 million in 2008, partly because of lower depreciation charges on real estate and equipment.

Value adjustments. The ongoing challenging economic situation in the Netherlands has a significant impact on many sectors of the Dutch market. Value adjustments in the food and agri sector are concentrated in glass horticulture. Although there were increases, these increases were relatively low compared to value adjustments in the trade, industry and services sector, where virtually every segment was affected, with the inland water transport sector hit in particular. There was a sharp increase in the number of business failures in the Netherlands, and many enterprises experienced pressure on profitability and liquidity. Businesses that face continuity problems receive intensive counselling and, if so warranted based on the long-term outlook, are given top-up loans to bridge the current period of hardship. Rabobank's credit risk has increased because of the economic conditions, which has resulted in an increase in value adjustments. These were up € 522 million in domestic retail banking, increasing to € 721 million in 2009 compared to € 199 million in 2008. Bad debt costs amounted to 26 (2008: 8) basis points of average lending, which is higher than the 10-year average of 10 basis points (based on the period from 1999 to 2008). Of the loan portfolio, 68 per cent. is comprised of residential mortgages; as in previous years, bad debt costs on this segment of the portfolio were minor at 2 basis points.

Taxation. Taxation decreased in 2009 by € 184 million to € 294 million compared to € 478 million in 2008.

Net profit. Net profit decreased by 15 per cent. to € 1,213 million in 2009 compared to € 1,433 million in 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Total income. Total income was 8 per cent. higher, at € 6,401 million compared to € 5,908 million in 2007, mainly due to growth in interest income.

Interest. The rise in lending and funding through the amounts due to customers resulted in an 11 per cent. increase in interest income, to € 5,005 million compared to € 4,504 million in 2007. The spreads on lending were higher because of higher risk costs and higher funding costs, whereas the spreads on amounts due to customers were depressed by stronger competition in the savings market.

Fees and commission. Securities commission income was slightly lower reflecting continued adverse stock market conditions. Insurance commission income was likewise lower than in 2007. Commission income from treasury services and payment services was higher. Total commission income for 2008 showed a net decrease of 2 per cent., to € 1,354 million compared to € 1,379 million in 2007.

Other income. Other income increased by € 17 million to € 42 million compared to € 25 million in 2007.

Operating expenses. Total operating expenses were 5 per cent. higher in 2008, at € 4,044 million compared to € 3,835 million in 2007.

Staff costs. Staff costs were 9 per cent. higher in 2008, at € 2,264 million compared to € 2,072 million in 2007, as a result of higher cost of contractors, salary increases and higher social insurance contributions. Staffing levels in the domestic retail banking business declined by 1 per cent. to 28,953 (2007: 29,304) full-time employees.

Other administrative expenses. Other administrative expenses were 1 per cent. higher, at € 1,639 million compared to € 1,618 million in 2007.

Depreciation. Depreciation decreased by € 4 million to € 141 million compared to € 145 million in 2007, mainly due to lower depreciation on property and equipment.

Value adjustments. The item 'value adjustments' increased by 37 per cent. in 2008 to € 199 million compared to € 145 million in 2007. Due to the deteriorating economic conditions, loan losses were higher, particularly in the corporate loan portfolio. As a result, the bad debt costs were 8 (2007: 6) basis points of average lending, against the 10-year average of 11 basis points (based on the period from 1998 to 2007).

Taxation. Taxation increased in 2008 by € 46 million to € 541 million compared to € 495 million in 2007.

Net profit. Net profit increased by 13 per cent. to € 1,617 million compared to € 1,433 million in 2007.

Wholesale and international retail banking

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

(in millions of euro)	Year ended 31 December 2009	2008	2007
Interest	2,926	3,156	1,832
Fees and commission	488	304	332
Other income	133	(1,463)	(175)
Total income	3,547	1,997	1,989
Staff costs	998	909	890
Other administrative expenses	691	715	772
Depreciation	94	84	53
Operating expenses	1,783	1,708	1,715
Gross profit	1,764	289	274
Value adjustments	940	786	16
Operating profit before taxation	824	(497)	258
Taxation	178	(524)	(76)
Net profit	646	27	334

Year ended 31 December 2009 compared to year ended 31 December 2008

Total income. Income at Global Financial Markets increased in 2009 due to increased client activity in hedging transactions, issue of debt securities and securitisations. Yield curve trends also had an upward effect on income in this division. As a result, wholesale banking had a significant share in the 78 per cent. increase in total income to € 3,547 million in 2009 compared to € 1,997 million in 2008. The poorer conditions in the private equity market resulted in some impairments. Income decreased at Leveraged Finance and Structured Finance as a result of lower activity levels. The corporate banking departments experienced higher income in 2009 than in 2008. Income decreased at ACCBank due to poor conditions in the Irish construction and property development sectors. The non-European retail banks saw an increase in income, allowing income from international retail banking to rise by 3 per cent. to € 893 million in 2009 compared to € 864 million in 2008.

Interest. Interest income decreased by 7 per cent. to € 2,926 million in 2009 compared to € 3,156 million in 2008 at Rabobank International due in part to fewer loans being issued.

Fees and commission. Due in part to an increase in the number of refinancing and restructuring transactions, commission income at Rabobank International rose by 61 per cent. to € 488 million compared to € 304 million in 2008.

Other income. Income at Global Financial Markets increased in 2009 due to increased client activity in hedging transactions, issue of debt securities and securitisations. Yield curve trends also had an upward effect on income in this division. As a result, wholesale banking had a significant share in the rise in other income at Rabobank International by € 1,596 million to € 133 million in 2009 compared to a loss of € 1,463 million in 2008.

Operating expenses. In 2009 operating expenses at Rabobank International experienced a 4 per cent. increase to € 1,783 million in 2009 compared to € 1,708 million in 2008.

Staff costs. Staff costs increased 10 per cent. to € 998 million in 2009 compared to € 909 million in 2008 due to reorganisations and higher pension costs incurred for foreign employees. The employee base decreased by 5 per cent. to 14,534 (2008: 15,223) full-time employees primarily as a result of job cuts at the retail divisions in Australia and New Zealand, at ACCBank, and at Bank BGZ.

Other administrative expenses. Lower marketing and travel expenses were factors in the 3 per cent. decrease in other administrative expenses to € 691 million compared to € 715 million in 2008.

Depreciation. Depreciation and amortisation charges were up 12 per cent. to € 94 million compared to € 84 million in 2008 because of higher amortisation of software and intangibles.

Value adjustments. The economic crisis affected nearly every sector of the market. Some Rabobank International clients experienced financial difficulties as a result, which led to an increase in value adjustments. The Irish real estate sector showed a poor performance for the second year in a row. The provisions that were formed for this portfolio had a significant impact on value adjustments at Rabobank International in 2009 as well. Value adjustments rose by € 154 million in 2009 to € 940 million compared to € 786 million in 2008. This corresponds to 105 (2008: 93) basis points of the average loan portfolio, which is above the 10-year average of 48 basis points (based on the period from 1999 to 2008).

Taxation. Taxation was € 178 million in 2009 compared to a negative amount of € 524 million in 2008.

Net profit. Net profit increased by € 619 million to € 646 million in 2009 compared to € 27 million in 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Total income. Total income was stable in 2008, at € 1,997 million compared to € 1,989 million in 2007. Although some units within Global Financial Markets performed well in the turbulent financial markets, income from this business entity decreased by € 413 million to negative € 145 million compared to € 268 million in 2007. The item ‘other income’, which largely includes income from Global Financial Markets, fell by € 1,288 million to negative € 1,463 million compared to negative € 175 million in 2007. Structured Finance saw a 37 per cent. rise in income. Commission income was 8 per cent. lower, at € 304 million compared to € 332 million in 2007, partly as a result of lower commission income from securities brokerage.

Income from Corporate Banking was 15 per cent. higher. Of total income, 43 per cent. (2007: 32 per cent.) is from international retail banking. Income from international retail banking increased by 34 per cent. to € 864 million compared to € 646 million in 2007, partly as a result of the consolidation of Bank BGZ. As a result of worsened economic conditions in Ireland, ACCBank’s income was lower.

Interest. Interest increased by 72 per cent. to € 3,156 million compared to € 1,832 million in 2007 mainly due to the growth in lending in the international retail banking business and Corporate Banking activities and the increased spreads.

Fees and commission. Fees and commission income decreased by 8 per cent. to € 304 million compared to € 332 million in 2007 due to lower commission with respect to securities transactions.

Other income. Other income fell by € 1,288 million to negative € 1,463 million compared to negative € 175 million in 2007. The main reason for the decrease is the adverse conditions in the financial market. As a consequence of this, trading income was lower at Global Financial Markets.

Operating expenses. In 2008, total operating expenses were virtually unchanged from 2007, at € 1,708 million compared to € 1,715 million in 2007.

Staff costs. Almost all of the growth in staff numbers is due to the consolidation of Bank BGZ. The number of staff rose by 53 per cent. to 15,223 (2007: 9,957) full-time employees. Partly as a result of a reduction of the bonuses however, staff costs increased by only 2 per cent., to € 909 million compared to € 890 million in 2007.

Other administrative expenses. Other administrative expenses decreased by 7 per cent. to € 715 million compared to € 772 million in 2007 mainly due to the decrease in non-banking charges as a result of the sale of a few equity investments.

Depreciation. Depreciation and amortisation charges were 58 per cent. higher, at € 84 million compared to € 53 million in 2007, partly because of higher depreciations of proprietary software and increased amortisation of intangible assets.

Value adjustments. Although Rabobank International was not directly affected by the failure of certain United States banks in 2008, these events do reflect the unfavourable macroeconomic conditions during the period. The Irish real estate sector was particularly affected in 2008. The financing provided by Rabobank International to this sector had a major impact on bad debt costs. The item 'value adjustments' rose by € 770 million to € 786 million compared to € 16 million in 2007. This corresponds to 93 (2007: 2) basis points of average lending, which is higher than the 10-year average of 47 basis points (based on the period from 1998 to 2007).

Taxation. Taxation decreased by € 448 million to negative € 524 million compared to negative € 76 million in 2007. The loss at Global Financial Markets and the higher income from Participations, the latter being largely tax-exempt because of participation exemption, contributed to the decline in taxation.

Net profit. Net profit decreased by € 307 million to € 27 million compared to € 334 million in 2007.

Asset management and investment

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

	Year ended 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Interest	104	144	82
Fees and commission	757	1,084	1,089
Other income	123	390	308
Total income	984	1,618	1,479
Staff costs	553	559	581
Other administrative expenses	288	352	320
Depreciation	109	102	90
Operating expenses	950	1,013	991
Gross profit	34	605	488
Value adjustments	4	42	1
Operating profit before taxation	30	563	487
Taxation	17	125	125
Net profit	13	438	362

Year ended 31 December 2009 compared to year ended 31 December 2008

Total income. In 2008, the gain on the sale of Alex and the performance-related commission fees from Robeco subsidiary Transtrend made a significant contribution to income. In 2009, total income from asset management declined by 39 per cent. to € 984 million in 2009 compared to € 1,618 million in 2008. Not including the gain on the sale of Alex, the decline was 21 per cent.

