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# **Rabo Capital Securities Limited**

## **Prospectus**

**for an offer of**

## **PIE Capital Securities**

**of up to NZ\$200 million**

**(with the option to accept unlimited oversubscriptions  
at its discretion)**

**17 APRIL 2009**



Arranger and  
Joint Lead Manager



Organising Participant



Joint Lead Manager



FORSYTH BARR

Joint Lead Manager

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## 1. INTRODUCTION

### Registration

This Prospectus is prepared as at and dated 17 April 2009. A copy of this Prospectus signed by the directors of Rabo Capital Securities Limited, as Issuer and Rabobank Nederland, as promoter of the offer and having endorsed thereon or attached thereto the documents required to be so endorsed or attached by section 41 of the Securities Act including the Security Trust Deed and other Material Contracts described in Parts 4 and 5 of this Prospectus, a letter from NZX relating to Regulation 23(2) of the Securities Regulations, signing authorities for agents of the directors of Rabo Capital Securities Limited and Rabobank Nederland and the auditors' report, have been delivered to the Registrar of Companies at Auckland for registration under section 42 of the Securities Act 1978.

### Definitions

Capitalised terms used in this Prospectus have defined meanings, which appear in the Glossary section, in the relevant part of this Prospectus in which the term is used or in Condition 1 of the PIE Conditions referred to below. All references to "\$" are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand. All references to Parts are to parts of this Prospectus.

All references in this Prospectus to "**PIE Conditions**" are to the Terms and Conditions applicable to the PIE Capital Securities, which are set out in full in the Issuer's Constitution, in Appendix A to this Prospectus.

All New Zealand statutes referred to in this Prospectus and the Investment Statement may be viewed online at [www.legislation.govt.nz](http://www.legislation.govt.nz).

### NZX Listing

Application has been made to NZX for permission to list the PIE Capital Securities and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus.

### Disclaimers

This Prospectus does not constitute a recommendation by the Arranger, Joint Lead Managers, the Organising Participant, the Issuer or Rabobank Nederland to subscribe for, or purchase, any of the PIE Capital Securities. The Arranger, the Joint Lead Managers, the Organising Participant, the Issuer or Rabobank Nederland, their officers, employees or agents to the extent allowable by law:

- (a) do not accept any responsibility or liability whatsoever for any loss arising from this Prospectus or its contents or otherwise arising in connection with the offer; and
- (b) make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Prospectus.

## 2. MAIN TERMS OF THE OFFER

Rabo Capital Securities Limited is offering up to NZ\$200 million (with the option to accept unlimited oversubscriptions) of PIE Capital Securities which constitute perpetual non-cumulative non-voting preference shares. There is no maximum amount of PIE Capital Securities being offered.

The proceeds of the issue of the PIE Capital Securities will be used by the Issuer to subscribe for interest-bearing unsecured subordinated bonds to be issued by Rabobank Nederland ("Underlying Securities"). The funds raised from the issue of the PIE Capital Securities will constitute Tier 1 Capital of Rabobank Nederland and will be used for the general corporate purposes of Rabobank Nederland.

On the occurrence of certain events ("Exchange Events") the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. The Underlying Securities will constitute, for regulatory purposes, Tier 1 Capital of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland. Rabobank Nederland's address is at Croeselaan 18, 3521 CB Utrecht, the Netherlands.

The offer is available to institutions and to members of the public who may participate in the offer through a Primary Market Participant or via the public pool to the extent that there is one. There is no pool of PIE Capital Securities generally reserved for any class of applicant other than members of the public.

The Public Trust will act as Security Trustee in respect of the Underlying Securities for the Holders of PIE Capital Securities.

### Issuer

The Issuer is Rabo Capital Securities Limited, a wholly-owned subsidiary of Rabobank Nederland, and is incorporated in New Zealand with company number 2221873. The Issuer will be a Portfolio Listed Company under the PIE tax rules (please refer to pages 17 to 24 of this Prospectus for more information about the tax treatment of the Issuer and the returns on the PIE Capital Securities).

### Promoter

The promoter of the PIE Capital Securities, and the issuer of the Underlying Securities to be held by the Issuer, is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Rabobank Nederland's registered office in New Zealand is located at Level 20, 80 The Terrace, Wellington. Rabobank Nederland is registered as an overseas company under the Companies Act 1993 (file number: 801806) and is a registered bank under the Reserve Bank of New Zealand Act 1989. The Directors of Rabobank Nederland are Bert (H.) Heemskerk (Chairman), Bert (A.) Bruggink, Piet (P.W.) Moerland, Spiko (S.N.) Schat and Piet (P.J.A) van Schijndel and can be contacted through Rabobank Nederland's registered office.

Rabobank Nederland has a long-term credit rating in respect of its long term indebtedness of AAA from Standard & Poor's and Aaa from Moody's as at the date of this Prospectus. The PIE Capital Securities are expected to be assigned a rating on issue of AA- from Standard & Poor's (an obligation rated 'AA-' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong) and Aa2 from Moody's (obligations rated Aa are judged to be of high quality and are subject to very low credit risk<sup>1</sup>). A description of the credit ratings assigned to the PIE Capital Securities is available from

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<sup>1</sup> Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2

the credit rating agencies' websites: [www.moodys.com](http://www.moodys.com) and [www.standardandpoors.com](http://www.standardandpoors.com). A credit rating is not a recommendation to invest in the PIE Capital Securities and may be subject to revision, suspension or withdrawal at any time. Rabobank Nederland is part of the Rabobank Group which has the highest credit ratings awarded by international rating agencies Moody's (Aaa since 1986, last confirmed in 2008) and Standard & Poor's (AAA since 1985, last confirmed in 2008).

### **Description of the Issuer's and Rabobank Nederland's activities**

The Issuer was incorporated on 15 April 2009 and since the date of incorporation has been involved in entering into the arrangements under which the PIE Capital Securities will be issued. The Issuer has no activities other than those necessary or incidental to issuing the PIE Capital Securities, holding the Underlying Securities and otherwise complying with its obligations at law and under the transaction documents in relation to the offer of PIE Capital Securities. Under its constitution the Issuer is restricted from undertaking any other activities.

The Netherlands-based Rabobank Nederland is one of the 25 largest banking institutions in the world in terms of assets and Tier 1 capital (according to *The Banker* magazine, July 2008 <http://www.thebanker.com>) and is one of Europe's most recognised financial institutions. It has been operating as Rabobank Nederland since 1970 with the merger of the two largest banking cooperative entities in the Netherlands at that time and is the largest financial services provider in the Dutch market. A fuller description of Rabobank Nederland is set out in *Part 3 - Corporate Profile*.

Rabobank Nederland has been a registered bank under the Reserve Bank of New Zealand Act 1989 since April 1996. The Issuer is not a registered bank in New Zealand.

### **Issue price and minimum investment**

The PIE Capital Securities have an issue price of \$1.00.

Subject to the Maximum PIE Holding, there is no limit on the maximum amount of PIE Capital Securities you may apply for.

Applications must be made on the Application Form contained at the back of the Investment Statement. The minimum application amount is \$5,000 of PIE Capital Securities and thereafter in \$1,000 increments. Applications and accompanying cheques must be received by the Registrar, Computershare Investor Services Limited, by 12:00 noon on the Closing Date (being 22 May 2009).

Applicants accepting an allocation from a Primary Market Participant need to lodge their completed Application Form with the offices of that Primary Market Participant in time for it to be forwarded to the Registrar before 12:00 noon on the Closing Date (being 22 May 2009).

### **Status and subordination**

The PIE Capital Securities are direct, unsecured and subordinated obligations of the Issuer, and the Underlying Securities from which the returns on the PIE Capital Securities are sourced are direct, unsecured and subordinated obligations of Rabobank Nederland. The PIE Capital Securities and the Underlying Securities are similarly ranked and subordinated (in any event, the PIE Capital Securities either exchange into Underlying Securities or are redeemed at their Redemption Amount on the insolvency of the Issuer, as further described on pages 10 and 11 of this Prospectus under the heading *Exchange Events*). The subordination of the Underlying Securities means that in the event of Rabobank Nederland's bankruptcy, a Moratorium, or dissolution of Rabobank Nederland, Holders will not be entitled to any payment of the Redemption Amount of their PIE Capital Securities or any Dividend Amounts, or to any payment of the principal amount of the Underlying Securities or any interest, until all Senior Creditors

(including depositors and holders of unsubordinated debt) have been paid in full as set out in Underlying Securities Condition 4.

The most recent annual audited consolidated financial statements for the Rabobank Group (dated 31 December 2008) show the total value of the assets of the Rabobank Group at EUR 612,120 million (total liabilities EUR 578,661 million). The value of the assets of the Rabobank Group against which Senior Creditors (or other creditors that rank ahead of the PIE Capital Security Holders) will be able to claim in the event of the insolvency of the Rabobank Group will, therefore, be EUR 612,120 million. The value of the remainder of the assets that will be available to all PIE Capital Security Holders (and to holders of equivalent securities that rank equally with the PIE Capital Securities being EUR 4,108 million plus EUR 500 million of Perpetual Non-Cumulative Capital Securities issued in February 2009) in the event of insolvency of the Rabobank Group will be EUR 33,459 million (total assets less total liabilities).<sup>2</sup>

The PIE Conditions do not restrict the amount of unsubordinated debt ranking ahead of the Underlying Securities which Rabobank Nederland may incur.

### **Regulatory treatment of the PIE Capital Securities**

The proceeds of the issue of the PIE Capital Securities will be used by the Issuer to subscribe for Underlying Securities. The PIE Capital Securities, together with the Underlying Securities will constitute, for regulatory purposes, Tier 1 Capital of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland. Tier 1 Capital is the core measure of a bank's financial strength from a regulator's point of view. It consists of the types of capital considered the most reliable and liquid, primarily equity. Examples of Tier 1 Capital are common stock and equivalents thereof, preferred stock and similar instruments that are non-cumulative, and retained earnings.

### **No scheduled repayment date**

The PIE Capital Securities are perpetual securities which have no scheduled repayment date. However, the Issuer has the option to redeem the PIE Capital Securities in certain circumstances (including from the First Call Date (18 June 2019)), and the Issuer has undertaken to exercise its option to redeem the PIE Capital Securities on the first Conditional Call Date (18 June 2039).

### **Dividend Rate used to calculate the Dividend Amount**

The PIE Capital Securities carry the right to quarterly dividends calculated by reference to the Dividend Rate. The Dividend Rate used to calculate the Dividend Amount on the PIE Capital Securities will be as follows:

	<b>First 5 years (to 18 June 2014)</b>	<b>Subsequent 5 years (to 18 June 2019)</b>	<b>Thereafter until redeemed</b>
<b>Annual Dividend Rate</b>	Greater of: <ul style="list-style-type: none"> <li>• 8%; and</li> <li>• Margin + Benchmark Rate on 25 May 2009</li> </ul>	Margin + Benchmark Rate on 18 June 2014	Margin + 3-month Bank Bill Rate, reset quarterly.

The Benchmark Rate and the Bank Bill Rate are described in more detail in the PIE Conditions.

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<sup>2</sup> There is uncertainty over the position of some assets upon the insolvency of the Rabobank Group; the figures shown are based on the most recent full annual audited consolidated financial statements for the Rabobank Group and the assumptions contained therein (available at [http://www.rabobank.com/content/investor\\_relations/reports](http://www.rabobank.com/content/investor_relations/reports)).

The Margin will be a percentage rate per annum determined by the Issuer in consultation with the Joint Lead Managers prior to the Issue Date and will not subsequently change. The Margin will be advised by NZX announcement. At this stage, this is intended for 29 April 2009.

The Dividend Rate for the period to 18 June 2014 will be set on 25 May 2009 and separately advised by NZX announcement. Your financial adviser can also notify you of the Margin or Dividend Rate once they have been determined.

### **Dividend Amount**

The Dividend Amount is the amount of cash payable to Holders on the relevant Dividend Payment Date. The Dividend Amount payable in respect of the first Dividend Payment will be calculated using the actual number of days elapsed in the period from the first Issue Date to (but not including) the first Dividend Payment Date divided by 365 (Actual/365 Fixed). Thereafter, the Dividend Amount payable on each PIE Capital Security for each Dividend Period (other than for the first Dividend Payment) up to 18 June 2019 is calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t)}{4}$$

Where "t" is the weighted average basic rate of New Zealand income tax expressed as a percentage applicable to the Issuer (currently 30%) during the period ending on the relevant Dividend Payment Date.

As an example, if the Dividend Rate was 8% per annum the quarterly Dividend Amount for PIE Capital Securities with a face value of \$5,000 would be calculated as follows:

Face Value	\$5,000.00
Multiplied by Dividend Rate	8% per annum
	\$400.00
Multiplied by (1-t) (t being .30)	0.70
	\$280.00
Divided by:	4
<b>Quarterly Cash Dividend:</b>	<b>\$70.00</b>
Maximum Imputation Credits:	\$30.00

The Dividend Amount payable on each PIE Capital Security for each Dividend Period after 18 June 2019 will then be calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t) \times \text{actual number of days in the Dividend Period}}{365}$$

### **Imputation Credits**

The Issuer will attach imputation credits to Dividend Amounts to the extent permitted by the imputation credits that the directors of the Issuer determine are available. It is expected that Dividend Amounts will have imputation credits fully attached to a Dividend Amount (30/70<sup>th</sup> of the Dividend Amount assuming a corporate tax rate of 30%). If the Issuer does not fully impute a Dividend Amount this may trigger an Exchange Event and the PIE Capital Securities may, at the issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. Alternatively, the Issuer may, at its discretion, put in place an arrangement to reimburse Holders who are adversely affected by the Dividend Amounts not being fully imputed.

### **Dividend Payments**

Dividend Amounts are scheduled to be paid on the PIE Capital Securities quarterly in arrears on each Dividend Payment Date in cash. However, Dividend Amounts may not necessarily be paid on the PIE Capital Securities on each Dividend Payment Date. The Issuer's obligation to pay

Dividend Amounts on the PIE Capital Securities on any Dividend Payment Date will depend on which of the following categories those Dividend Amounts fall:

- (a) *Required Dividends* - Dividend Amounts that the Issuer must pay in full or in part, unless they are Prohibited Dividends;
- (b) *Prohibited Dividends* - Dividend Amounts that the Issuer must not pay under any circumstances; or
- (c) *Discretionary Dividends* - Dividend Amounts that are neither Required Dividends nor Prohibited Dividends which the Issuer may pay at its discretion, subject to the approval of the Dutch Central Bank (if required).

#### *Required Dividends*

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Required Dividends payable in full, as described in Condition 6(a), if Rabobank Nederland or any other member of the Rabobank Group:

- (i) declares or pays a Dividend Amount or distribution or makes any other payment covering an annual or semi-annual period with respect to certain securities which rank junior to the PIE Capital Securities; or
- (ii) exchanges or converts, redeems, repurchases or otherwise acquires certain securities which rank junior to the PIE Capital Securities.

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Required Dividends payable in part or in full if Rabobank Nederland or any other member of the Rabobank Group declares or pays a Dividend Amount or distribution or makes any other payment covering an unspecified period or a period other than an annual or semi-annual period with respect to certain securities which rank junior to the PIE Capital Securities, as described in PIE Condition 6(b).

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Required Dividends payable on a pro rata basis if Rabobank Nederland or any other member of the Rabobank Group declares or pays a Dividend Amount or distribution or makes any other payment with respect to certain securities which rank equally with the PIE Capital Securities, as described in PIE Condition 6(c).

#### *Prohibited Dividends*

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Prohibited Dividends to the extent that applicable Solvency Rules prohibit the Issuer, Rabobank Nederland or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the PIE Capital Securities, the Underlying Securities or other securities ranking equal with, or junior to, the PIE Capital Securities or the Underlying Securities. Full details of the circumstances in which the Issuer is prohibited from paying Dividend Amounts on the PIE Capital Securities (and Rabobank Nederland paying interest on the Underlying Securities) are described in PIE Condition 7(a).

#### *Discretionary Dividends*

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Discretionary Dividends if it is neither Required Dividends under PIE Condition 6 nor Prohibited Dividends under PIE Condition 7(a). Full details of the circumstances in which the Issuer has a discretion to pay Dividend Amounts on the PIE Capital Securities is described in PIE Condition 7(b).

#### **Dividend Amounts Generally**

If Dividend Amounts are payable on the PIE Capital Securities, they will be paid to the person registered as the Holder on the relevant Record Date.

If Dividend Amounts are not payable, those Dividend Amounts will not accumulate or compound and Holders of the PIE Capital Securities will have no right to receive those Dividend Amounts at any time, even if Dividend Amounts are subsequently paid in the future.

### **Redemption**

The PIE Capital Securities are perpetual securities which have no scheduled repayment date. However, the Issuer has the option to redeem the PIE Capital Securities in certain circumstances (including from the First Call Date (18 June 2019)), and has undertaken to exercise its option to redeem the PIE Capital Securities on the first Conditional Call Date (18 June 2039).

Any redemption of PIE Capital Securities by the Issuer is subject to Rabobank Nederland:

- (a) obtaining the prior written consent of the Dutch Central Bank (if required);
- (b) giving not less than 30, nor more than 60, calendar days' notice to holders of the Underlying Securities (being the Issuer) and the Registrar; and
- (c) both at the time of, and immediately following, the redemption being in compliance with its capital requirements as provided in the Solvency Rules.

If the Issuer exercises its right to redeem the PIE Capital Securities, it will redeem the PIE Capital Securities at their Redemption Amount (being the aggregate Face Value of the PIE Capital Securities held by any Holder).

The Issuer is entitled to redeem all (but not some only) of the PIE Capital Securities only in the following circumstances:

- (a) **Call option:** If it elects to redeem the PIE Capital Securities on the First Call Date (18 June 2019) or on any Dividend Payment Date thereafter.
- (b) **Redemption due to taxation:** If as a result of a tax law change (as defined in the Underlying Securities Conditions):
  - (i) there is more than an insubstantial risk that the Issuer will be required to pay "additional amounts" (as defined in the Underlying Securities Conditions) with respect to payments on the Underlying Securities; or
  - (ii) interest payable on the Underlying Securities when paid would not be deductible to Rabobank Nederland for Netherlands corporate income tax liability purposes,

and the Issuer delivers to the Registrar 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.

- (c) **Redemption for regulatory purposes:** If the Dutch Central Bank notifies the Issuer that the PIE Capital Securities may not be included in consolidated Tier 1 Capital of the Rabobank Group.
- (d) **Redemption of Underlying Securities:** Where for any reason all, but not some only, of the Underlying Securities are redeemed pursuant to the Underlying Securities Conditions, all, but not some only, of the PIE Capital Securities will also be redeemed.
- (e) **Redemption on an Exchange Event:** Where an Exchange Event (as described below) has occurred and the Issuer elects to redeem in accordance with PIE Condition 10.

Prior to the payment of any Redemption Amount in accordance with (a), (b), (c), (d) or (e) above, any Outstanding Amounts and any surplus amounts (after accounting for any Redemption Amounts and any Outstanding Amounts held by the Issuer) will be paid out pro rata to Holders.

In addition, the Issuer, Rabobank Nederland or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if required) and in compliance with applicable Listing Rules and subject to the Maximum PIE Holding, at any time purchase any or all PIE Capital Securities in any manner and at any price whereupon such PIE Capital Securities will be cancelled.

### **Redemption on Conditional Call Date**

Unless the PIE Capital Securities have previously been redeemed or purchased, the Issuer undertakes to exercise its option to redeem the PIE Capital Securities on the first Conditional Call Date (18 June 2039), subject to:

- (a) Dividend Amounts on that Conditional Call Date being Required Dividends;
- (b) the prior approval of the Dutch Central Bank; and
- (c) the Issuer having raised (or caused to be raised by the Rabobank Group) the amount (if any) which it determines, in consultation with the Dutch Central Bank, is required to be raised through the issuance of securities that qualify as consolidated Tier 1 Capital of the Rabobank Group under the Solvency Rules to replace the PIE Capital Securities on or prior to their redemption.

### **Exchange Events**

On the occurrence of certain events (each an "**Exchange Event**") the PIE Capital Securities may, at the option of the Issuer exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. The Exchange Events are:

- (a) if the Dutch Central Bank requires that all PIE Capital Securities must be issued directly by Rabobank Nederland; or
- (b) an Insolvency Event in relation to the Issuer or Rabobank Nederland; or
- (c) a default by the Issuer for more than 30 days in the payment of Dividend Amounts or Redemption Amounts (other than relating to an administrative error) in respect of any of the PIE Capital Securities; or
- (d) any of the following events that the Issuer determines in its absolute discretion is an Exchange Event:
  - (i) an Increased Costs Event; or
  - (ii) any Tax Law Change which has or is expected to have the effect that the anticipated tax outcomes for the Issuer or for Holders as at the Issue Date are adversely affected (as determined by the Issuer); or
  - (iii) the Issuer does not impute a Dividend Amount at the maximum imputation ratio under the Tax Act and an arrangement is not in place, or in the Issuer's opinion is not expected to be in place, within 90 Business Days of the relevant Dividend Payment Date to fully reimburse Holders who are adversely affected; or
  - (iv) the New Zealand Inland Revenue Department has indicated that it will not provide or renew a satisfactory binding ruling or rulings (as determined by the Issuer) confirming the anticipated tax implications of the transaction for the Issuer and the Holders.

Upon the occurrence of an Exchange Event, Holders of the PIE Capital Securities may, at the option of the Issuer, receive Underlying Securities in a principal amount equal to the Redemption Amount of each Holder's PIE Capital Securities at the relevant time or have their PIE Capital Securities redeemed. Prior to the distribution to Holders of the Underlying Securities or redemption, any Outstanding Amounts and any surplus amounts (after accounting for the Outstanding Amounts and the distribution of the Underlying Securities) held by the Issuer will be paid out pro rata to Holders.