Interest. Interest income for Robeco Direct was lower due to fierce competition in the savings market. This was a significant factor in the 28 per cent. decrease in interest income to € 104 million in 2009 compared to € 144 million in 2008.

Fees and commission. The lower performance-related commission fees at Robeco's subsidiary Transtrend were the main driver for the 30 per cent. decline in total commission income to € 757 million compared to € 1,084 million in 2008. The regular asset management fees, that depend on average assets managed during the year, dropped slightly.

Other income. Other income decreased by € 267 million to € 123 million in 2009 compared to € 390 million in 2008. Not including the gain on the sale of Alex, other income was € 100 million higher due in part to higher trading results for Sarasin.

Operating expenses. Robeco's operating expenses were lower as a result of the cost-cutting programme. Sarasin's expenses showed a limited increase, despite cost reductions, due to the expansion of its operations. In 2009, total operating expenses for the asset management operations experienced a 6 per cent. decrease to € 950 million in 2009 compared to € 1,013 million in 2008.

Staff costs. Staff costs decreased by 1 per cent. to € 553 million in 2009 compared to € 559 million in 2008 mainly as a result of the cost reduction programme at Robeco. This programme resulted in a 3 per cent. decrease in staffing levels to 3,501 (2008: 3,620) full-time employees.

Other administrative expenses. The cost reduction programme at Robeco resulted in other administrative expenses declining by 18 per cent. to € 288 million in 2009 compared to € 352 million in 2008.

Depreciation. Due in part to higher amortisation of software and intangible assets, depreciation and amortisation charges were 7 per cent. higher, at € 109 million in 2009 compared to € 102 million in 2008.

Value adjustments. In 2008, Sarasin had to recognise value adjustments on financial institutions as a result of the turbulence in the financial markets. There were no additional value adjustments in 2009. Robeco reported value adjustments in 2009 by virtue of the mortgage portfolio. The total amount of value adjustments for asset management operations was € 4 million in 2009 compared to € 42 million in 2008.

Taxation. Taxation decreased by € 108 million to € 17 million in 2009 compared to € 125 million in 2008.

Net profit. Net profit decreased by € 425 million to € 13 million in 2009 compared to € 438 million in 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Total income. Total income increased by 9 per cent. to € 1,618 million compared to € 1,479 million in 2007. The gain was primarily due to the sale of Alex and the Transtrend Diversified Trend Program's strong investment performance.

Interest. Mainly due to the increase of interest income at Robeco, interest income was 76 per cent. higher, at € 144 million compared to € 82 million in 2007.

Fees and commission. The decrease in assets under management had a negative impact on the asset management fees. This decrease was, however, offset by the Transtrend Diversified Trend Program's strong investment results. Since Alex has ceased to be consolidated as from 2008, income from securities brokerage decreased sharply. In net terms, commission income was virtually unchanged at € 1,084 million compared to € 1,089 million in 2007.

Other income. Other income was 27 per cent. higher, at € 390 million compared to € 308 million in 2007, due, in part, to the gain from the sale of Alex. In 2007, the main drivers of other income were gains from Sarasin's disposal of its Luxembourg activities and income from its brokerage business.

Operating expenses. Total operating expenses increased by 2 per cent. in 2008 to € 1,013 million compared to € 991 million in 2007, mainly due to the expansion of Sarasin's activities.

Staff costs. The sale of Alex and staff redundancies at Robeco caused a decrease in staff numbers. Due, however, to the expansion of Sarasin's activities, the total staffing level rose by 4 per cent. to 3,620 (2007: 3,468) full-time employees. Staff costs were 4 per cent. lower, at € 559 million compared to € 581 million in 2007, as a result of a reorganisation at Robeco and decreased bonuses.

Other administrative expenses. Other administrative expenses rose by 10 per cent. to € 352 million compared to € 320 million in 2007, as a result of the expansion of activities at Sarasin.

Depreciation. Due in part to higher depreciation on intangible assets, depreciation and amortisation charges were 13 per cent. higher, at € 102 million compared to € 90 million in 2007.

Value adjustments. The adverse conditions in the financial markets resulted in a number of write-offs on financial institutions by Sarasin. As a result, the item 'value adjustments' increased by € 41 million to € 42 million compared to € 1 million in 2007.

Taxation. Taxation was stable in 2008, at € 125 million in each of 2007 and 2008.

Net profit. Net profit increased by 21 per cent. to € 438 million compared to € 362 million in 2007.

Leasing

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

	Year ended 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Interest	590	530	518
Fees and commission	59	61	52
Other income	377	424	425
Total income	1,026	1,015	995
Staff costs	375	377	369
Other administrative expenses	206	188	193
Depreciation	35	31	32
Operating expenses	616	596	594
Gross profit	410	419	401

	Year ended 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Value adjustments	300	118	100
Operating profit before taxation	110	301	301
Taxation	(2)	66	67
Net profit	112	235	234

Year ended 31 December 2009 compared to year ended 31 December 2008

Total income. At De Lage Landen total income increased by 1 per cent. to € 1,026 million in 2009 compared to € 1,015 million in 2008 as a result of higher interest income.

Interest. Interest income increased by 11 per cent. to € 590 million in 2009 compared to € 530 million in 2008 due to higher margins on new business and growth in the lending volume.

Fees and commission. Lower agency commissions caused total commissions to decrease by 3 per cent. to € 59 million in 2009 compared to € 61 million in 2008.

Other income. The downturn in the market for second-hand cars led to an 11 per cent. decline in other income to € 377 million in 2009 compared to € 424 million in 2008.

Operating expenses. Total operating expenses incurred in the leasing division in the reporting period increased by 3 per cent. to € 616 million in 2009 compared to € 596 million in 2008.

Staff costs. Staff costs fell by 1 per cent. to € 375 million in 2009 compared to € 377 million in 2008. The acquisition of Masterlease's Italian car leasing operations, which resulted in approximately 45 additional full-time employees, was a factor in the 1 per cent. increase in the total employee base to 4,734 (2008: 4,667) full-time employees.

Other administrative expenses. Other administrative expenses rose by 10 per cent. to € 206 million in 2009 compared to € 188 million as a result of asset impairments.

Depreciation. Depreciation increased by € 4 million to € 35 million in 2009 compared to € 31 million in 2008.

Value adjustments. The poor economic situation caused value adjustments at De Lage Landen to rise by € 182 million to € 300 million in 2009 compared to € 118 million in 2008. Expressed in basis points of the average lending volume, bad debt costs were 132 (2008: 56) basis points. This is above the 10 year average of 56 basis points (based on the period from 1999 to 2008).

Taxation. Taxation decreased by € 68 million to a negative amount of € 2 million in 2009 compared to € 66 million in 2008.

Net profit. Net profit decreased 52 per cent. to € 112 million in 2009 compared to € 235 million in 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Total income. Total income increased by 2 per cent. to € 1,015 million compared to € 995 million in 2007. Although the spreads on new contracts improved, the spreads for the portfolio as a whole were lower due to increased funding costs.

Interest. Interest income rose by 2 per cent. to € 530 million compared to € 518 million in 2007 as a result of growth of the loan portfolio.

Fees and commission. Commission income was 17 per cent. higher, at € 61 million compared to € 52 million in 2007, due to higher brokerage commission income.

Other income. The greater part of income from car-leasing activities is recognised under other income. Other income remained stable, at € 424 million compared to € 425 million in 2007.

Operating expenses. Total operating expenses were stable in 2008, at € 596 million compared to € 594 million in 2007.

Staff costs. Increased activities resulted in a 6 per cent. rise in staff numbers, to 4,667 (2007: 4,411) full-time employees. This contributed to the 2 per cent. rise in staff costs to € 377 million compared to € 369 million in 2007.

Other administrative expenses. Other administrative expenses decreased by 3 per cent. to € 188 million compared to € 193 million in 2007, mainly as a result of lower marketing and automation costs.

Depreciation. Depreciation was stable in 2008, at € 31 million compared to € 32 million in 2007.

Value adjustments. The growth in the loan portfolio and the worsened economic situation caused an 18 per cent. increase in the item 'value adjustments' in 2008, to € 118 million compared to € 100 million in 2007. In terms of basis points of the average loan portfolio, the bad debt costs were 56 (2007: 52) basis points. The bad debt costs exceeded the level of 2007 and were lower than the 10 year average of 55 basis points (based on the period from 1998 to 2007).

Taxation. Taxation in 2008 decreased by € 1 million to € 66 million compared to € 67 million to 2007.

Net profit. Net profit was virtually stable in 2008, at € 235 million compared to € 234 million in 2007.

Real estate

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

	Year ended 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Interest	182	85	72
Fees and commission	44	31	1
Other income	283	311	573
Total income	509	427	646
Staff costs	196	220	217
Other administrative expenses	164	131	167
Depreciation	37	43	51
Operating expenses	397	394	435
Gross profit	112	33	211
Value adjustments	22	0	2

(in millions of euro)	Year ended 31 December 2009	2008	2007
Operating profit before taxation	90	33	209
Taxation	22	9	55
Net profit	68	24	154

Year ended 31 December 2009 compared to year ended 31 December 2008

Total income. During 2009, total income in Rabobank Group's real estate business increased by 19 per cent. to € 509 million in 2009 compared to € 427 million in 2008.

Interest. Interest income increased by € 97 million to € 182 million in 2009 compared to € 85 million in 2008, mainly as a result of yield curve trends and higher margins on new real estate loans and renewals.

Fees and commission. Although commission from issues fell owing to lower levels of activity at Bouwfonds REIM, total commissions rose by 42 per cent. to € 44 million in 2009 compared to € 31 million in 2008 due to the fee received by FGH Bank in connection with the buy-back of debt securities.

Other income. Bouwfonds Property Development sold fewer homes in 2009 than in 2008, and a greater proportion was sold to housing associations and investors at a lower average margin. MAB Development also completed fewer properties in 2009. These developments contributed to the 9 per cent. decline in other income, which fell to € 283 million in 2009 compared to € 311 million in 2008.

Operating expenses. Total operating expenses increased by 1 per cent. to € 397 million in 2009 compared to € 394 million in 2008.

Staff costs. Given the deteriorating conditions in the market, Rabo Real Estate Group initiated a major cost-cutting programme in 2009. The immediate result of this step was an 11 per cent. decrease in staff costs to € 196 million in 2009 compared to € 220 million in 2008. The number of employees decreased by 11 per cent. to 1,549 (2008: 1,743) full-time employees.

Other administrative expenses. The cost cutting programme led to additional reorganisation expenses. This contributed to a 25 per cent. increase in other administrative expenses to € 164 million in 2009 compared to € 131 million in 2008.

Depreciation. In 2009 depreciation decreased by € 6 million to € 37 million in 2009 compared to € 43 million in 2008.

Value adjustments. During 2009, FGH Bank had to deal with several clients that had difficulties. As a consequence, value adjustments amounted to € 22 million in 2009 compared to nil in 2008. Expressed as a percentage of the average loan portfolio, bad debt costs accounted for 14 basis points.

Taxation. In 2009 taxation increased by € 13 million to € 22 million in 2009 compared to € 9 million in 2008.

Net profit. Net profit increased by € 44 million to € 68 million in 2009 compared to € 24 million in 2008.

Year ended 31 December 2008 compared to year ended 31 December 2007

Total income. In 2008, total income fell by 34 per cent. to € 427 million compared to € 646 million in 2007.

Interest. Interest income was 19 per cent. higher, at € 85 million compared to € 72 million in 2007, due to higher interest income at FGH Bank as a result of portfolio growth.

Fees and commission. Commission income increased by € 30 million to € 31 million compared to € 1 million in 2007, primarily as a result of higher asset management commission income at Bouwfonds REIM.

Other income. Other income was 46 per cent. lower, at € 311 million compared to € 573 million in 2007, due to lower project results and in particular the decline in the number of owner occupied houses sold.

Operating expenses. Total operating expenses were 9 per cent. lower in 2008, at € 394 million compared to € 435 million in 2007.

Staff costs. Staff numbers rose by 3 per cent. to 1,743 (2007: 1,700) full-time employees. As a result, staff costs increased by 1 per cent. to € 220 million compared to € 217 million in 2007.

Other administrative expenses. Other administrative expenses were 22 per cent. lower, at € 131 million compared to € 167 million in 2007, mainly due to the decrease in depreciation of intangible assets.

Depreciation. Depreciation decreased in 2008 by € 8 million to € 43 million compared to € 51 million in 2007.

Value adjustments. Value adjustments decreased in 2008 to € 0 million compared to € 2 million in 2007.

Taxation. Taxation decreased in 2008 by € 46 million to € 9 million compared to € 55 million in 2007.

Net profit. Net profit fell by 84 per cent. to € 24 million compared to € 154 million in 2007.

Liquidity and capital resources

Rabobank Group’s total assets were € 675.8 billion at 30 June 2010, an 11 per cent. increase from € 607.9 billion at 31 December 2009. The largest proportion of Rabobank Group's existing lending portfolio (not including investments in Dutch treasury securities, other Dutch public sector bonds and securities and interbank deposit placements) consists of residential mortgage loans, which in the Netherlands are primarily fixed rate.

Loan portfolio

The uncertain economy caused retail clients to be reluctant to take out new residential mortgages and led to businesses putting off their investments. Therefore the growth of the lending portfolio at the local Rabobanks was lower than in the comparable period of the previous year. Most of the growth in lending at Rabobank International and De Lage Landen was caused by the depreciation of the euro. The loans to customers item increased by 5 per cent., or € 20.9 billion, to € 454.8 billion at 30 June 2010 from € 433.9 billion at 31 December 2009. The private sector loan portfolio increased by € 19.4 billion to €435.1 billion at 30 June 2010, an increase of 5 per cent. from € 415.7 billion at 31 December 2009. Loans to private individuals, primarily for mortgage finance, was up € 3.1 billion, or 2 per cent., to € 202.3 billion at 30 June 2010 compared to 31 December 2009. Residential mortgage loans are granted by local Rabobanks and by Obvion. These loans are secured on underlying properties and have maturities up to 30 years. Loans to the trade, industry and services sector decreased by € 11.3 billion to € 156.4 billion at 30 June 2010, an 8 per cent. increase compared to 31 December 2009. Lending to the food and agri sector increased by € 5.0 billion to € 76.4 billion at 30 June 2010, a 7 per cent. increase compared to 31 December 2009.

The following table shows a breakdown of Rabobank Group’s total lending outstanding to the private sector at 31 December 2009 and 31 December 2008, by category of borrower:

(in millions of euro and as percentage of total private sector lending)	At 31 December 2009		2008	
Private individuals	200,607	48%	193,958	47%
Trade, industry and services sector	143,679	35%	146,336	36%
Food and agri sector	71,462	17%	68,326	17%
Total private sector lending	415,748	100%	408,620	100%

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

The following table provides a breakdown of the remaining maturity of Rabobank Group's total loans to customers (public and private sector) and professional securities transactions at 31 December 2009 and 31 December 2008:

(in millions of euro and as percentage of total loans to customers)	At 31 December 2009		2008	
Less than 1 year	83,319	19%	70,783	17%
More than 1 year	350,551	81%	355,500	83%
Total loans to customers	433,870	100%	426,283	100%

Funding

At 30 June 2010, amounts due to customers of Rabobank Group were € 297.8 billion, an increase of 4 per cent. compared to 31 December 2009. The balance held in savings deposits increased by € 4.1 billion to € 125.5 billion, an increase of 3 per cent. Other amounts due to customers (including current accounts, repurchase agreements and time deposits) increased by € 7.3 billion to € 172.3 billion at 30 June 2010. At 30 June 2010, debt securities in issue (including certificates of deposit, commercial paper and bonds) totalled € 192.4 billion compared to € 171.8 billion at 31 December 2009. Savings deposits (except fixed-time deposits, from 1 month to 10 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 2009, 31 December 2008 and 31 December 2007:

(in millions of euro)	Year ended 31 December 2009	2008	2007
Savings deposits	121,373	114,680	101,175
Other due to customers	164,965	189,534	175,435
Debt securities in issue	171,752	135,779	141,812
Other financial liabilities at fair value through profit and	27,319	24,797	27,303

(in millions of euro)	Year ended 31 December **2009**	**2008**	**2007**
loss			
Total	485,409	464,790	445,725

Rabobank Group also receives funds from the interbank and institutional market. Rabobank Group's total due to other banks were € 27.6 billion at 30 June 2010, a 23 per cent. increase from € 22.4 billion at 31 December 2009.

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 2009				
(in millions of euro)	**Trading**	**Other at fair value through profit and loss**	**Available-for-sale**	**Held-to-maturity**	**Total**
Purchased loans	3,644	—	—	—	3,644
Short-term government securities	893	113	887	—	1,893
Government bonds	1,802	762	14,209	360	17,133
Other debt securities	4,094	5,780	17,228	58	27,160
Total debt securities	10,433	6,655	32,324	418	49,830
Venture capital	—	518	—	—	518
Equity instruments	2,328	1,949	1,025	—	5,302
Total other assets	2,328	2,467	1,025	—	5,820
Total	12,761	9,122	33,349	418	55,650
Category 1[1]	8,087	8,114	31,283	418	47,902
Category 2[1]	4,422	598	1,311	—	6,331
Category 3[1]	252	410	755	—	1,417

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 2008				
(in millions of euro)	**Trading**	**Other at fair value through profit and loss**	**Available-for-sale**	**Held-to-maturity**	**Total**
Purchased loans	2,643	—	—	—	2,643
Short-term government securities	172	13	1,579	—	1,764
Government bonds	2,005	565	17,128	464	20,162
Other debt securities	4,566	6,443	11,964	33	23,006
Total debt securities	9,386	7,021	30,671	497	45,575
Venture capital	—	646	—	—	646
Equity instruments	2,190	229	994	—	3,413
Total other assets	2,190	875	994	—	4,059
Total	11,576	7,896	31,665	497	51,634
Category 1[1]	10,670	6,654	29,713	497	47,534
Category 2[1]	861	869	1,939	—	3,669
Category 3[1]	45	373	13	—	431

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.

(in millions of euro)	**At 31 December**		
	2009	**2008**	**2007**
Guarantees	10,117	9,515	8,992
Letters of credit	3,887	1,540	2,402
Credit granting liabilities	30,420	31,388	36,323
Other contingent liabilities	240	208	21
Total credit related and contingent liabilities	44,664	42,651	47,738
Revocable credit facilities	39,890	44,402	36,433
Total credit related commitments	84,554	87,053	84,171

Capital adequacy

Capital adequacy and the use of capital are monitored by Rabobank Group and its subsidiaries, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (the "**Basel Committee**") and implemented by the EU and the Dutch legislator and the Dutch Central Bank (*De Nederlandsche Bank*, or "**DNB**") for supervisory purposes.

The DNB, 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.

The Basel Committee guidelines set a minimum total risk asset ratio for all international banks of 8 per cent. Bank capital adequacy requirements have also been established pursuant to EU directives. These directives, as implemented in the Netherlands, set forth capital standards similar to those of the Basel Committee guidelines.

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 DNB, 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.

In addition, the EU Capital Adequacy Directive ("**CAD**"), which became effective on 1 January 1996, established minimum capital requirements for banks and investment firms for market risks. The CAD was based on a proposal by the Basel Committee and has now been recast by later EU directives.

The risk asset approach to capital adequacy emphasises the importance of Tier 1 capital. In determining a bank's risk asset ratio, the rules limit qualifying Tier 2 supplementary capital to an amount equal to Tier 1 capital. Tier 2 capital includes subordinated debt and certain fixed asset revaluation reserves.

The concept of risk weighting assumes that banking activities generally involve some risk of loss. For risk weighting purposes, commercial lendings are taken as a benchmark to which a risk weighting of 100 per cent. is ascribed. With the introduction of the Basel II framework the risk weighting is more risk sensitive and based on internal assessments of the creditworthiness of counterparties. In practice, this leads to an exposure-specific risk weighting. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors. The resulting amounts are then again risk-weighted according to the nature of the counterparty.

In the case of interest and exchange rate-related contracts, the risks involved relate to the potential loss of cash flows rather than notional principal amounts. These risks are represented by the replacement cost (as defined by the DNB) of the contracts plus an add-on to reflect potential future volatility in replacement cost arising from movements in market rates.

For a discussion of the Basel II framework, see 'Regulation of Rabobank Group'.

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 30 June 2010, Rabobank Group's Tier 1 ratio stood at 14.9 per cent. (year-end 2009: 13.8 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.

Due, in part, to the further roll-out of Basel II, adjustments to trading portfolios and stricter control of risk-weighted assets, these assets were down € 10.1 billion to € 223.3 billion on 30 June 2010 compared to 31 December 2009. Retained earnings were a contributing factor in the € 1.0 billion increase in Tier 1 capital to € 33.2 billion at 30 June 2010 compared to 31 December 2009.