The Underlying Securities Conditions are set out in full in Appendix B to this Prospectus and tax information in relation to an Exchange Event, redemption and the Underlying Securities is set out pages 17 to 24 of this Prospectus.

### **Security Trustee**

The Underlying Securities are issued by Rabobank Nederland to the Issuer. In order to secure the Issuer's obligations under the PIE Conditions the Issuer has entered into a Security Trust Deed with the Security Trustee, Public Trust. Under the Security Trust Deed the Issuer grants a security interest over the Underlying Securities (and all associated distributions) in favour of the Security Trustee, who holds that security interest for the benefit of the holders of PIE Capital Securities, and the Security Trustee agrees to act at the direction of the holders of PIE Capital Securities. A copy of the Security Trust Deed is available free of charge from the Registrar and is also filed on a public register at the Companies Office of the Ministry of Economic Development and may be viewed on the Issuer's file on the Companies Office website <http://www.companies.govt.nz>. A fee may be payable.

The rights of the Security Trustee to enforce the security interest under the Security Trust Deed are limited to the Underlying Securities. The Security Trustee is not entitled to enforce payment against, obtain any judgment for payment in respect of any breach of the Security Trust Deed by, or seek recovery against, the Issuer personally or against any other property of the Issuer.

The Security Trustee is not appointed under the Securities Act 1978. Accordingly, the Security Trustee assumes no obligations or responsibilities to the holders of PIE Capital Securities under that legislation.

### **Further issues of PIE Capital Securities**

The Issuer may from time to time without the consent of the Holders create and issue further instruments ranking equally in all respects with the PIE Capital Securities so that such further issue shall be consolidated and form a single series with the outstanding PIE Capital Securities or a new series.

### **NZDX Listing and Quotation**

Application has been made to NZX for permission to list the PIE Capital Securities and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus, have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus.

### **NZX Rulings and Waivers**

Although the PIE Capital Securities are equity securities for the purposes of the Securities Act 1978 and the Tax Act, NZX has given a ruling that the PIE Capital Securities will be listed on the NZDX Market and will be treated as Debt Securities for the purposes of the Listing Rules.

NZX has provided a waiver in respect of the inclusion of provisions in the Constitution restricting the issue, acquisition or transfer of PIE Capital Securities that would result in a holding of less than \$5,000 of PIE Capital Securities.

NZX has also provided a waiver in respect of the inclusion of provisions in the Constitution relating to the Maximum PIE Holding, in particular Condition 3 which relates to transfers of PIE Capital Securities.

The Issuer has been given a Non Standard designation by NZX as a consequence of the Constitution incorporating provisions relating to the Maximum PIE Holding.

### **Form and Title**

The PIE Capital Securities will be issued in registered book entry form. No certificates of title in respect of the PIE Capital Securities will be issued to Holders. Title to the PIE Capital Securities passes by transfer and registration as described in PIE Condition 3. The Issuer and the Registrar will rely on the Register for the purpose of determining entitlements to Dividend Amount payments on each Dividend Payment Date, and for the repayment of the Redemption Amount of the PIE Capital Securities if and when they are redeemed.

Both the Issuer and the Registrar are entitled to rely on the Register as constituting the sole and conclusive record of all PIE Capital Securities and as to the Holders of those PIE Capital Securities. Neither the Issuer nor the Registrar shall be liable to any Holder for relying on the Register or for accepting in good faith as valid any detail recorded in the Register subsequently found to be forged, irregular or not authentic.

### **No Guarantee**

The PIE Capital Securities are obligations of the Issuer and are not guaranteed by Rabobank Nederland, any other member of the Rabobank Group, the Security Trustee or any other person. If an Exchange Event occurs (as described on pages 10 and 11 above), the PIE Capital Securities may exchange into Underlying Securities. The Underlying Securities are obligations of Rabobank Nederland.

### **Transferring PIE Capital Securities**

If Holders transfer any PIE Capital Securities, the price obtained for them may differ from the amount paid to purchase them. This is because changes in market interest rates can affect the market value of the PIE Capital Securities. For instance, if market rates go up, the market value of your PIE Capital Securities may go down and vice versa.

The same situation applies if an investor buys PIE Capital Securities from another person - the price paid for the PIE Capital Securities may differ from their original purchase price.

The proximity of a Dividend Amount payment to the date that a Holder sells their PIE Capital Securities can also affect the price obtained for them.

PIE Capital Securities may not be transferred if it results in the transferor or the transferee holding PIE Capital Securities the principal amount of which is less than \$5,000 in aggregate (unless the lesser amount is zero). The Issuer has broad powers to ensure the Issuer is eligible, or continues to be eligible, as a PIE and a Portfolio Listed Company, including refusing to register the transfer of any PIE Capital Securities (for example, where the transfer would cause the transferee to breach the Maximum PIE Holding).

The Issuer will not compensate Holders for any loss incurred if Holders choose to sell PIE Capital Securities.

Applicants should not attempt to sell PIE Capital Securities until they know whether, and how many, PIE Capital Securities have been issued to them. Each investor's holding will be advised soon after the Issue Date by the Registrar. All queries in the interim should be directed to the Registrar. Neither the Issuer, Rabobank Nederland, the Arranger, the Joint Lead Managers, the Organising Participant nor any of their respective directors or employees or any other person accepts any liability or responsibility should any applicant for PIE Capital Securities attempt to sell

or otherwise deal with any PIE Capital Securities before receiving a statement recording the number of PIE Capital Securities (if any) issued to them.

### **Applications**

Payments and applications for PIE Capital Securities are to be sent or delivered by 12:00 noon on the Closing Date (being 22 May 2009) to Computershare Investor Services Limited, (by post) Private Bag 92119, Auckland 1142 or (by hand) Level 2, 159 Hurstmere Road, Takapuna, North Shore City.

Application can only be made on the Application Form in the back of the Investment Statement.

Applications for PIE Capital Securities may also be submitted to any of the Joint Lead Managers, Primary Market Participants, the Organising Participant or any other channel approved by NZX in time for the application to be forwarded to the Registrar prior to the 12:00 noon on the Closing Date (being 22 May 2009).

Applications must be for a minimum principal amount of \$5,000 of PIE Capital Securities, and thereafter in \$1,000 increments, and payment of the total application amount in full must accompany the Application Form. Subject to the Maximum PIE Holding, there is no limit on the maximum amount of PIE Capital Securities you may apply for; however, applications for less than \$5,000 of PIE Capital Securities will not be accepted.

### **Payments**

Applicants who are members of the Austraclear System, or who are able to have payments made on their behalf through the Austraclear System, may settle their applications for PIE Capital Securities on the Issue Date through the Austraclear System. Applicants who are not members of the Austraclear System or Austraclear members who wish to settle their applications prior to the Issue Date, must pay for the PIE Capital Securities applied for by a personal cheque or, if the application is for PIE Capital Securities of an aggregate principal amount of \$500,000 or more, by bank cheque or other method acceptable to the Joint Lead Managers. Cheques should be in New Zealand dollars drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to "Rabo Capital Offer" and crossed "Not Transferable" and must not be post-dated.

### **Where to send the Application Form and payment**

Cheques should be delivered or sent, together with the Application Form, to:

Postal address:	Computershare Investor Services Limited Private Bag 92119 Auckland 1142
Physical Address:	Computershare Investor Services Limited Level 2 159 Hurstmere Road Takapuna North Shore City

Applications for PIE Capital Securities may also be lodged with any Primary Market Participant, the Joint Lead Managers, the Organising Participant or any other channel approved by NZX. Applications must be sent or delivered in time to enable the application to be forwarded to the Registrar for receipt by 12:00 noon Auckland time on the Closing Date (being 22 May 2009).

### **Early Bird Interest**

Rabobank Nederland will pay interest at the Official Cash Rate on application money received in respect of accepted applications for PIE Capital Securities from (and including) the date the cheque is banked or the application is settled through the Austraclear System until (but excluding)

the Issue Date. Such interest (less any applicable withholding tax) will be paid to successful applicants within five Business Days after the Issue Date and will be paid into the bank account nominated by such applicants on the Application Form.

## Risks

### *Loss of investment and/or expected returns*

There is a risk of you not recovering the sum which you paid for the PIE Capital Securities and/or of you not receiving the returns expected as a result of the risks set out below.

### *Subordination and Insolvency Risk*

The PIE Capital Securities are direct, unsecured and subordinated obligations of the Issuer, and the Underlying Securities from which the returns on the PIE Capital Securities are sourced are direct, unsecured and subordinated obligations of Rabobank Nederland. If the Issuer becomes insolvent, the PIE Capital Securities may, at the option of the Issuer, be exchanged for Underlying Securities or redeemed, as further described on pages 10 and 11 above. The subordination of the Underlying Securities means that in the event of Rabobank Nederland's bankruptcy, a Moratorium, or dissolution of Rabobank Nederland, Holders will not be entitled to any payment of the Redemption Amount of their PIE Capital Securities or any Dividend Amounts, or to any payment of the principal amount of the Underlying Securities or any interest, until all Senior Creditors (including depositors and holders of unsubordinated debt) have been paid in full. The PIE Conditions do not restrict the amount of unsubordinated debt ranking ahead of the Underlying Securities which Rabobank Nederland may incur. The PIE Capital Securities and the Underlying Securities rank equally with the 2007 Capital Securities (in any event, the PIE Capital Securities either exchange into Underlying Securities or are redeemed at their Redemption Amount on insolvency of the Issuer).

### *Dividend Payment Risk*

Dividend Amounts may not necessarily be paid on the PIE Capital Securities on each Dividend Payment Date. Whether or not Dividend Amounts will be payable on a Dividend Payment Date depends on whether, at the relevant time:

- (a) the Issuer is required by the PIE Conditions to pay Dividend Amounts;
- (b) the Issuer is prohibited by the PIE Conditions from paying Dividend Amounts; or
- (c) the Issuer has a discretion under the PIE Conditions as to whether or not to pay Dividend Amounts.

The circumstances in which the Issuer is required to pay Dividend Amounts, is prohibited from paying Dividend Amounts, or has a discretion to pay Dividend Amounts, are described on pages 8 and 9 above.

### *Transfer Risk*

If a Holder transfers their PIE Capital Securities before they are redeemed (as described above), the price at which they are able to sell their PIE Capital Securities may be less than the price paid for them. This is because changes in the market interest rates and other factors can affect the market value of the PIE Capital Securities. For example, if market interest rates go up, the market value of the PIE Capital Securities may go down, and vice versa. The loss or gain is also, in part, a function of the effect of a change in underlying market interest rates on the value of your investment. PIE Capital Securities will 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 PIE Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

### *Profit Risk*

The extent to which Rabobank Nederland makes a profit from its operations (if any) will affect whether the payment of interest on the Underlying Securities is required, prohibited or discretionary and accordingly whether payment of Dividend Amounts on the PIE Capital Securities is required, prohibited or discretionary, as described on pages 7 and 8 above and in PIE Conditions 5, 6 and 7.