The BIS ratio is calculated by dividing the total of Tier 1 and Tier 2 capital by the total of risk-weighted assets. At 30 June 2010, the BIS ratio stood at 15.3 per cent. (year-end 2009: 14.1 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 30 June 2010, at 31 December 2009, 31 December 2008 and 31 December 2007, in each case calculated under the Netherlands' implementation of the relevant EU directives:

Development in capital and solvency ratios

	At 30 June	**At 31 December**		
(in millions of euro, except percentages)	**2010**	**2009**	**2008**	**2007**
Tier 1 capital[1]	33,178	32,190	30,358	28,518
Tier 1 ratio[1]	14.9%	13.8%	12.7%	10.7%
Qualifying capital[1]	34,140	32,831	30,912	29,190
BIS ratio[1]	15.3%	14.1%	13.0%	10.9%

Note:

(1) These figures have been based on Basel II requirements since 2008. Data for 2007 are based on Basel I requirements.

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)	**2009**	**2008**	**2007**	**2006**	**2005**
Return on assets[1]..	0.37	0.47	0.45	0.43	0.40
Return on equity[2]..	6.36	8.67	8.81	8.57	8.44
Equity to assets ratio[3]......................................	5.82	5.47	5.20	5.09	4.73

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)	**2009**	**2008**	**2007**	**2006**	**2005**
Outstanding Rabobank Member Certificates[1]..	6,275	6,180	5,948	5,812	4,311
Payments...	318	316	299	277	211
Average yield..	5.07%	5.11%	5.03%	4.77%	4.89%

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 2009, 31 December 2008 and 31 December 2007:

	At 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Private sector lending	415,748	408,620	355,973
Government clients	3,936	8,848	5,095
Securities transactions due from private sector lending	8,368	3,812	14,422
Interest rate hedges (hedge accounting)	5,818	5,003	(2,522)
Total loans to customers	433,870	426,283	372,968
Changes in loans to customers	(4,399)	(3,130)	2,282
Reclassified assets	8,648	9,994	—
Gross loans to customers	429,621	419,419	375,250

The table below sets forth a geographic breakdown of Rabobank Group's loan portfolio at 31 December 2009, 31 December 2008 and 31 December 2007:

	At 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
The Netherlands	1,698	1,196	493
Other countries in the EU zone	482	2,654	296
North America	469	498	163
Latin America	44	781	39
Asia	1,073	3,668	4,079
Australia	7	4	3
Other countries	163	47	22
Total government clients	3,936	8,848	5,095
The Netherlands	312,477	298,172	269,964
Other countries in the EU zone	37,259	43,228	31,122
North America	36,194	40,415	30,207
Latin America	8,837	7,372	6,604
Asia	6,112	5,803	4,872
Australia	14,837	12,830	12,370
Other countries	32	800	834
Total private sector lending	415,748	408,620	355,973

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.

	At 31 December 2009						
Payments due by period (in millions of euro)	**On demand**	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**No repayment date**	**Total**
Cash and cash equivalents	8,078	7,657	13	—	—	817	16,565
Due from other banks	18,731	10,389	1,259	2,633	2,626	3	35,641
Trading financial assets	565	935	1,364	5,238	2,667	1,992	12,761
Other financial assets at fair value through profit and loss	1	820	455	1,794	3,879	2,173	9,122
Derivative financial instruments	498	4,058	4,155	14,594	15,729	57	39,091
Loans to customers	25,724	33,144	24,451	71,924	262,631	15,996	433,870
Available-for-sale financial assets	100	3,466	6,649	12,937	10,128	69	33,349
Held-to-maturity financial assets	—	50	124	244	—	—	418
Other assets (including current tax assets)	1,355	1,597	1,637	2,453	676	1,243	8,961
Total financial assets	55,052	62,116	40,107	111,817	298,336	22,350	589,778
Due to other banks	3,405	12,762	2,204	3,051	990	17	22,429
Due to customers	195,802	58,933	8,676	8,588	14,101	238	286,338
Debt securities in issue	2,927	50,536	45,179	47,569	25,541	—	171,752
Derivative financial instruments and other trade liabilities	3,784	4,435	4,384	14,674	21,380	108	48,765
Other debts (incl. current tax liabilities)	1,191	3,592	878	304	18	2,568	8,551
Other financial liabilities at fair value through profit and loss	257	719	3,348	10,851	12,144	—	27,319
Subordinated debt	—	—	—	434	1,928	—	2,362
Total financial liabilities	207,366	130,977	64,669	85,471	76,102	2,931	567,516
Net liquidity surplus/(deficit)	(152,314)	(68,861)	(24,562)	26,346	222,234	19,419	22,262

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 the 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 2009 and throughout 2009. The average liquidity surplus was 28 per cent. of the total liquidity requirement. The surplus at 31 December 2009 was 23 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 three 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 2009, the BPV did not exceed € 26 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 parallel shock of the curve will result in a 10 per cent. drop in market value of equity.

Short-term interest rate risk is monitored using the Income at Risk concept. This is the maximum 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 € 83 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 2009, there were no cross-border outstandings exceeding 1 per cent. of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following table analyses cross-border outstandings at the end of each of the last three years, stating the name of the country and the aggregate amount of cross-border outstandings in each foreign country where such outstandings exceeded 1 per cent. of total assets, by type of borrower:

(in millions of euro)	**Banks**	**Public authorities**	**Private sector**	**Total**
At 31 December 2009				
France	2,702	1,889	4,735	9,326
Germany	3,923	2,821	5,037	11,781

(in millions of euro)	Banks	Public authorities	Private sector	Total
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
At 31 December 2008				
France	2,856	1,595	4,500	8,951
Germany	4,624	3,919	6,825	15,368
Ireland	925	561	9,273	10,759
United Kingdom	11,857	2,566	9,276	23,699
Poland	161	1,438	5,048	6,647
United States	5,796	8,225	51,169	65,190
Japan	914	6,664	205	7,783
Australia	1,427	1,164	9,360	11,951
At 31 December 2007				
France	2,382	1,402	3,437	7,221
Belgium	2,766	1,005	2,311	6,082
Germany	5,640	3,428	6,579	15,647
Ireland	1,797	413	10,205	12,415
United Kingdom	18,042	102	13,492	31,636
Switzerland	4,686	220	1,924	6,830
United States	6,634	9,787	67,848	84,269
Spain	2,610	1,048	3,007	6,665
Japan	4,838	8,371	435	13,644
Australia	960	895	10,747	12,602

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 2009:

	At 31 December 2009		
(in millions of euro)	On balance	Off balance	Total

(in millions of euro)	At 31 December 2009 On balance	Off balance	Total
Animal protein	14,009	330	14,339
Dairy	11,883	156	12,039
Grain and oilseeds	11,731	598	12,330
Fruit and vegetables	8,655	61	8,715
Food retail and foodservice	4,706	258	4,964
Farm inputs	4,093	166	4,259
Flowers	3,740	19	3,759
Beverages	2,739	93	2,833
Miscellaneous crops	2,194	5	2,199
Sugar	1,630	125	1,755
Other	6,082	149	6,231
Total private sector lending to food and agri	71,462	1,960	73,423
Lessors of real estate	26,040	84	26,123
Finance and insurance excluding banks	25,272	3,529	28,801
Wholesale	14,967	2,640	17,607
Manufacturing	8,436	540	8,976
Construction	8,934	1,783	10,717
Transportation and warehousing	7,568	517	8,084
Activities related to real estate	7,297	51	7,348
Non food retail	4,373	149	4,521
Healthcare and social assistance	5,154	39	5,193
Professional, scientific and technical services	5,023	330	5,353
Information and communication	2,876	198	3,074
Arts entertainment and recreation	1,410	22	1,432
Utilities	1,172	122	1,294
Other services	25,158	1,483	26,642
Total private sector lending to trade, manufacturing and services	143,679	11,487	155,165
Private individuals	200,607	489	201,096
Total private sector lending	415,748	13,936	429,684

Apart from due from other banks (€ 35.6 billion at 31 December 2009 which is 6 per cent. of total assets), Rabobank's only significant risk concentration is in the portfolio of loans to private individuals which accounted for 48 per cent. of the total loan portfolio at 31 December 2009. This portfolio has a very 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 17 per cent. in 2008. The proportion of the total loan portfolio attributable to trade, industry and services was 35 per cent. at 31 December 2009. 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 client loan portfolio. Continuing poor market conditions in the Netherlands have a significant impact on many industry sectors. For the local Rabobanks, bad debt costs in the food and agri sector are concentrated in glass horticulture, and virtually all segments in the trade, industry and services sector have been significantly affected, inland shipping in particular. For Rabobank International, bad debt costs were significantly influenced by the provisions formed for the Irish real estate portfolio.

Impaired loans

Loans for which a provision has been made are called impaired loans. At 31 December 2009, these loans amounted to € 9,294 million (2008: € 6,573 million). The provision for loan losses amounted to € 4,569 million (2008: € 3,299 million), which corresponds to a 49 per cent. (2008: 50 per cent.) coverage. Rabobank Group forms provisions 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 2009, impaired loans corresponded to 2.3 per cent. (2008: 1.6 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 2009, 31 December 2008 and 31 December 2007:

	At 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Domestic retail banking	4,305	2,831	1,935
Wholesale and international retail banking	3,559	3,182	1,191
Leasing	1,066	379	323
Other	364	182	21
Rabobank Group	9,294	6,573	3,470

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 banks and customers for the past three years:

	Year ended 31 December		
(in millions of euro)	**2009**	**2008**	**2007**
Domestic retail banking	1,398	1,303	1,229
Wholesale and international retail banking	1,415	721	774
Asset management and investment	5	4	1
Leasing	246	226	221
Real estate	25	27	24

(in millions of euro)	**Year ended 31 December** **2009**	**2008**	**2007**
Other	41	1	—
Total balance at 1 January	3,130	2,282	2,249
Domestic retail banking	1,541	534	158
Wholesale and international retail banking	1,500	1,137	221
Asset management and investment	7	5	1
Leasing	331	195	105
Real estate	36	16	3
Other	14	42	1
Total additions	3,429	1,929	489
Domestic retail banking	(805)	(323)	—
Wholesale and international retail banking	(556)	(387)	(185)
Asset management and investment	—	—	—
Leasing	(23)	(55)	—
Real estate	(14)	(15)	—
Other	(42)	—	—
Total reversal of impairments	(1,440)	(780)	(185)
Domestic retail banking	(191)	(164)	(128)
Wholesale and international retail banking	(382)	(155)	(83)
Asset management and investment	(3)	(4)	—
Leasing	(182)	(116)	(94)
Real estate	(6	(2)	—
Other	—	—	—
Total written off	(764)	(441)	(305)
Domestic retail banking	87	48	44
Wholesale and international retail banking	(62)	99	(6)
Asset management and investment	—	—	2
Leasing	15	(4)	(6)
Real estate	4	(1)	—
Other	—	(2)	—
Total other	44	140	34
Domestic retail banking	2,030	1,398	1,303
Wholesale and international retail banking	1,915	1,415	721
Asset management and investment	9	5	4

(in millions of euro)	Year ended 31 December 2009	2008	2007
Leasing	387	246	226
Real estate	45	25	27
Other	13	41	1
Total balance at 31 December	4,399	3,130	2,282

Due to customers*

The following table presents a breakdown of due to customers at 31 December 2009, 31 December 2008 and 31 December 2007. Interest rates paid on time deposits and savings deposits reflect market conditions and not all current accounts/settlement accounts earn interest.