### *Dutch Law Risk*

The PIE Capital Securities may in certain circumstances, exchange into Underlying Securities. The Underlying Securities are constituted by the Underlying Securities Conditions under which Rabobank Nederland has submitted to the non-exclusive jurisdiction of the courts of Amsterdam, the Netherlands, in relation to the Underlying Securities. This means that any claim or dispute relating to the Underlying Securities Conditions will be determined in accordance with Netherlands law which will be different to New Zealand law.

### *Enforceability Risk*

The promoter of the PIE Capital Securities and the issuer of the Underlying Securities, Rabobank Nederland, is incorporated under the laws of the Netherlands and has its centre of main interest in the Netherlands. Therefore, it may be more difficult for Holders to pursue their rights in the event of Rabobank Nederland's bankruptcy, a Moratorium or the dissolution of Rabobank Nederland than it would be if the promoter of the PIE Capital Securities were a New Zealand incorporated bank.

### *Liquidity Risk*

The PIE Capital Securities have no scheduled repayment date. This means that Holders of PIE Capital Securities have no ability to cash in their investment except:

- (a) if Rabobank exercises its rights to redeem or purchase the PIE Capital Securities;
- (b) if permitted by the Issuer following an Exchange Event (as set out in PIE Conditions 8 and 10 which provides the Issuer with the ability to either redeem or exchange the PIE Capital Securities in to Underlying Securities at its discretion); or
- (c) by selling their PIE Capital Securities on the NZDX Market.

### *Change of law*

The PIE Conditions and the Underlying Securities Conditions are based on law in effect in the Netherlands and in New Zealand as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice, including any changes to the rules relating to PIEs under the Tax Act, after the date of this Prospectus.

### *Tax risks*

There is a risk that the after-tax returns for Holders may be reduced if the Issuer ceases to be a Portfolio Listed Company. The Issuer has applied for binding rulings from the New Zealand Inland Revenue Department confirming the anticipated tax implications of the transaction for the Issuer and for Holders. If the New Zealand Inland Revenue Department indicates that it will not provide or renew a satisfactory binding ruling or rulings, this may trigger an Exchange Event and the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed.

### *Liquidation*

If Rabobank Nederland, as the promoter of the PIE Capital Securities and the issuer of the Underlying Securities, is placed in liquidation:

- (a) PIE Capital Securities will be exchanged for the Underlying Securities;
- (b) Holders may not recover all their principal investment or receive the expected returns;
- (c) Holders will not be obliged to pay any more than their original investment in the PIE Capital Securities;
- (d) Holders will not be entitled to any payment of principal or Dividend Amounts on their PIE Capital Securities until all Senior Creditors have been paid in full as set out in Condition 4 of both the PIE Conditions and the Underlying Securities Conditions which relate to status and subordination of the Underlying Securities; and
- (e) Holders' claims on the assets of Rabobank Nederland will thereafter rank as set out in Condition 4 of the Underlying Securities Conditions.

### *Risks to Rabobank Group's operations*

At the date of this Prospectus Rabobank Nederland has a long-term credit rating in respect of its senior indebtedness of AAA from Standard & Poor's and Aaa from Moody's and the PIE Capital Securities are expected to be assigned long-term credit ratings of AA- by Standard & Poor's and Aa2 by Moody's. A description of the credit ratings assigned to the PIE Capital Securities is available from the credit rating agencies' websites: [www.moodys.com](http://www.moodys.com) and [www.standardandpoors.com](http://www.standardandpoors.com). Credit ratings are not a recommendation to purchase, sell, or hold an investment. Rabobank Nederland, the promoter of this offer and parent company of Rabo Capital Securities Limited, is part of the Rabobank Group which has the highest credit ratings awarded by international rating agencies Moody's (Aaa since 1986, last confirmed in 2008) and Standard & Poor's (AAA since 1985, last confirmed in 2008).

Two important risk components to the Rabobank Group operations which will also, therefore, be risks to Holders are credit risk and interest rate risk.

#### *Credit Risk*

Rabobank Group pursues a prudent screening policy for new customers, characterised by careful assessment of clients and their ability to make repayments. Rabobank Group grants loans only if it expects that a client can fully meet its payment commitments. Rabobank Group's portfolio is divided across a large number of business sectors. This creates a large and balanced risk spread, so that the quality of the financing portfolio does not significantly deteriorate if one or more business sectors go through a difficult period or in the event of an economic recession. Approval of larger financing applications is decided on by various committees, the level of the applicable committee depending on the amount of the requested financing. The Executive Board itself decides on the largest financing applications.

#### *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 the liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of the assets, such as mortgages, which have longer interest rate fixation periods.

## **Taxation consequences for New Zealand investors**

This section provides an overview of the taxation consequences generally for New Zealand resident holders of the PIE Capital Securities and, where an Exchange Event occurs, the Underlying Securities.

The information in this section is of a summary nature and is based on independent advice the Issuer has received. It is based on tax legislation and interpretations current at the date this Prospectus was prepared. The comments are not exhaustive and, in particular, may not deal with the position of certain classes of Holders or with all the considerations that may apply to particular investors. In particular, this section assumes New Zealand tax residency of all Holders and except to the extent expressly stated does not apply to prospective investors who are not tax resident in New Zealand.

Regardless of your tax residency, you are advised to consult your own professional advisers in relation to the New Zealand taxation implications in your own particular circumstances of acquiring, holding or disposing of the PIE Capital Securities.

### **A. TAXATION CONSEQUENCES OF HOLDING PIE CAPITAL SECURITIES**

#### **New Zealand residency**

The Issuer will assume that all Holders are New Zealand tax residents unless it is satisfied to the contrary.

#### **PIE tax treatment**

The Issuer will be a PIE under the portfolio investment entity, or PIE, regime contained in the Tax Act. A Portfolio Listed Company differs from other types of PIE entities, called portfolio tax rate entities, because:

- a Portfolio Listed Company is taxed at the corporate tax rate (currently 30%) and is required to attach imputation credits to the dividends paid to its shareholders to the extent those imputation credits are available; whereas
- a portfolio tax rate entity is taxed on the basis of each investor's prescribed investor rate.

A key taxation benefit of investing in a PIE is the tax saving for investors whose marginal tax rate exceeds the corporate tax rate — which at the date of this Prospectus would apply to investors in the 33% and 38% tax brackets.

Investors who are natural persons or trustees (other than trustees of a unit trust) do not need to include dividends from a Portfolio Listed Company in their tax returns, although they may choose to do so. No further tax is imposed on those dividends.

For example, if the gross return (cash plus imputation credits) on Portfolio Listed Company dividends was 8% per annum, an investor on a 38% marginal tax rate would need to receive a gross return of 9.03% per annum on a non-PIE investment in order to achieve the same after-tax return. On the same basis, an investor on a 33% marginal tax rate would need to receive a gross return of 8.36% per annum on a non-PIE investment in order to achieve the same after-tax return.

Because the Issuer will be liable to pay New Zealand taxation at the 30% corporate tax rate on its income (in the form of interest paid on the Underlying Securities by Rabobank Nederland), it is expected that all dividends on the PIE Capital Securities will be fully imputed.

## **Tax treatment of Holders**

### *Individual holders*

Because the Issuer is a Portfolio Listed Company, Holders can treat the dividends as excluded income. This means Holders are not required to include the dividends from the PIE Capital Securities in their income tax returns. Holders in effective tax brackets above the corporate tax rate when the dividend is paid (currently those in the 33% and 38% marginal tax brackets and those receiving "working for families" or certain other benefits from the Government) may benefit by treating the dividends as excluded income. If the dividends are treated as excluded income, no further tax is payable on the dividend, and no adjustment is made to entitlements to certain benefits received from the Government. For example, if the Issuer pays a dividend of \$70 cash with \$30 of imputation credits attached, a Holder with a marginal tax rate of 38% should return no income in relation to the dividend in their tax return. Given that dividends from a Portfolio Listed Company are excluded from tax, this will mean that the Holders will effectively have their tax capped at the corporate tax rate of 30%.

Holders in effective tax brackets below the corporate tax rate when the dividend is paid (currently investors in the 21% and 12.5% marginal tax brackets, excluding those receiving certain benefits from the Government) can elect to include dividends in their income tax return. This allows excess imputation credits received from the Issuer to be offset against other taxable income (if any).

For example, if the Issuer pays a dividend of \$70 cash with \$30 of imputation credits attached, a Holder with an effective marginal tax rate of 21% would return the following as income in their tax return:

Taxable dividend income	\$100.00
Tax at 21%	\$21.00
Less: Imputation credits	\$30.00
Excess imputation credits to offset tax on other income	\$9.00

A Holder with a marginal tax rate of 12.5% would return the following as income in their tax return:

Taxable dividend income	\$100.00
Tax at 12.5%	\$12.50
Less: Imputation credits	\$30.00
Excess imputation credits to offset tax on other income	\$17.50

If the Issuer does not fully impute the dividends, this may trigger an Exchange Event and the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. Alternatively, the Issuer may, at its discretion, put in place an arrangement to reimburse Holders who are adversely affected by the dividends not being fully imputed.

### *Corporate Holders and trustees of unit trusts*

Corporate Holders (including trustees of unit trusts) are required to include dividends received on the PIE Capital Securities in their tax return, except to the extent that the dividend is not fully imputed. No further tax is payable by such Holders on the dividends. Imputation credits attached to dividends will give rise to a credit in the imputation credit account of a corporate Holder.

### *Trustee Holders (other than unit trust trustees)*

Trustees (other than unit trust trustees) will need to consider whether or not to include the dividends in the trust tax return. If the dividends are included in the trust tax return, the dividends will either be trustee income or beneficiary income. If the dividends are trustee income, the trustee will have to pay additional tax in respect of the dividends, since trustee income is taxed at the rate of 33% and the imputation credits attached to the dividend will be insufficient to cover all the tax payable on the dividend. If the dividends are trustee income and are not included in the trust tax return, the dividends will be excluded income, in which case no further tax is payable on the dividend. If the dividends are included in the trust tax return and are beneficiary income, the dividends will be included in the beneficiary's income tax return, along with their share of the trust's imputation credits. The dividends will be taxed at the beneficiary's marginal tax rate. Beneficiaries on a 33% or 38% marginal tax rate will benefit by not including the dividends in their tax return.

### *Non-New Zealand tax resident Holders*

To the extent required by law, the Issuer will withhold non-resident withholding tax at the maximum rate from time to time applicable from payments made to Holders that are not tax resident in New Zealand. The rate of withholding tax will be 15% of the Dividend Amount assuming that dividends are fully imputed. The Issuer will not pay supplementary dividends under the foreign investor tax credit regime contained in the Tax Act.

### **Loss of Portfolio Listed Company status**

The Issuer intends to maintain its status as a Portfolio Listed Company under the PIE tax rules. In the event that the Issuer loses its status as a Portfolio Listed Company, all Holders will be taxed on the aggregate of Dividend Amounts and any imputation credits received at their marginal tax rate, with a credit for any imputation credits attached. No compensation will be made to Holders in the event that Portfolio Listed Company status is lost.

### **Tax consequences on redemption**

If the Issuer is a Portfolio Listed Company when the PIE Capital Securities are redeemed, the tax treatment of the amounts paid to Holders on redemption will be as outlined in the *Tax treatment of Holders* section above. In general terms the amounts paid on redemption will be excluded income for Holders, except for Holders in tax brackets below the corporate tax rate, who may choose to be subject to tax to the extent necessary to access excess imputation credits.

If the Issuer is not a Portfolio Listed Company when the PIE Capital Securities are redeemed, then amounts paid to Holders should not be taxable dividends to the extent of the Redemption Amounts paid to them. Any Outstanding Amounts and surplus amounts (after accounting for any Redemption Amounts and any Outstanding Amounts held by the Issuer) paid to Holders will be taxable dividends on which tax will be payable at the Holder's marginal tax rate. Imputation credits may be attached to any taxable dividend amount.

### **Tax consequences on disposal**

Holders who hold their PIE Capital Securities on capital account should not be subject to tax on any gain on the disposal (including on the NZDX Market) of their PIE Capital Securities. Holders who do not hold their PIE Capital Securities on capital account will generally be subject to tax on such gains (including on redemption). Holders generally will not hold their PIE Capital Securities on capital account if:

- (a) they acquire the PIE Capital Securities with the dominant purpose of disposing of them; or
- (b) they carry on a business that comprises dealing in shares; or

- (c) they derive the disposal proceeds from the carrying on or carrying out an undertaking or scheme entered into for the purpose of making a profit.

## **B. TAXATION CONSEQUENCES OF EXCHANGE EVENT**

In certain circumstances described on pages 10 and 11 under the heading *Exchange Events* the PIE Capital Securities may be exchanged for Underlying Securities issued by Rabobank Nederland to the Issuer. The principal amount of the Underlying Securities transferred to each Holder will be equal to the Redemption Amount of that Holder's PIE Capital Securities at the relevant time.

Prior to the distribution to Holders of the Underlying Securities, any Outstanding Amounts and any surplus amounts (after accounting for the Outstanding Amounts and the distribution of the Underlying Securities) held by the Issuer will be paid out pro rata to Holders.

If the Issuer is a Portfolio Listed Company when the Exchange Event occurs, the principal amount of the Underlying Securities will be considered to have been distributed to Holders on the redemption of the PIE Capital Securities and the tax treatment of that principal amount will be as outlined in the *Tax treatment of Holders* section above. In general terms the principal amount will be excluded income for Holders, except for Holders in tax brackets below the corporate tax rate, who may choose to be subject to tax to the extent necessary to access excess imputation credits (if any).

If the Issuer is not a Portfolio Listed Company when the Exchange Event occurs, then Holders should not be subject to tax on the distribution to them of the Underlying Securities to the extent that the market value of the Underlying Securities distributed to them does not exceed the Face Value of their PIE Capital Securities. To the extent that the market value of the Underlying Securities distributed to Holders exceeds the Face Value of their PIE Capital Securities, this will constitute a dividend and Holders will be taxed on the dividend at their marginal tax rate. Imputation credits may be attached to the extent any dividend arises.

## **C. TAXATION CONSEQUENCES FOLLOWING AN EXCHANGE EVENT**

This section of the Prospectus provides an overview of the taxation consequences for holders of the Underlying Securities where an Exchange Event occurs.

The following is a summary of the tax position that would be applicable principally to New Zealand tax resident holders of the Underlying Securities, where an Exchange Event has occurred.

New Zealand withholding tax and New Zealand non-resident withholding tax potentially applies to interest paid on the Underlying Securities. Neither the Issuer, Rabobank Nederland nor the Registrar will make any additional payment to holders of Underlying Securities on account of the deduction of such withholding tax or any approved issuer levy (see further below).

Under Underlying Securities Condition 9(e), each holder of Underlying Securities indemnifies Rabobank Nederland or the Registrar (as the case may be) in respect of any payment which Rabobank Nederland or the Registrar becomes liable to make of or on account of tax payable by that holder in relation to any Underlying Security. Rabobank Nederland or the Registrar (as the case may be) may deduct any indemnity payment from future amounts payable to that holder.

### **1. Resident withholding tax**

Resident withholding tax potentially applies to interest paid to a holder who:

- (a) is resident in New Zealand for New Zealand income tax purposes; or
- (b) is not resident in New Zealand for New Zealand income tax purposes but who is engaged in business in New Zealand through a fixed establishment in New Zealand.

Resident withholding tax is not applicable if the holder is the holder of a valid certificate of exemption or is a registered bank for the purposes of the Reserve Bank of New Zealand Act 1989. Where appropriate, the holder should provide a copy of their certificate of exemption to the Registrar (or, as applicable, the custodian/nominee) before the first Interest Payment Date on which they hold Underlying Securities.

If the holder has provided a copy of their certificate of exemption, and the certificate of exemption is subsequently cancelled, the holder is required by New Zealand law to notify the Registrar (or, as applicable, the custodian/nominee) of the cancellation within five working days of receipt of the notice of cancellation.

If applicable, resident withholding tax will be deducted from a payment of interest on the Underlying Securities at a rate (under current law) of 19.5%, 33% or 39%, at the holder's election, if the holder's IRD Number is supplied to the Registrar. A "non-declaration" 39% rate (under current law) applies if the holder's IRD Number is not supplied. Where interest is paid in the 2009-10 tax year, resident withholding tax may be deducted at a rate of 38% where a 39% rate would otherwise apply, corresponding to a reduction in the highest personal marginal tax rate.

Neither Rabobank Nederland nor the Registrar will make any additional payments to holders on account of the deduction of New Zealand resident withholding tax.

## ***2. Non-resident withholding tax***

Non-resident withholding tax potentially applies to interest that is paid in respect of the Underlying Securities to a holder who:

- (a) is not resident in New Zealand for New Zealand income tax purposes; and
- (b) is not engaged in business in New Zealand through a fixed establishment in New Zealand.

Where applicable, non-resident withholding tax will be deducted from interest paid in respect of the Underlying Securities at a rate of 15%. However, double tax agreements to which New Zealand is a party may operate to prevent or reduce the imposition of non-resident withholding tax in respect of interest paid on the Underlying Securities.

A holder who believes that a double tax agreement has that effect should provide the Registrar with satisfactory evidence supporting that position (including, but not limited to, evidence of their country of residence for taxation purposes).

### *Approved issuer levy*

Approved issuer levy may apply instead of non-resident withholding tax.

If Rabobank Nederland (at its discretion) makes appropriate elections, the Underlying Securities may become "registered securities" subject to the approved issuer levy taxation regime. If so, and if Rabobank Nederland is lawfully able to pay the levy in respect of the payment of interest to a holder, the interest otherwise payable to the holder will be reduced by an appropriate amount of approved issuer levy, in lieu of the deduction of non-resident withholding tax as described above.

### *Election regarding deduction of non-resident withholding tax / approved issuer levy*

If a holder makes a request to the Registrar in writing no later than 5 Business Days prior to the record date in respect of an interest payment date pursuant to the Underlying Securities, the Registrar will deduct non-resident withholding tax, instead of the approved issuer levy, from the interest payable to that holder on such interest payment date (and, if stipulated in the request, all subsequent interest payment dates until the request is revoked in writing by the holder no later than 5 Business Days prior to the record date (in respect of a particular interest payment date) on and from which the revocation is to take effect).

If such a request is not made or has been revoked, then the Registrar will deduct approved issuer levy as described above. In other words, if Rabobank Nederland has registered the Underlying Securities for approved issuer levy purposes as described above, the default position is for the levy to be deducted.

#### *No gross-up for New Zealand taxes*

If any deduction or withholding of any amount (including in respect of the approved issuer levy) is made from any payment made in relation to an Underlying Security, the holder agrees that the net payment becomes the interest payable to the holder and that no further payment is required to be made by Rabobank Nederland to compensate the holder for the deduction or withholding.

#### **3. Income tax**

The "financial arrangements rules" may apply to the holder of an Underlying Security who:

- (a) is resident in New Zealand for New Zealand income tax purposes; or
- (b) is not resident in New Zealand for New Zealand income tax purposes but who holds the Underlying Securities for the purposes of a business carried on in New Zealand through a fixed establishment in New Zealand.

If applicable, the financial arrangements rules may require the holder to adopt a spreading method to recognise the holder's annual interest income from the Underlying Securities. The adoption of a spreading method is not required for a holder able to be classified as a "cash basis person".

The financial arrangements rules require all holders subject to the rules, including a cash basis person, to perform a "base price adjustment" calculation upon sale, transfer, redemption or repurchase of the Underlying Securities. The calculation may bring to account any previously unrecognised gain on the Underlying Securities, including any gain from the sale, transfer, maturity or redemption. In calculating a base price adjustment, the consideration paid by a holder for an Underlying Security on an Exchange Event will be equal to the market value of an Underlying Security immediately prior to the exchange (but after the payment of Outstanding Amounts and any surplus). This may be more or less than the principal amount of the Underlying Security.

#### **D. 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 PIE 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.

#### *Residency*

Subject to the exceptions below, 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 Underlying Securities.

### *Withholding Tax*

Any payments made under the Underlying 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 Underlying Securities or on any capital gain made by the Holder from the disposal, or deemed disposal, or redemption of, the Underlying 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 Underlying 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 Underlying 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 Underlying Securities are attributable.

### *Gift tax or inheritance tax*

No Dutch Taxes are due in respect of any gift of the Underlying Securities by, or inheritance of the Underlying 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 Underlying 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 Underlying 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 Underlying 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 Underlying Securities.

#### *EC Council Directive*

As of 1 July 2005, based on Directive 2003/48/EC, the tax authorities of the EU Member States provide each other with details of payments of interest and similar income made to individuals who are the beneficial owner of those payments, but permits Austria, Belgium and Luxembourg instead to impose a withholding tax on the payments concerned for a "transitional period". The Directive also provides that no such withholding tax should be levied where the beneficial owner of the payment authorises an exchange of information and/or where the beneficial owner presents a certificate from the tax authority of the EU Member State in which the beneficial owner is resident. A number of non-EU countries and certain dependent or associated territories have agreed to adopt similar measures (in certain cases on a reciprocal basis). The Directive does not preclude EU Member States from levying other types of withholding tax.

### 3. CORPORATE PROFILE

#### THE ISSUER AND RABOBANK NEDERLAND

The Issuer of the PIE Capital Securities is Rabo Capital Securities Limited, a New Zealand incorporated company and wholly-owned subsidiary of Rabobank Nederland. Rabobank Nederland is the issuer of the Underlying Securities to be held by Rabo Capital Securities Limited and is the promoter of the Offer.

The Issuer will be a Portfolio Listed Company under the PIE tax rules (please refer to Part 5 of this Investment Statement for more information about the tax treatment of the PIE Capital Securities). The Issuer has no activities other than those necessary or incidental to issuing the PIE Capital Securities, holding the Underlying Securities and otherwise complying with its obligations at law and under the transaction documents in relation to the offer of PIE Capital Securities.