(in millions of euro)	At 31 December 2009	2008	2007
Time deposits	47,897	81,554	82,139
Current accounts/settlement accounts	63,388	59,832	46,584
Repurchase agreements	1,207	664	3,694
Other	32,666	31,326	30,713
Total due to customers by businesses	145,158	173,376	163,130
Savings deposits	121,373	114,680	101,175
Current accounts/settlement accounts	12,768	13,230	11,848
Other	7,039	2,928	457
Total due to customers by individuals	141,180	130,838	113,480
Total due to customers	286,338	304,214	276,610

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 2009, 31 December 2008 and 31 December 2007 is provided below.

(in millions of euro)	At 31 December 2009	2008	2007
Year-end balance	78,370	55,385	58,440
Average balance	77,160	61,010	61,277

(in millions of euro)	At 31 December 2009	2008	2007
Maximum month-end balance	82,167	68,963	67,358

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 and loss'. An analysis of the balance of long-term borrowings at 31 December 2009, 31 December 2008 and 31 December 2007 is provided below.

	2009	2008	2007
		(in millions of euro)	
Year-end balance	120,701	105,191	110,675
Average balance	116,309	110,327	109,288
Maximum month-end balance	122,776	112,900	112,919

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the reviewed interim financial information of Rabobank Group, which have been reviewed by Ernst & Young Accountants LLP and 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 financial ratios, these being un-audited and derived from the annual report and the interim report of Rabobank Group. The data should be read in conjunction with the consolidated financial statements, related notes incorporated by reference herein and the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' included in this Prospectus. The consolidated interim financial information and the consolidated financial statements of Rabobank Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and the consolidated financial information is presented in conformity with IAS 34 Interim Financial Reporting.

Statement of financial position

	As at			
(in millions of euro)	**30 June 2010**	**31 December 2009**	**30 June 2009**	**31 December 2008**
ASSETS				
Cash and cash equivalents	9,356	16,565	15,089	7,105
Due from other banks	34,095	35,641	35,655	33,776
Trading financial assets	12,782	12,761	10,632	11,576
Other financial assets at fair value through profit and loss	10,037	9,122	8,024	7,896
Derivative financial instruments	63,578	39,091	45,043	66,759
Loans to customers	454,773	433,870	435,811	426,283
Available-for-sale financial assets	60,652	33,349	35,556	31,665
Held-to-maturity financial assets	241	418	501	497
Investments in associates	3,898	4,056	3,945	3,455
Intangible assets	3,936	3,736	3,741	3,728
Property and equipment	6,156	6,124	5,987	5,870
Investment properties	1,291	1,363	1,039	1,038
Current tax assets	352	240	215	298
Deferred tax assets	1,220	1,174	1,448	1,619
Employee benefits	1,765	1,467	783	-
Other assets	11,715	8,721	11,892	10,555
Total assets	**675,847**	**607,698**	**615,361**	**612,120**

(in millions of euro)	As at 30 June 2010	31 December 2009	30 June 2009	31 December 2008
LIABILITIES				
Due to other banks	27,623	22,429	25,696	23,891
Due to customers	297,765	286,338	284,908	304,214
Debt securities in issue	192,417	171,752	169,060	135,779
Derivative financial instruments and other trading liabilities	72,441	48,765	55,454	77,230
Other debts	9,999	8,083	11,039	8,644
Other financial liabilities at fair value through profit and loss	30,144	27,319	27,672	24,797
Provisions	1,080	1,095	919	875
Current tax liabilities	494	468	271	227
Deferred tax liabilities	612	489	506	474
Employee benefits	461	500	566	371
Subordinated debt	2,350	2,362	2,417	2,159
Total liabilities	**635,386**	**569,600**	**578,508**	**578,661**

(in millions of euro)	As at 30 June 2010	31 December 2009	30 June 2009	31 December 2008
EQUITY				
Equity of Rabobank Nederland and local Rabobanks	24,031	22,178	21,289	20,074
Rabobank Member Certificates issued by a group company	6,358	6,315	6,275	6,236
	30,389	**28,493**	**27,564**	**26,310**
Capital Securities and Trust Preferred Securities III to VI	6,337	6,182	5,678	3,510
Non-controlling interests	3,735	3,423	3,611	3,639
Total equity	**40,461**	**38,098**	**36,853**	**33,459**
Total equity and liabilities	**675,847**	**607,698**	**615,361**	**612,120**

Condensed consolidated statement of income

(in millions of euro)	**Year ended 31 December (*'I' denotes the first half interim periods ending 30 June*)**			
	2010-I	**2009**	**2009-I**	**2008**
Interest income	NA	19,766	NA	27,245
Interest expense	NA	11,720	NA	18,728
Interest	**4,332**	**8,046**	**3,885**	**8,517**
Fee and commission income	NA	3,015	NA	3,400
Fee and commission expense	NA	440	NA	511
Fees and commission	**1,413**	**2,575**	**1,216**	**2,889**
Income from associates	NA	592	NA	(26)
Net income from non-trading financial assets and liabilities at fair value through profit and loss	NA	(226)	NA	(1,155)
Gains on available-for-sale financial assets	NA	138	NA	(51)
Other income	NA	742	NA	1,478
Other results	723	1,246	1,321	246
Total Income	**6,468**	**11,867**	**6,422**	**11,652**
Staff costs	2,362	3,869	2,266	4,290
Other administrative expenses	1,278	2,908	1,337	2,796
Depreciation and amortisation	266	527	257	525
Operating expenses	**3,906**	**7,304**	**3,860**	**7,611**
Value adjustments	569	1,959	1,119	1,189
Operating profit before taxation	**1,993**	**2,604**	**1,443**	**2,852**
Taxation	332	316	127	98
Net profit	**1,661**	**2,288**	**1,316**	**2,754**
Of which attributable to Rabobank Nederland and local Rabobanks	1,198	1,475	938	2,089
Of which attributable to holders of Rabobank Member Certificates	151	318	160	316
Of which attributable to Capital Securities	240	308	96	94
Of which attributable to Trust Preferred Securities III to VI	36	78	45	100
Of which attributable to non-controlling interests	36	109	77	155
Net profit for the period	**1,661**	**2,288**	**1,316**	**2,754**

Financial ratios

	2010-1	2009	2008
BIS ratio	15.3%	14.1%	13.0%
Tier 1 ratio	14.9%	13.8%	12.7%
Equity capital ratio[1]	13.5%	12.5%	11.6%
Bad debt costs (in basis points of average lending)	27	48	31

Note:

(1) The equity capital ratio is calculated by dividing retained earnings and Rabobank Member Certificates by 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. Rabobank 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 departments. These two 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 significant part 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 six months ended 30 June 2010, Rabobank realised a RAROC after tax of 15.0 per cent.

Credit risk

Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent credit policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. At 30 June 2010, 46 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 54 per cent. was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

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 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 Policy 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.

EAD is an estimate of the extent to which a bank may be exposed in the event of, and at the time of, a counterparty's default. At 30 June 2010, the EAD of the total Advanced IRB loan portfolio was € 537 billion (year-end 2009: € 501 billion). This EAD includes the 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, varying from payment arrears of 90 days to bankruptcy. The weighted average PD of the total Advanced IRB loan portfolio is 1.29 per cent. (year-end 2009: 1.34 per cent.).

The following table shows the impaired loans (i.e. the amount of loans for which an allowance has been taken) of 31 December 2009, 2008 and 2007 per business unit as a percentage of private sector loans:

Impaired loans/private sector lending per business unit

	At 31 December		
(in percentages)	**2009**	**2008**	**2007**
Domestic retail banking	1.55	1.05	0.79
Wholesale and international retail banking	4.19	3.48	1.53
Leasing	4.64	1.95	1.91
Rabobank Group	2.28	1.65	0.97

Bad and doubtful debt

Once a loan has been granted, ongoing credit management takes place assessing new information, both financial and non-financial. The bank monitors if the client meets all its obligations and to what extent it can be expected that the client will continue to do so. If the latter is not the case, credit management will be intensified with a higher monitoring frequency and stricter monitoring of all conditions agreed upon. Guidance is provided by a special unit within Rabobank Group, particularly in the case of larger and more complex loans granted to companies in difficulties. If it is probable that the debtor will be unable to fulfil all 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 six months ended 30 June 2010 and the three years ended 31 December 2009, 2008 and 2007, per business unit as a percentage of private sector lending:

Bad debt costs/average private sector lending per business unit

	Six months ended 30 June	**Year ended 31 December**		
(in percentages)	**2010**	**2009**	**2008**	**2007**
Domestic retail....................................	0.13	0.26	0.08	0.06
Wholesale and international retail banking	0.55	1.05	0.93	0.02
Leasing	1.02	1.32	0.56	0.52
Rabobank Group................................	0.27	0.48	0.31	0.08

In determining the bad debt costs, corporate loans are assessed on a loan-by-loan basis and the following factors are considered:

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of Rabobank Group's commitments to the customer;
- the realisable value of any collateral (security) for the loan; and
- the costs associated with obtaining repayment and realisation of any security.

Structured credit

Rabobank Group's trading and investment portfolios have limited direct exposure to more structured investments, which amounts to € 8.0 billion, the majority of which is AAA-rated. Due to the further deterioration of not only the U.S. housing market, but also the corporate market, related investments have been impaired and the resulting loss charged to profit. For the year ended 31 December 2009 this amounted to a post-tax loss of € 267 million. An additional provision of € 30 million after tax was made for a liquidity facility granted by Rabobank which was partly secured on subprime-related assets.

At 30 June 2010 the structured credit exposure stood at € 7.6 billion.

Monoline insurers

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. There was a further deterioration in the creditworthiness of a number monoline insurers in 2009, which was reflected in the further downgrading of 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 2009 the total counterparty risk before provisions amounted to € 1,321 million. For the year ended 31 December 2009 the total provisions were increased to € 1,138 million, partly as a result of the scaling down of the portfolio and the formation of an additional provision, which had an impact on earnings of € 196 million after tax. As a consequence, the remaining counterparty risk at 31 December 2009 amounted to € 183 million.