#### RABOBANK NEDERLAND AND THE RABOBANK GROUP STRUCTURE

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 Dutch law 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 July 1, 2008, after amendment of the articles of association approved by the General Meeting on 19 June 2008, the total number of outstanding shares is 2,004,015 of € 1,000 each, thus increasing the fully paid up share capital of Rabobank Nederland from € 638 million to more than € 2 billion. On the basis of a prescribed allocation formula, which included taking into account the total balance sheet position, Tier I capital and commercial profits of each local Rabobank, these shares were distributed to the members.

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% 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).

Traditionally, an important task of Rabobank Nederland has always been its function as bankers' bank. Another major 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 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*) (Netherlands). 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.

The local Rabobanks are organised as cooperative entities under Dutch law and draw all of their members from their customers. Through mergers, the number of local Rabobanks has decreased from 188 at December 31, 2006, to 174 at December 31, 2007, to 153 at December 31, 2008. At December 31, 2008, the local Rabobanks had approximately 1,707,000 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.

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

Through their mutual financial association, various legal entities within the 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 (Netherlands). 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. Participating entities within the Rabobank Group are:

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

### *Capital adequacy and liquidity*

The cross-guarantee system operates in concert with the regulatory and administrative oversight 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*) on a consolidated basis, based on article 3:111 of the Financial Supervision Act (Netherlands), Rabobank Nederland has the 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 the 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 (Netherlands), 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 (Netherlands) 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.

## RABOBANK NEW ZEALAND BRANCH

In April 1996, Rabobank Nederland was granted a banking authority to engage in banking on a branch basis in New Zealand. The branch Rabobank Nederland established is generally referred to as Rabobank New Zealand Branch. The Reserve Bank of New Zealand is responsible for the registration and supervision of banks in New Zealand. These powers and responsibilities are set out in Part 5 of the Reserve Bank of New Zealand Act 1989. As a registered bank, Rabobank Nederland falls under the Reserve Bank of New Zealand's supervision and, amongst other obligations, must prepare the General Disclosure Statements (which are referenced in this Investment Statement) in accordance with section 81 of the Reserve Bank of New Zealand Act 1989 and the accompanying Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2007 and Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2008 Amendment Order 2008.

The main focus of Rabobank New Zealand Branch was the food and agribusiness corporate sector. This was, and remains, in line with Rabobank Nederland's international strategy, which is primarily targeted at establishing Rabobank Nederland as a global leader in the financing of international food and agribusiness.

A related area of interest for the Rabobank Group is servicing the trade finance requirements of its existing clients and significant growth potential is also identified in agri-trade finance through expansion of the group's client base.

Rabobank New Zealand Branch is not a stand-alone, or separately incorporated, legal entity and it does not have any share capital.

## DESCRIPTION OF BUSINESS OF THE RABOBANK GROUP

### General

The Rabobank Group is an international financial service provider operating on the basis of cooperative principles. It comprises 153 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 45 countries. Its operations include retail banking, wholesale banking, asset management, leasing and real estate. It serves approximately 9.5 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food and agriculture. The Rabobank Group entities have strong relationships due to its cooperative roots.

Rabobank Group has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981; obligors rated AAA are judged to have an extremely strong capacity to meet their financial commitments) and Moody's (Aaa since 1981; obligations rated Aaa are judged to have the smallest degree of risk). In terms of Tier I capital, Rabobank Group is among the world's twenty largest financial institutions.

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 approximately 1,100 branches and nearly 3,100 cash dispensing machines, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 7.5 million clients, both private and corporate, offering a comprehensive package of financial services.

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 be 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 comprised primarily of 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 December 31, 2008, the Rabobank Group had total assets of € 612.1 billion (total liabilities of € 578.7 billion), private sector loan portfolio of € 408.6 billion (appearing as an asset on the consolidated balance sheet), amounts due to customers of € 304.2 billion and saving deposits of € 114.7 billion (appearing as an liabilities on the consolidated balance sheet) and equity of € 33.5 billion. Of the private sector loan portfolio, € 194.0 billion, virtually all of which are mortgages, consists of loans to private individuals, € 146.3 billion of loans to the trade, industry and services sector and € 68.3 billion of loans to the food and agriculture sector. At December 31, 2008, the Tier I ratio, which is the ratio between core capital and total risk-weighted assets, was 12.7%. For the year ended December 31, 2008, the efficiency ratio was 65.3%, the return on equity, or net profit expressed as a percentage of core capital, was 9.7%. For the year ended December 31, 2008, the Rabobank Group realised a 2% rise in net profit to € 2.8 billion and a RAROC or the

risk-weighted return on capital, of 12.5% after tax. At December 31, 2008, the Rabobank Group had 60,568 full-time employees.

### **Recent developments**

#### ***Rabobank and Rothschild establish global food and agriculture co-operation***

As from 1 January 2009 Rabobank International Holding B.V. and Rothschild entered into a co-operation agreement in the field of Mergers and Acquisitions and Equity Capital Markets advisory in the food and agriculture sectors on a global basis. Rothschild and the Rabobank Group both have strong global food and agriculture advisory franchises in mergers and acquisitions. Under the agreement both firms will pool their respective industry knowledge, resources and relationships while expanding their respective geographic reach and client base through an enhanced breadth of services. In order to strengthen the relationship between the two parties, the Rabobank Group also acquired a 7.5% stake in Rothschilds Continuation Holdings (RCH) and a Rabobank representative joined the RCH Board.

#### ***Eureko***

On February 16, 2009, Eureko (refer description under the heading *Participations* on page 36) announced that, following consultations with its shareholders the Rabobank Group and Achmea Association, it will increase its capital by € 1 billion. This measure is intended to increase Eureko's solvency to more prudent levels. Rabobank is contributing € 400 million to the capital injection, however this will not increase the Rabobank Group's relative ownership stake in Eureko.

#### ***Issue of Capital Securities***

On July 14, 2008, Rabobank Nederland issued ILS 323 million Perpetual Non-Cumulative Capital Securities. On September 24, 2008, Rabobank Nederland issued USD 225 million Perpetual Non-Cumulative Capital Securities. On 27 February, 2009, Rabobank Nederland issued € 500 million Perpetual Non-Cumulative Capital Securities.

#### **Strategy of Rabobank Group**

The Rabobank Group'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, which took place in 2008, and the turbulent developments in the international financial markets, the 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 will be refocused and reprioritized in several areas. In the Central Delegates Assembly the Rabobank Group approved the new Strategic Framework on 18 March 2009.

#### ***Strategy principles***

In order to ensure its distinguishing cooperative identity, the Rabobank Group, as a large, independent bank, aims to play a part in the European process of consolidation that is expected for the future. To the Rabobank Group as a cooperative, the client's interest is a guiding principle, and the Rabobank Group's structure and way of working 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. The diversification within the Group benefits its financial stability. Its broad range of knowledge and expertise results in innovation and synergy benefits. Market leadership remains important to Rabobank Group, but not at the expense of unhealthy margins, for it must never lose sight of its cooperative mandate.

International growth is necessary because opportunities for growth in the domestic market are set to gradually level out. Moreover, food and agriculture is an attractive niche because of the

Rabobank Group's global knowledge on food and agriculture, which it owes to its agricultural roots. Rabobank International will expand its activities in sustainable energy and clean technology.

Under the present economic conditions a high credit rating is even more important. A healthy balance sheet, stable profit growth and a high Tier I ratio are prerequisites for a high credit rating. Corporate Social Responsibility ("CSR") policy within Rabobank Group, including its core banking processes, must meet high standards.

### ***Strategy adjustment***

At the end of 2008 and in connection with the change in circumstances, adjustment proposals for a revised Strategic Framework covering the period 2009-2012 were brought up for discussion within Rabobank Group.

As a result of the change in market conditions, Rabobank Group is putting greater emphasis on sound balance sheet ratios. Growth in lending largely depends on growth in amounts due to customers. It is important that both the local Rabobanks and Rabobank International 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.

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

Rabobank Group wishes to develop further as a cooperative. The Rabobank 2010 programme will enable local Rabobanks to respond to the changing clients' wishes. 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 the ambition to be the largest corporate bank. Abroad, Rabobank International is to focus more on food and agriculture. In addition, Rabobank International will expand its activities in the areas of sustainable energy and clean technology. The business entity Global Financial Markets will confine itself to client-related activities and liquidity management; other activities will be phased out. Rabo Development will gradually increase the number of minority interests in partner banks having a food and agriculture focus in developing countries. Abroad, the Rabobank Foundation will focus on countries where Rabobank International and/or Rabo Development operate.

The subsidiaries likewise will focus more on supporting the realisation of Rabobank Group's core objectives, i.e. all-finance market leadership in the domestic market and building up a distinct position as the world's pre-eminent food and agriculture bank. Other important main functions of the subsidiaries and participations of the Rabobank Group continue to be the leveraging of specialisations and the achievement of sound financial returns.

### ***Strategic core objectives***

The strategic core objectives of the Rabobank Group are:

- to achieve all-finance market leadership in the Netherlands;
- to strengthen its position as the leading international food and agriculture bank;
- further growth of, and greater synergies with, its subsidiaries.

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

The adjustment of the Strategic Framework confirms that Rabobank Group pursues market leadership in the Netherlands as an all-finance service provider. This market leadership strategy also includes roles for mortgage provider Obvion as well as for Bizner (both described under the heading *Domestic Retail Banking* on page 31), the corporate Internet bank. By increasing its focus on the corporate market, Rabobank Group aims to be the largest corporate bank. In addition, it has expressed its ambitions for growth in the market for private banking. As a result of a stronger focus on sound balance sheet ratios, the local Rabobanks will be financing a large proportion of their growth in lending from amounts due to customers. The implementation of the Rabobank 2010 programme is another important element in the adjusted strategy.

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

Rabobank Group aims to be the pre-eminent global food and agriculture bank, with a focus on renewable energy and clean technology. Rabobank International intends to address this further and to broaden and deepen its product range for the food and agriculture market. Global Financial Markets will focus on client-related activities and liquidity management. Other activities will be phased out and its services will be tailored more to core clients. Rabobank International intends to strengthen the international retail banking activities further, while giving priority to existing major agricultural focus areas in Australia, Brazil, California and Poland. Renewable energy and clean technology will receive greater attention through project finance and venture capital.

### ***Strategy asset management and investment***

Asset managers Robeco, Sarasin and Schretlen & Co offer high-quality services to investors of every kind. The range of innovative products and services will be broadened and deepened further. 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.