At 30 June 2010 the total counterparty risk before provisions amounted to € 1,347 million. At 30 June 2010 the total provision stood at € 1,167 million, therefore the remaining counterparty risk amounts to € 180 million. Partly due to the cautious economic recovery, only limited additional provisions needed to be formed, with a negative impact on net result of € 8 million after taxes for the six months ended 30 June 2010.

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 and provisions for country risks, 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 and provisions for country risk are made in accordance with internal guidelines and concerns countries with a high transfer risk.

At 31 December 2009, the net transfer risk before provisions for non-OECD countries was 1.3 per cent. (2008: 1.2 per cent.).

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 the interest income for changes in interest rates. This Income at Risk ("**IatR**") represents the change in interest income for the coming 24 months, due to parallel increases/decreases in interest rates of 200 basis points, assuming a stable balance sheet and no management intervention. In this interest rate scenario a gradual increase/decrease of 200 basis points is assumed during the first year, while during the second year interest rates are assumed to remain stable.

Rabobank Group's long-term interest rate risk is measured and controlled based on the concept of Equity at Risk ("**EatR**") which is the sensitivity of Rabobank Group's market value of equity to an instant parallel change in interest rates of 200 basis points.

At 31 December 2009, the IatR and EatR for Rabobank Group were as follows:

(in millions of euro, except percentages)	**200 basis points increase**	**200 basis points decrease**
IatR 1-12 months	129	(83)
IatR 13-24 months	379	(363)
EatR	(10%)	12%

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

Liquidity risk

Liquidity risk is the risk that 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. Rabobank Group policy is that long-term lending is financed by funding from customers or by 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 30 days are calculated and reported on a daily basis, including any conduits. 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 is 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 2009 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 28 per cent. on average.

The liquidity ratio was also below the 1.2 mark in the scenarios used in the first half of 2010.

Outstanding asset-backed commercial paper ("**ABCP**") amounted to € 17.2 billion (year-end 2009: € 15.3 billion) at 30 June 2010. These conduits are mainly used for funding of own originated loans and customer loans and receivables, and are fully integrated in the Group's liquidity risk management framework.

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 in a single day, 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. Statistical models are also used to generate other risk measures which assist the Market Risk department, as well as the BRMC-RG in evaluating Rabobank Group's market positions.

For the year ended 31 December 2009, the Value at Risk fluctuated between € 23 million (2008: € 31 million) and € 50 million (2008: € 58 million), with an average of € 32 million (2008: € 39 million). As a result of a decrease of volatility on the financial markets, the Value at Risk decreased compared to 2008.

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 and to the regulator. In addition to Value at Risk, also other risk indicators are used for market risk management.

Source: Rabobank Group Annual Report 2009

Operational risk

Operational risk is the risk of direct or indirect losses arising from deficiencies in procedures and systems and from human failures or from external events. Rabobank Group has a Group-wide operational risk policy. Decentralised procedures are set up at all entities to record operational incidents and report them on a quarterly basis to the central Operational Risk department. In addition, sophisticated instruments are made available to enable robust operational risk management within each Rabobank Group entity. The management of each Rabobank Group entity is responsible for developing policies and procedures to manage operational risks in line with Rabobank Group Operational Risk Management policy.

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 endorsed the Banking Code, which was adopted in 2009 by the Netherlands Bankers' Association.

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 among 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 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 DNB, 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 12 Regional Delegates Assemblies, each with a board of six members. 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

Currently there are three governance models for the local Rabobanks: the Partnership model, the Executive model and 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.

Partnership model

In the Partnership model, the Board of each local Rabobank consists of persons elected by the members from their ranks, plus a managing director who is appointed by the Supervisory Board. The managing director is primarily concerned with the day-to-day management of the bank's operations. The Supervisory Board supervises the Board.

Executive model

In the executive 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. In this model, no Board members are elected by the members from their ranks, as is the case in the partnership model.

Rabo model

The governance structure of the Rabo model is comparable to the governance structure of the Executive model. In this model, each local Rabobank has a Board of Directors comprising several persons appointed by the Supervisory Board and 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*). Subject to approval at the general meeting of Rabobank Nederland in respect of the standard articles of association, from mid-2010 the Rabo model will start to replace the Partnership model and the Executive model.

Member council

Local Rabobanks using the executive model must institute a member council in order to firmly and permanently embed member influence and control in the structure. An increasing number of banks using the partnership model have established a member council as well. 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 to fully comply with the Banking Code and expects only very few departures, which will be justified according to the 'comply or explain' principle.

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; and
- 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:

Name	Born	Year Appointed[1]	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2013	Dutch
Arnold (A.H.C.M.) Walravens, Deputy Chairman	1940	2004	2011	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	*to be decided (June 2014 at the latest)*	Dutch
Louise (L.O.) Fresco	1952	2006	*to be decided (June 2014 at the latest)*	Dutch
Leo (S.J.L.J.) Graafsma	1949	2010	2014	Dutch
Erik (E.A.J.) van de Merwe	1950	2010	2014	Dutch
Marinus (M.) Minderhoud	1946	2002	2011	Dutch
Martin (M.J.M.) Tielen	1942	2002	2013	Dutch
Cees (C.P.) Veerman	1949	2007	2011	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	*to be decided (June 2014 at the latest)*	Dutch

Note:

(1) As a result of a 2002 amendment of the management organisation of Rabobank Nederland, the former supervisory council was replaced by the Supervisory Board, as a result of 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*
Additional positions	*Supervisory Directorships:* *– 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.* *Other additional positions:*

	– Member of the Board of Directors of Unilever Trust Office (Stichting Administratiekantoor) *– Vice-Chairman of the Board of Supervision of the University Medical Center Groningen* *– Chairman of the Board of Supervision of the Fries Museum en Princessehof*
Date of first appointment to the Supervisory Board	*June 2002* *(Member of the Board of Directors from June 1996 until June 2002)*
Current term of appointment to the Supervisory Board	*June 2009 – June 2013*

Mr A.H.C.M. Walravens (Arnold)

Date of Birth	*4 May 1940*
Profession	*Advisor*
Main position	*– Chairman of the Supervisory Board of Eureko B.V.* *– Emeritus Professor Technical University Delft*
Nationality	*Dutch*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *– Chairman of the Supervisory Board of Achmea Re Luxemburg* *– Member of the Supervisory Board of OWM Molest-risico W.A.* *– Chairman of the Supervisory Board of Sneep Industries B.V.* *Other additional positions:* *– Vice-Chairman of the Board of Vereniging Achmea* *– Chairman of the Board of MBA Studies, IEDC, Bled School of Management Slovenia* *– Member of the Senate of the International Executive Development Center, Slovenia* *– Director/owner 'Aan de Oude Delft', Art and Auction Services* *– Member Business Board Atag B.V.*
Date of first appointment to the Supervisory Board	*June 2004*
Current term of appointment to the Supervisory Board	*June 2007 – June 2011*

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*
Additional 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 additional 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*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Eureko B.V.* *– Chairman of the Supervisory Board of AH Kaascentrale B.V.*
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*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *Other additional positions:* *– 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*

Mr W. Dekker (Wout)

Date of Birth	*10 November 1956*
Profession	*– Professional director*
Main position	*Chief Executive Officer / Chairman Executive Board Nutreco Holding N.V.*
Nationality	*Dutch*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *– Member Supervisory Board (& member audit committee) Macintosh Retail Group N.V.* *Other additional positions:* *– Member Advisory Council for Issuers Euronext Amsterdam* *– Member Taskforce Biodiversity and Natural Resources*
Date of first appointment to the Supervisory Board	*2010*
Current term of appointment to the Supervisory Board	*June 2010 – to be decided (June 2014 at the latest)*

Mrs L.O. Fresco (Louise)

Date of Birth	*11 February 1952*
Profession	*– Professional director* *– Professor*
Main positions	*– University Professor, University of Amsterdam*
Nationality	*Dutch*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *– Non-executive Director, Unilever N.V./Unilever PLC* *Other additional positions:* *– 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 *– Member Royal Holland Society of Sciences and Humanities* *– Member Royal Netherlands Academy of Arts and Sciences* *– Member of the Spanish Academy of Engineering Sciences and the Swedish Academy of Agricultural and Forestry Sciences* *– Member of the Advisory Board of Wereldvoedselprijs (World Food Prize)* *– Member of the Board of Erasmusprijs* *– Member of the Board of the Concertgebouworkest* *– Member of the former Delta Committee* *– Member of the Trilateral Committee* *– Member InterAcademy Council* *– Columnist NRC Handelsblad*
Date of first appointment to the Supervisory Board	*June 2006*
Current term of appointment to the Supervisory Board	*June 2010 – to be decided (June 2014 at the latest)*

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

Date of Birth	*29 March 1949*
Former profession	*Accountant / associate of an audit, tax and advisory firm*
Former main positions	*– Associate KPMG, engaged in various audit activities (1985 – 2008)* *– Accountant KPMG (1977 - 1984)* *– Assistant accountant Klynveld Kraayenhof & Co, token over by KPMG (1968 – 1976)*
Nationality	*Dutch*
Additional positions	*– Deputy member of the "Accountantskamer" (Chamber of accountants) resulting from the "Wet Tuchtrechtspraak Accountants" (Disciplinary jurisdiction accountants)* *Former additional positions:* *– Member fact-finding committee DSB Bank / "commissie Scheltema" (until June 2010)* *– Co-author "Vreemde valuta in de financiële verslaggeving" (Foreign Exchange Accounting)* *– Co-author "Jaarboek Externe Verslaggeving" (Yearbook Financial Reporting)* *– Author of various articles in the field of financial instruments and foreign exchange*
Date of first appointment to the Supervisory Board	*September 2010*
Current term of appointment to the Supervisory Board	*September 2010 - to be decided (September 2014 at the latest)*

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

Date of Birth	*30 December 1950*
Profession	*– Advisor*
Main position	*– Professional director / professional supervisory director*
Nationality	*Dutch*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *– Chairman of the Supervisory Board of Fornix Biosciences N.V.* *– Chairman of the Supervisory Board (and audit committee) of Staalbankiers N.V.* *– Chairman of the Supervisory Board (and audit committee) of Achmea Bank Holding N.V.* *– Chairman of the Supervisory Board of Welke Beheer N.V.* *– Member of the Supervisory Board (and Chairman of the audit committee) of Eureko B.V.* *Other additional positions:* *– Non-executive Chairman of GWK Travelex N.V.* *– Member of the Board of Directors of Vereniging Achmea* *– Member of the Board of Governors of the postgraduate study Corporate Compliance, VU University Amsterdam* *– Member Board of Supervision and 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	*2010*
Current term of appointment to the Supervisory Board	*June 2010 - to be decided (June 2014 at the latest)*

Mr M. Minderhoud (Marinus)

Date of Birth	*13 September 1946*
Profession	*None*
Main position	*None*
Nationality	*Dutch*
Additional Positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *– Vice-Chairman of the Supervisory Board of Eureko 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 2011*