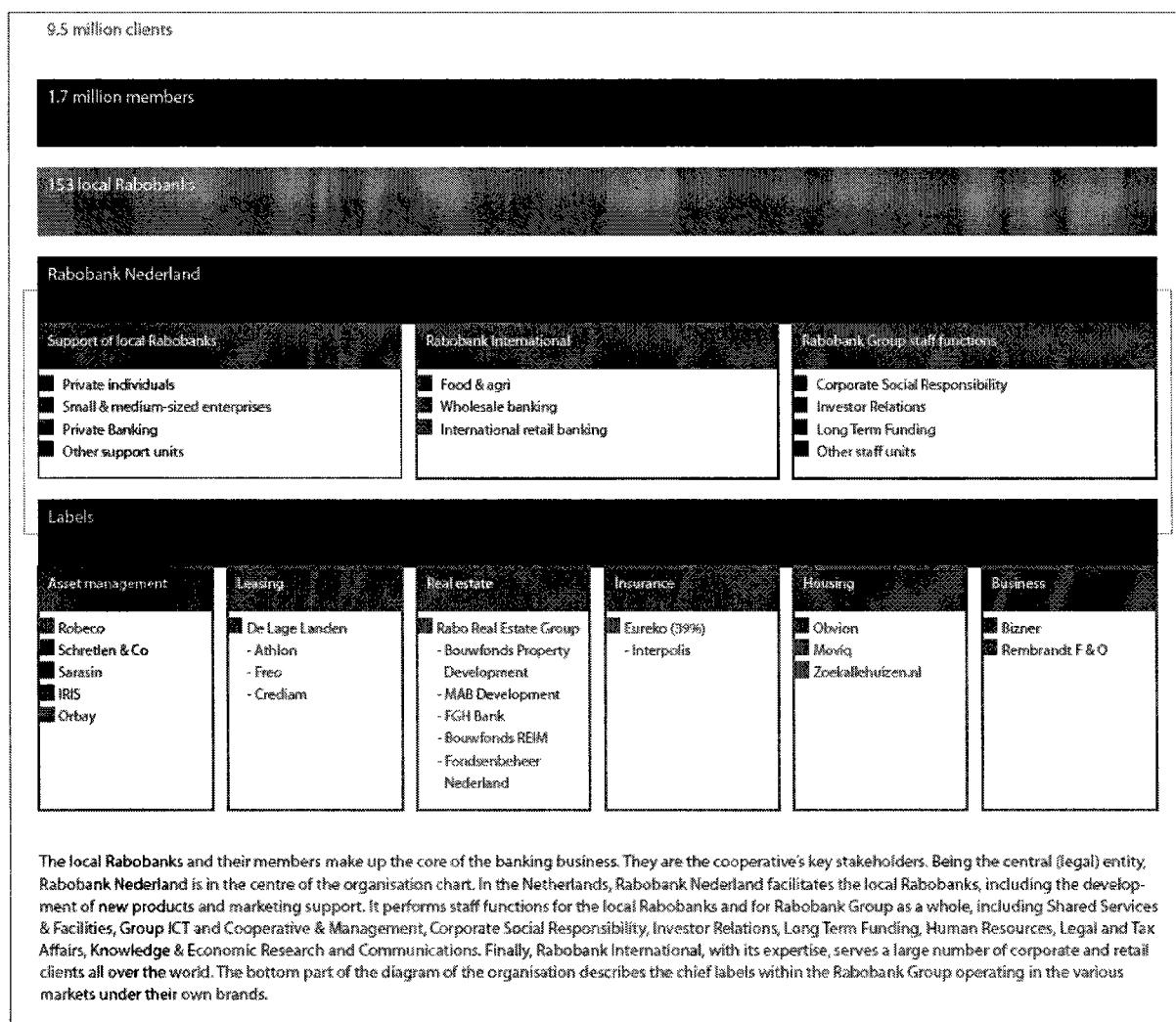
### ***Strategy leasing***

De Lage Landen (refer description under the heading *Leasing, De Lage Landen International B.V.* on page 36) offers finance solutions world-wide for producers and distributors of capital assets. Athlon Car Lease is looking into opportunities for up scaling in Europe. De Lage Landen serves Rabobank clients with a broad package of lease and factoring products. De Lage Landen aims to strengthen Rabobank Group's position in the Dutch market for consumer credits by granting consumer credits through the local Rabobanks and the Freo label.

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

Rabo Real Estate Group operates in three core businesses: developing, finance and investing. Its target is to maintain and strengthen its leading position in the Dutch market for owner-occupied houses and commercial real estate. In addition, Rabo Real Estate Group intends to maintain and, where possible, expand its solid position in the Dutch real estate finance market. Within Rabobank Group, Rabo Real Estate Group is the centre of expertise on real estate investments. Leveraging Rabobank Group's distribution power and growing its knowledge of real estate management will contribute to growth in assets under management. The development of owner-occupied houses and of real estate development, as well as real estate finance and investment will be defined further in selected countries.

## Rabobank Group



### Business Activities of the Rabobank Group

Through Rabobank Nederland, the local Rabobanks and its subsidiaries, the 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 and Bizner. The 153 independent local Rabobanks have over 1,100 branches and operate more than 3,100 cash dispensing machines. In the Netherlands Rabobank Group is the largest mortgage bank, savings bank and insurance agent. 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 and it is the largest mortgage lender in this field in the Netherlands. Bizner is an internet bank where businesses can handle their own banking transactions online. At December 31, 2008, Rabobank Group's domestic retail banking operations had total assets of € 309.7 billion, private sector loan portfolio of € 268.3 billion, amounts due to customers of € 175.6 billion and saving deposits of € 101.5 billion. For the year ended December 31, 2008, domestic retail banking operations accounted for 55%, or € 6,401 million, of Rabobank Group's total income and 59%, or € 1,617 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's domestic retail banking operations employed 28,953 FTEs.

#### ***Local Rabobanks***

The local Rabobanks serve approximately 7.5 million Dutch clients, both private and corporate, with a comprehensive package of financial services. Many private individuals have current,

savings and/or investment accounts and/or mortgages with Rabobank Group. Traditionally, the local Rabobanks have close ties with the agricultural sector. In addition, they finance a broad range of enterprises, from small companies to listed enterprises. Together, the local Rabobanks are the largest insurance broker in the Netherlands.

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

Obvion is a joint venture of Rabobank Group and ABP (the Dutch civil service pension fund). It is a provider of mortgages and several service products, including guarantees and bridging loans. Obvion focuses exclusively on collaboration with independent brokers. Obvion is the largest mortgage lender in this field in the Netherlands. Rabobank Group has a 50% shareholding in Obvion and a voting share of 70%.

#### ***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% by Rabobank Nederland.

Rabohypotheekbank also served as a supplementary financing vehicle for the local Rabobanks in the event that they chose 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 December 31, 2008, Rabohypotheekbank had assets of € 11.9 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 agriculture sector. Rabobank International is a division of Rabobank Nederland and has branches in 27 countries. Its activities are subdivided into the following regions: 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. Besides customer-focused activities, Global Financial Markets handles 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. It is a major player 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 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 Group'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% 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. In 2008, Rabobank International increased its 46% stake in the Polish Bank BGZ to a majority interest of 59%. Smaller acquisitions of retail banking activities were made in Chile and Indonesia in 2007.

In addition, Rabobank International also has some interests in private equity. Under the Rabo Participates and Rabo Capital labels, 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 December 31, 2008, Rabobank Group's wholesale and international retail banking operations had total assets, including internal assets of € 420.2 billion and private sector loan portfolio of € 100.7 billion. For the year ended December 31, 2008, Rabobank Group's wholesale and international retail banking operations accounted for 17%, or € 1,997 million, of Rabobank Group's total income and 1%, or € 27 million, of Rabobank Group's net profit. For the year ended December 31, 2008, Rabobank International's retail activities accounted for 43% of total wholesale and international retail banking operations income. At December 31, 2008, Rabobank Group's wholesale and international retail banking operations had 15,223 full-time employees.

### ***Asset Management and Investment***

Rabobank Group's asset management business is handled by Robeco, an asset manager with global operations, as well as by the Swiss private bank Sarasin and by Schretlen & Co, the Dutch private bank. Rabobank Group has a 46% stake in Sarasin and a voting share of 69%.

At December 31, 2008, the assets managed and held in custody of Rabobank Group's asset management and investment operations amounted € 184 billion. For the year ended December 31, 2008, Rabobank Group's asset management and investment operations accounted for 14%, or € 1,618 million, of Rabobank Group's total income and 16%, or € 438 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's asset management and investment operations had 3,620 full-time employees.

### ***Robeco Group N.V.***

Robeco was founded in Rotterdam in 1929. It provides investment products and services to approximately 700 institutional and approximately 1.5 million 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, money market and real estate funds, sustainable and socially responsible investments, as well as alternative investments, including private equity, hedge funds and structured products. In addition to its home markets in the Netherlands and the United States, Robeco operates in Europe, Asia and the Middle East.

Rabobank Nederland owns a 100% equity interest in Robeco. Robeco has its statutory seat in Rotterdam, the Netherlands. 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 December 31, 2008.

For the year ended December 31, 2008, Robeco's net result was € 159 million, corresponding to € 35.15 per share. At December 31, 2008, Rabobank Nederland's liabilities to Robeco amounted to € 252 million (bonds), € 1,287 million (current account) and € 271 million (loans and deposits). At December 31, 2008 Rabobank Nederland's claims on Robeco amounted to € 243 million (loans) and € 200 million (current account).

At December 31, 2008, Robeco managed € 110.7 billion in assets.

### ***Schretlen & Co. N.V.***

Schretlen & Co is the private banking specialist within Rabobank Group. Its activities include asset management and advice, combined with asset planning, which are focused on high net-worth individuals and medium-sized institutional investors in the Netherlands. In addition to its head office in Amsterdam, Schretlen & Co has branches in Apeldoorn, Heerenveen, Rotterdam and Waalre. Collaboration with local Rabobanks has resulted in, among other things, Rabobank Beheerd Beleggen and the Rabobank Effecten Advies Desk. Rabobank Nederland owns a 100% equity interest in Schretlen & Co.

At December 31, 2008, Schretlen & Co managed € 6.8 billion in assets.

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

Sarasin, a Swiss private bank was founded in 1841. Its shares are listed at the Swiss stock exchange SWX. Rabobank Group has, by holding 'normal' shares and shares with voting rights, a 46% shareholding in Sarasin and a voting share of 69%. The Sarasin Group is an international service provider, with a focus on sustainability. It is represented in 13 countries in Europe, the Middle East and Asia. Sarasin offers a high level of services and expertise as an investment advisor and asset manager for high net-worth private individuals and institutional.

At December 31, 2008, Sarasin managed € 46.9 billion in assets.

***Leasing, De Lage Landen International B.V.***

De Lage Landen is responsible for Rabobank Group's leasing business. Asset financing products help manufacturers, vendors and distributors to promote sales in more than 30 countries all over the world. In addition, De Lage Landen operates its international car lease business Athlon Car Lease in eight European countries. In the Dutch home market, De Lage Landen offers a broad range of leasing and trade financing products. Through the Freo brand, among others, it supports Rabobank Group's efforts to be the Dutch market leader in consumer credits.