Mr M.J.M. Tielen (Martin)

Date of Birth	*22 September 1942*
Profession	*Professor*
Main position	*Emeritus Professor at Utrecht University*
Nationality	*Dutch*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *Other additional positions:* *– Chairman Evaluation Team EAEVE to Faculty of Veterinary Medicine, Afyon, Turkey* *– Chairman of the Stichting Stimulering 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*

Mr C.P. Veerman (Cees)

Date of Birth	*8 March 1949*
Profession	*– Professor* *– Professional director / supervisory director*
Main positions	*– CEO of Bracamonte B.V. in Groesbeek* *– Professor at Tilburg University and Wageningen University focusing on the field of sustainable rural development from a European perspective* *– Crop farmer*
Nationality	*Dutch*
Additional positions	*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.* *– Member 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 *– Member of the Supervisory Board of Noord Zuid Lijn* *– Member of the Board of Supervision of the Knowledge for Climate research project (Kennis voor Klimaat)* *– Member of Board of Supervision Deltares* *Other additional positions:* *– Chairman Deltacommissie (2007)* *– Chairman of the Society for the Preservation of Nature Reserves in the Netherlands (Vereniging Natuurmonumenten)* *– Chairman of the Research Institute of Christian Democratic Appeal (CDA)* *– Chairman Project Administration Noord Zuidlijn* *– Chairman Board of Supervision Roosevelt Academy* *– Chairman Review Committee TI Pharma* *– Chairman Committee Toekomstbestendig Hoger Onderwijs Stelsel* *– Chairman Advisory Board Dutch Delta Academy* *– Member of the Governing Board of the Netherlands Organisation for Scientific Research*
Date of first appointment to the Supervisory Board	*June 2007*
Current term of appointment to the Supervisory Board	*June 2007 – June 2011*

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

Date of Birth	*21 October 1949*
Profession	*Professional director*
Main positions	*– Member of a dairy farming partnership (maatschap melkveehouderijbedrijf)*
Nationality	*Dutch*
Additional positions	*Supervisory Directorships:* *– Member of the Supervisory Board of Rabobank Nederland* *– Chairman of the Supervisory Board of VION N.V.* *– Member of the Supervisory Board of Eureko B.V.* *Other additional positions:* *– Member of the Board of Governors of the ZLTO Food, Farming and Agribusiness Chair, Tilburg University* *– Chairman of the Board of Supervision of HAS Den Bosch* *– Chairman Council for the Rural Area (Raad voor het Landelijk Gebied)*
Date of first appointment to the Supervisory Board	*June 2002*
Current term of appointment to the Supervisory Board	*June 2010 – to be decided (June 2014 at the latest)*

Executive Board of Rabobank Nederland

Name	Nationality	Born	Year Appointed
Piet (P.W.) Moerland, Chairman	Dutch	1949	2009
Bert (A.) Bruggink, CFO	Dutch	1963	2004
Berry (B.J.) Marttin	Dutch and Brazilian	1965	2009
Sipko (S.N.) Schat	Dutch	1960	2006
Piet (P.J.A.) van Schijndel	Dutch	1950	2002
Gerlinde (A.G.) Silvis	Dutch	1959	2009

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, Communications and Corporate Social Responsibility 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. Within Rabobank Group, Mr. Moerland serves as a member of the Board of Directors of Rabobank Foundation. Outside Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Dutch Order of Accountants and Administration Consultants, member of the Board of Directors of the NVB (Association of Dutch Banks), chairman of the European Association of Co-operative Banks (Groupement) and Member of the Board of Directors International Raiffeisen Union (IRU).

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 Administration 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 also works as a part-time professor in the Twente University of Technology (Financial Institutions and Markets). He is a member of the Advisory Council of Isala Klinieken, member of the Board of Supervisory Directors ROVA and member of the Supervisory Board of the Nederlandse Financierings Maatschappij voor Ontwikkelingslanden (FMO). He is a member of the Dutch Banking Association Policy Committee of Supervision & Monetary Affairs and a member of the Policy Committee of the DNB/Dutch Banking Association Mixed Working Group. Mr. Bruggink serves as chairman of the Board of Rabobank Ledencertificaten N.V.

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 and retail banking. After fulfilling a number of positions in Brazil, Mr. Marttin was appointed food and agri account manager in Curacao. He then 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 is a member of the Steering Committee Unico Banking Group and member of the Board of Directors American Chambers of Commerce. Mr. Marttin serves as chairman of the Foundation Supervision Internal Market Rabo Extra Member Notes (*Stichting Toezicht Interne Markt Rabo Extra Ledenobligaties*).

Sipko (S.N.) Schat

Mr. Schat was appointed to Rabobank Nederland's Executive Board as of 1 July 2006. Mr. Schat is responsible for the international wholesale business and is primarily responsible for Corporate Clients Large Businesses, Corporate Finance, Trade & Commodity Finance 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 he has been responsible for North and South America and as of September 2004 he has been responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also a member of the Supervisory Board of De Lage Landen International, a member of the Supervisory Board of Rabo Vastgoedgroep and member of the Supervisory Board of Bank Sarasin & Cie AG.

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 Obvion, Rabohypotheekbank and Robeco and Chairman of the Supervisory Board of De Lage Landen. 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 Nederlandse Rode Kruis, and a member of the Supervisory Board of St. Elisabeth Ziekenhuis Tilburg. He is also Chairman of the Supervisory Board of Orbay. Mr. van Schijndel serves as chairman of the Stichting Administratiekantoor Rabobank Ledencertificaten.

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 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 board of the Foundation Contingency Fund Rabobanken (*Stichting Garantiefonds Rabobanken*) and Chairman of the Board of the Foundation Supervision Internal Market Rabobank Member Certificates (*Stichting Toezicht Interne Markt Rabobank Ledencertificaten*).

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 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*) 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 an existing source of 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 financial institutions 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 of choosing between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility of selecting 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.

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 capital base ratio for credit institutions (the "**Capital Base 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 Capital Base 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 1995 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, respectively (the "**Capital Requirements Directive**"), to introduce the new capital requirements framework agreed by the Basel Committee on Banking Supervision. 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.

The Capital Requirements Directive has been amended to repair shortcomings identified in the original Capital Requirements Directive. The amendments entered into force as of 31 December 2010, with some transitional arrangements.

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 Financial Supervision Act that came into effect on 1 January 2007.

Currently, both the Basel Committee and the European Commission are consulting on proposals to amend the Basel guidelines and amend further the Capital Requirements Directive, respectively, which are intended to result in changes to be phased in by the beginning of 2013. These proposals aim, among other things, to strengthen the capital base of 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 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 Netherlands Authority for the Financial Markets.

Pursuant to authority granted under the 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 Netherlands Authority for the Financial Markets supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the Financial Supervision Act.

Scope of the 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 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.

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 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 a bank's 'net' liabilities (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 Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Minister of Finance (or in certain cases 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 regulated institution such as a bank or other regulated financial institution, if the balance sheet total of that institution 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 other than those mentioned under (ii) if the amount paid for the acquisition or the increase together with any amounts paid for prior acquisitions and prior increases exceeds 1 per cent. of the consolidated own funds of the bank; (iv) acquiring directly or indirectly, all or a substantial part of the assets and liabilities of another enterprise or institution if this 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 to financial or corporate reorganisation. For the purposes of the

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 declaration of no objection has been obtained.

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 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.

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 2009 and at 31 December 2008:

	At 31 December	
(in millions of euro)	**2009**	**2008**
Equity of Rabobank Nederland and local Rabobanks		
Retained earnings and other reserves	22,178	20,074
Rabobank Member Certificates issued by a group company	6,315	6,236
Capital Securities and Trust Preferred Securities III to VI	6,182	3,510
Non-controlling interests	3,423	3,639
Total equity	38,098	33,459
Subordinated debt	2,362	2,159
Long-term debt securities in issue	93,382	80,394
Short-term debt securities in issue	78,370	55,385
Total capitalisation	212,212	171,397
Breakdown of reserves and retained earnings		
Revaluation reserves for available-for-sale financial assets	(368)	(898)
Other reserves	(322)	(332)
Retained earnings	22,868	21,304
Total reserves and retained earnings	22,178	20,074

On 19 March 2010 Rabobank Nederland issued € 1,250,000,000 6.875 per cent. Senior Contingent Notes due 2020. The principal amount of these notes may be reduced to 25 per cent. of their original principal amount in the event that Rabobank Group's equity capital ratio is less than 7 per cent.

There has been no material change in the capitalisation of Rabobank Group since 31 December 2009.

USE OF PROCEEDS

The net proceeds of the issue of the Capital Securities, expected to amount to approximately U.S.$1.9 billion, will be used to fund the general banking business and commercial activities of the Rabobank Group, and to strengthen its capital base.

The expenses in connection with the transaction are expected to amount to €17,500.

TAXATION

Netherlands Taxation

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

The following summary is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

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

Withholding Tax

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

Taxes on income and capital gains

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

(i) the Holder is, or is deemed to be, resident in the Netherlands; or

(ii) the Holder is an individual and has opted to be taxed as if resident in the Netherlands for Dutch income tax purposes; or

(iii) the Holder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of the enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which the Capital Securities are attributable; or

(iv) the Holder is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Capital Securities, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or

(v) the Holder is entitled other than by way of the holding of securities to a share in the profits of an enterprise effectively managed in the Netherlands to which the Capital Securities are attributable.

Gift tax or inheritance tax

No Dutch Taxes are due in respect of any gift of the Capital Securities by, or inheritance of the Capital Securities on the death of, a Holder, except if:

(a) the Holder is resident, or is deemed to be resident, in the Netherlands; or

(b) at the time of the gift or death of the Holder, his Capital Securities are attributable to an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands; or

(c) the Holder passes away within 180 days after the date of the gift of the Capital Securities and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident of the Netherlands; or

(d) the Holder is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Capital Securities are attributable.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if he has been a resident in the Netherlands at any time during the 12 months preceding the date of the gift. Furthermore, under circumstances a Holder will be deemed to be a resident in the Netherlands for purposes of Dutch gift and inheritance tax, if the heirs jointly or the recipient of the gift, as the case may be, so elect.

Other taxes

No other Dutch Taxes, such as turnover tax, or other similar tax or duty (including stamp duty and court fees), are due by Rabobank Nederland or a Holder by reason only of the issue, acquisition or transfer of the Capital Securities.

Residency

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

EU Savings Directive

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

Investors should note that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in an EU Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

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

SUBSCRIPTION AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Credit Suisse Securities (Europe) Limited, Merrill Lynch International and Morgan Stanley & Co. International plc (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 24 January 2011 (the "**Subscription Agreement**") agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Capital Securities at 100 per cent. of the principal amount of the Capital Securities plus accrued interest (if any), less certain commissions as agreed with the Issuer.

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

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has offered and sold the Capital Securities, and agreed that it has offered and sold the Capital Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Capital Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has agreed that, at or prior to confirmation of sale of Capital Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Capital Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, except in either case in accordance with Regulation S under the U.S. Securities Act. Terms used above have the meanings given to them by Regulation S under the U.S. Securities Act."

Terms used in this paragraph titled "**United States**" have the meanings given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

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

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

Japan

The Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan. Accordingly, a purchaser of any Capital Securities who is a resident of Japan may not transfer such Capital Securities unless such Capital Securities are transferred to a non-resident or non-residents within the meaning set forth in Article 6(1)(vi) of the Foreign Exchange and Foreign Trade Law of Japan or all such Capital Securities are transferred to a single transferee who is a resident of Japan pursuant to a single resale transaction.

Singapore

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

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

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

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

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

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

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Capital Securities other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Malaysia

Each Joint Lead Manager has acknowledged that no approval from the Securities Commission has been or will be obtained for the offering of the Capital Securities in Malaysia. Each Joint Lead Manager has represented and agreed that the Capital Securities shall not be offered or sold to any person in Malaysia except to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993 or as trades effected on the secondary market to a person falling within paragraph 11 of Schedule 2 of the Securities Commission Act of 1993.

Each Joint Lead Manager has acknowledged that no prospectus has been or will be registered under the Securities Commission Act of 1993 in respect of the Capital Securities and the Capital Securities will only be issued, offered for subscription or be the subject matter of an invitation to subscribe, to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993 or to persons exclusively outside Malaysia.

Consequently, each Joint Lead Manager has represented and agreed that it has neither offered, sold or made any invitation, and will not offer, sell or make any invitation, in relation to the Capital Securities to any person in Malaysia except to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993 or as trades effected on the secondary market to a person falling within paragraph 11 of Schedule 2 of the Securities Commission Act of 1993, nor has it distributed or published nor will it distribute or publish this Prospectus or any other offering document or material relating to the Capital Securities, whether directly or indirectly, to any person in Malaysia except to non-residents (as defined in the Labuan Trust Companies Act 1990) of Malaysia in Labuan falling within Schedule 4 of the Securities Commission Act of 1993.

Republic of China

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

People's Republic of China

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

Republic of Korea

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

India

Each Joint Lead Manager has represented and agreed that (i) this Prospectus has not been and will not be registered as a prospectus as defined under the Companies Act, 1956, with the Registrar of Companies, the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India, (ii) the Capital Securities will not be offered or sold, and have not been offered or sold in India by means of any document, other than to persons permitted to acquire the Capital Securities under Indian law, whether as a principal or agent, and (iii) this Prospectus or any other offering document or material relating to the Capital Securities will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India, other than for the sole consideration and exclusive use of the persons permitted to acquire Capital Securities under Indian law. The Capital Securities have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an offer to the public within the meaning of Companies Act, 1956, or any other applicable Indian law for the time being in force.

Indonesia

Each Joint Lead Manager has represented and agreed that (i) the offering of the Capital Securities does not constitute a public offering in Indonesia under Law No. 8 of 1995 regarding Capital Markets; and (ii) it has not distributed or will not distribute this Prospectus in Indonesia and it has not offered or sold and will not offer or sell the Capital Securities in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offering under the laws of Indonesia.

Brazil

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

Switzerland

Each Joint Lead Manager has represented and agreed that:

(a) it has not publicly offered or sold, and will not publicly offer or sell, the Capital Securities in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations ("**CO**") and the Swiss Collective Investment Schemes Act; and

(b) neither this Prospectus nor any other documents related to the Capital Securities constitute a prospectus within the meaning of art. 652a or art. 1156 CO.

Republic of Italy

The offering of the Capital Securities has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Capital Securities or any copy of this Prospectus or any other offer document in the Republic of Italy ("**Italy**") in an offer to the public of financial products under the meaning of Article 1, paragraph 1, letter t) of

Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**"), unless an exemption applies. Accordingly, the Capital Securities shall only be offered, sold or delivered in Italy:

(a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of the Consolidated Financial Services Act as amended and Article 2, paragraph (e)(i) to (iii) of the Prospectus Directive (with the exception of (i) management companies (*società di gestione del risparmio*) authorised to manage individual portfolios on behalf of third parties and (ii) fiduciary companies (*società fiduciarie*) authorised to manage individual portfolios pursuant to Article 60(4) of the Legislative Decree No. 415 of 23 July, 1996, as amended); or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under the Consolidated Financial Services Act or CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Capital Securities or distribution of copies of this Prospectus or any other document relating to the Capital Securities in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), CONSOB Regulation No. 16190 of 29 October 2007, all as amended and integrated from time to time;

(ii) in compliance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls laws and regulations and any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

Any investor purchasing the Capital Securities in this offering is solely responsible for ensuring that any offer or resale of the Capital Securities it purchases in this offering occurs in compliance with applicable laws and regulations.

Article 100-*bis* of the Consolidated Financial Services Act affects the transferability of the Capital Securities in Italy to the extent that any placing of the Capital Securities is made solely with qualified investors and such Capital Securities are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been published, purchasers of Capital Securities who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Capital Securities were purchased, unless an exemption provided for under the Consolidated Financial Services Act applies.

This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Capital Securities to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Capital Securities and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Israel

The Prospectus has not been approved for public offering by the Israeli Securities Authority. Each of the Joint Lead Managers has agreed that the Capital Securities are being offered to a limited number of investors (35 investors or less) and/or special types of investors ("**Investors**") such as: mutual trust funds, managing companies of mutual trust funds, provident funds, managing companies of provident funds, insurers, banking corporations and subsidiary corporations, except for mutual service companies (purchasing bonds/notes for themselves and for clients who are Investors), portfolio Joint Lead Managers (purchasing bonds/notes for themselves and for clients who are investors), investment counsellors (purchasing bonds/notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing bonds/notes for themselves and for clients who are investors), underwriters (purchasing bonds/notes for themselves), venture capital funds, corporate entities the main business of which is the capital market and which are wholly-owned by Investors, and corporate entities whose net worth exceeds NIS 250 million, except for those incorporated for the purpose of purchasing securities in a specific offer; and in all cases under circumstances that will fall within the private placement exemption or other exemptions of the Securities Law, 5728-1968 or Joint Investment Trusts Law, 5754-1994. Each of the Joint Lead Managers has agreed that the Prospectus may not be reproduced or used for any other purpose, nor be furnished to any person other than those to whom copies have been sent.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Capital Securities, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Capital Securities, or has in its possession or distributes the Prospectus or any other offering material.

GENERAL INFORMATION

1. Application has been made to the AFM to approve this document as a prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has also been made for the Capital Securities to be admitted to trading on Euronext Amsterdam by NYSE Euronext, a regulated market of Euronext Amsterdam N.V., subject only to the issue of the Temporary Global Capital Security.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Capital Securities. The issue of the Capital Securities was authorised by a resolution of the Issuer on 18 January 2011 and is in accordance with the funding mandate authorised by a resolution of the Executive Board passed on 9 November 2010 and a resolution of the Supervisory Board passed on 29 November 2010, as confirmed by a Secretary's Certificate dated 24 January 2011.

3. There has been no significant change in the financial or trading position of the Issuer since 31 December 2009 or of the Rabobank Group since 30 June 2010 and there has been no material adverse change in the financial position or prospects of the Issuer or of the Rabobank Group since 31 December 2009.

4. Neither the Issuer nor any member, subsidiary or affiliate of the Rabobank Group is, or has been during the 12 months preceding the date of this Prospectus, involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer's and/or Rabobank Group's financial position or profitability, nor so far as the Issuer is aware are any such proceedings involving any of them pending or threatened.

5. The Capital Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) is XS0583302996 and the Common Code is 058330299.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Duchy of Luxembourg.

6. There are no material contracts entered into in the ordinary course of the Issuer's business, which could result in any member of the Rabobank Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Capital Securities being issued.

7. Where information in this Prospectus (including where such information has been incorporated by reference) has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

8. Subject to the provisions regarding Discretionary and Prohibited Interest, as set out in Condition 5, the yield of the Capital Securities for the period from (and including) the Issue Date to (but excluding) the First Reset Date, is 8.375 per cent. on a semi-annual basis. Thereafter, the yield shall be subject to the reset mechanism described in Condition 4. The yield is calculated as at 26 January 2011 on the basis of the issue price. It is not an indication of any future yield.

9. For so long as the Capital Securities are listed on Euronext Amsterdam, copies (and English translations where the documents in question are not in English) of the following documents will be

available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection, free of charge, at the offices of the Fiscal Agent:

(a) the Fiscal Agency Agreement (which includes the forms of the Global Capital Security and the Definitive Capital Security);

(b) the Articles of Association of the Issuer;

(c) the audited and consolidated financial statements of the Issuer and the Rabobank Group for the three financial years ended 31 December 2009;

(d) the unaudited interim report of the Rabobank Group for the six months ended 30 June 2010 (and the review report on the condensed consolidated interim financial information in respect thereof); and

(e) a copy of this Prospectus.

10. Ernst & Young Accountants LLP, of which the 'Registeraccountants' are members of the Royal Netherlands Institute for Registeraccountants, has audited, and issued unqualified auditor's reports on, the financial statements of the Issuer for the years ended 31 December 2007, 2008 and 2009. Ernst & Young Accountants LLP has given its consent to the inclusion in this Prospectus of (i) its auditor's reports for the years ended 31 December 2007, 2008 and 2009, (ii) the Assurance Report on Management's Assessment on Internal Control over Financial Reporting as of 31 December 2007, 2008 and 2009 and (iii) its review report to the condensed consolidated interim financial information for the six-month period 30 June 2010, each as incorporated by reference herein in the form and context in which they appear. Ernst & Young Accountants LLP has no interest in the Issuer. The address of Ernst & Young Accountants LLP is as follows: Ernst & Young Accountants LLP, Euclideslaan 1, 3584 BL Utrecht, The Netherlands.

Principal Office of the Issuer

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland)
Croeselaan 18
3521 CB Utrecht
The Netherlands

Joint Lead Managers and Joint Bookrunners

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Merrill Lynch International
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London EC1A 1HQ
United Kingdom

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
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Croeselaan 18
3521 CB Utrecht
The Netherlands

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Auditors of the Issuer

Ernst & Young Accountants LLP
Euclideslaan 1
3584 BL Utrecht
The Netherlands

Fiscal Agent and Paying Agent

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Paying Agent and Euronext Amsterdam Listing Agent

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank International)
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The Netherlands

Legal Advisers

To the Joint Lead Managers
as to Dutch law

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Zuidplein 180
1077 XV Amsterdam
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