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 December 31, 2008, Rabobank Nederland's liabilities to De Lage Landen amounted to € 2,007 million. At December 31, 2008 Rabobank Nederland's claims on De Lage Landen amounted to € 21,768 million (loans and current account). All liabilities of De Lage Landen are guaranteed (via the cross guarantee system) by Rabobank Nederland and the other participants of this system.

At December 31, 2008, De Lage Landen had a loan portfolio of € 23.3 billion. For the year ended December 31, 2008, De Lage Landen accounted for 9%, or € 1,015 million, of Rabobank Group's total income and 9%, or € 235 million, of Rabobank Group's net profit. At December 31, 2008 the Rabobank Group's Leasing operations employed 4,667 FTEs.

***Real Estate, Rabo Vastgoedgroep N.V.***

Rabobank Group's private and corporate Real Estate activities are performed by Rabo Real Estate Group (Rabo Vastgoedgroep). This real estate enterprise focuses on three core businesses: the development of owner occupied houses and commercial real estate, finance and asset management. In these markets, Rabo Real Estate Group operates under the brands Bouwfonds Property Development, MAB Development, FGH Bank and Bouwfonds REIM. Rabo Real Estate Group operates mainly in the Benelux countries, Germany and France. Rabobank Nederland owns a 100% equity interest in Rabo Real Estate Group.

For the year ended December 31, 2008, the Rabo Real Estate Group sold 8,746 houses and managed € 6.8 billion of real estate assets and the loan portfolio amounted € 16.5 billion. For the year ended December 31, 2008, the Real Estate operations accounted for 4%, or € 427 million, of Rabobank Group's total income and 1%, or € 24 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's Real Estate operations had 1,743 full-time employees.

***Participations***

***Eureko B.V.***

Rabobank Group has a 39% interest in Eureko, an international provider of financial services in the area of insurance with some 25,000 full-time employees. Achmea, which is part of Eureko, is the largest insurance group in the Dutch domestic market, with brands including Centraal Beheer Achmea, Interpolis, Avéro Achmea, FBTO, Agis Zorgverzekeringen and Zilveren Kruis Achmea. In the Netherlands, Eureko serves a broad customer base of private individuals as well as government and corporate clients. Abroad, Eureko operates in twelve European countries. Rabobank Group and Eureko work closely together in the area of insurance. The greater part of

the insurance products sold by local Rabobanks is from Interpolis. It concerns a broad range of non-life, health and life insurance policies for both private individuals and enterprises. With more than a million private individuals and several hundreds of thousands of enterprises as clients, Interpolis is one of the major players in the Dutch insurance market. Interpolis is market leader in the agricultural sector.

### Competition

The 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, increased competition among banks in the Netherlands significantly. In addition, life insurance companies and pension funds in the Netherlands have become major competitors in the markets for residential mortgage loans and private savings.

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. Rabobank Group has a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 60%. Historically, mortgage lending has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in the 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 the Rabobank Group.

In 2008 several large commercial banks and financial institutions in the Netherlands, such as ABN AMRO, Fortis Nederland, ING Group and SNS Reaal, received financial support from the Dutch government. This may influence the competition in the Netherlands. For 2009 we expect the fierce competition in the Dutch savings market to continue.

### Employees

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

For the year ended December 31, 2008, the rate of absenteeism was 3.8% and Rabobank Group's employee satisfaction score was 86%. At December 31, 2008, the Rabobank Group employed 60,568 FTEs.

### Market shares in the Netherlands

*Residential mortgages:* For the year ended December 31, 2008, the Rabobank Group had a market share of 30% of new home mortgages in the Dutch mortgage market (23.6% by local Rabobanks and 6.0% by Obvion; source: Dutch Land Registry Office (*Kadaster*)). The Rabobank Group is the largest mortgage lending institution in the Netherlands.

*Saving deposits of individuals:* At December 31, 2008, the Rabobank Group had a 43% market share in the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). The 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, 40.9% are held by the local Rabobanks and 2.2% is held by Robeco's savings bank Roparco.

*Lending to small and medium-sized enterprises:* At December 31, 2008, the Rabobank Group had a 39% market share of domestic loans to the trade, industry and services sector (i.e. small enterprises with less than 100 employees; measured by the Rabobank Group's own surveys). The Rabobank Group is the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector.

*Agricultural loans:* At December 31, 2008, the Rabobank Group had an 84% market share of loans and advances made by banks to the Dutch primary agricultural sector (measured by the Rabobank Group's own surveys).

The foregoing percentages in this paragraph should be read as percentages of the relevant Dutch market as a whole.

### **Properties**

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

### **Corporate Social Responsibility**

One of the cornerstones of the Rabobank Group Strategic Framework is a high quality policy for corporate social responsibility. Within this scope, Rabobank Group continued to develop their CSR policy and activities in 2008. Four central themes were defined for the CSR activities of the Rabobank Group that come with specific performance indicators. Making clear CSR choices, defining themes and all such related matters bolster Rabobank Group's stability and boost their cooperative profile.

### **Legal proceedings**

The 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 the Rabobank Group which arise in the ordinary course of the Rabobank Group's 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, management believes that the ultimate outcome of the various proceedings and litigation already commenced, and/or any future 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.

### **Insurance**

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

### **Selected Financial Information**

The following selected financial data are derived from the audited consolidated financial statements of the Rabobank Group, which have been audited by Ernst & Young Accountants LLP, independent auditors. The data should be read in conjunction with the consolidated financial statements, related notes and the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' included in this Offering Circular. The Rabobank Group audited consolidated financial statements for the year ended December 31, 2008 and 2007 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

**Consolidated balance sheet**

	<b>At December 31,</b>	
<i>(in millions of euros)</i>	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
Cash and cash equivalents.....	7,105	2,129
Due from other banks.....	33,776	43,218
Trading financial assets.....	11,576	29,179
Other financial assets at fair value through profit and loss .....	7,896	18,133
Derivative financial instruments .....	66,759	26,089
Loans to customers.....	426,283	372,968
Available-for-sale financial assets.....	31,665	50,355
Held-to-maturity financial assets .....	497	859
Investments in associates .....	3,455	4,558
Intangible assets .....	3,728	3,183
Property and equipment .....	5,870	5,572
Investment properties.....	1,038	1,105
Current tax credits .....	298	419
Deferred tax assets .....	1,619	1,577
Other assets .....	10,555	11,159
<b>Total assets .....</b>	<b>612,120</b>	<b>570,491</b>
<b>As at December 31,</b>		
<i>(in millions of euros)</i>	<b>2008</b>	<b>2007</b>
<b>LIABILITIES</b>		
Due to other banks .....	23,891	46,332
Due to customers.....	304,214	276,610
Debt securities in issue.....	135,779	141,812
Derivative financial instruments and other trading liabilities .....	77,230	31,097
Other debts .....	8,644	10,518
Other financial liabilities at fair value through profit and loss.....	24,797	27,303
Provisions.....	875	1,167
Current tax liabilities.....	227	202
Deferred tax liabilities.....	474	851
Employee benefits.....	371	896
Subordinated debt .....	2,159	2,294
<b>Total liabilities .....</b>	<b>578,661</b>	<b>539,082</b>
<b>EQUITY</b>		
Equity of Rabobank Nederland and local Rabobanks .....	20,074	19,684
Rabobank Membership Certificates issued by group companies .....	6,236	6,233

	As at December 31,	
(in millions of euros)	2008	2007
	26,310	25,917
Capital Securities and Trust Preferred Securities III-VI .....	3,510	2,779
Minority interests .....	3,639	2,713
<b>Total equity</b> .....	<b>33,459</b>	<b>31,409</b>
<b>Total equity and liabilities</b> .....	<b>612,120</b>	<b>570,491</b>

### Consolidated profit and loss account

	Year ended December 31,	
(in millions of euros)	2008	2007
Interest income.....	27,245	29,356
Interest expense.....	18,728	22,585
<b>Interest</b> .....	<b>8,517</b>	<b>6,771</b>
Fee and commission income .....	3,400	3,394
Fee and commission expense .....	511	537
<b>Fees and commission</b> .....	<b>2,889</b>	<b>2,857</b>
Income from associates .....	(26)	753
Net income from non-trading financial assets and liabilities at fair value through profit and loss .....	(1,155)	(515)
Gains on available-for-sale financial assets .....	(51)	64
Other .....	1,478	1,092
<b>Income</b> .....	<b>11,652</b>	<b>11,022</b>
Staff costs.....	4,290	4,400
Other administrative expenses .....	2,796	2,779
Depreciation and amortisation .....	525	484
<b>Operating expenses</b> .....	<b>7,611</b>	<b>7,663</b>
Value adjustments .....	1,189	266
<b>Operating profit before taxation</b> .....	<b>2,852</b>	<b>3,093</b>
Taxation.....	98	397
<b>Net profit for the year</b> .....	<b>2,754</b>	<b>2,696</b>
Of which attributable to Rabobank Nederland and local Rabobanks.....	2,089	1,971
Of which attributable to holders of Rabobank Member Certificates.....	316	299
Of which attributable to Capital Securities .....	94	17
Of which attributable to Trust Preferred Securities III to VI.....	100	106
Of which attributable to minority interests .....	155	303
<b>Net profit for the year</b> .....	<b>2,754</b>	<b>2,696</b>

**Additional financial ratios:**

	<b>2008</b>	<b>2007</b>
BIS ratio <sup>1</sup> .....	13.0%	10.9%
Tier I ratio .....	12.7%	10.7%
(Impairment losses in basis points of average lending).....	31	8

**Note:**

<sup>1</sup> These figures have been based on the Basel II requirements with effect from 2008.

## **GOVERNANCE OF THE RABOBANK GROUP**

### **Corporate governance**

In recent years the corporate governance of organisations has been of particular public interest. Rabobank Group uses a system of checks and balances at all its corporate levels. A unique element 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 Rabobank Nederland's strategic decisions. Rabobank Group's corporate governance is broadly consistent with the Dutch corporate governance code introduced a few years ago. Additionally, it will take into account any outcomes from the Frijns committee's (a committee monitoring compliance with the Dutch corporate governance code) review of this code that may be relevant to the bank. The following pages discuss all aspects, thus demonstrating Rabobank Group's balanced corporate governance.

### **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 Section 3:111 of the Financial Supervision Act (Netherlands). This relationship is formalised in an internal 'cross-guarantee' system, 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.

### **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 of this task, the achievement of the Group's objectives, the strategy, business risks, the design and operation of the internal risk management and control systems, the financial reporting process and compliance with laws and regulations are discussed at length and tested regularly. In addition, the Supervisory Board has an advisory role in respect of the Executive Board.

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 on the recommendation of the Supervisory Board. The independence of the individual members is an important consideration in this respect. The Confidentiality Committee of the Central Delegates

Assembly determines the remuneration of the members of the Supervisory Board and has a say in the profile of the members of the Supervisory Board.

The Supervisory Board annually assesses its own performance, in terms of the collective body's performance and that of its individual members. Initiatives are developed regularly in order to keep the members of the Supervisory Board up-to-date on developments in the institutional and legal environment in which the bank operates and on risk management systems. The Supervisory Board has five committees: the Cooperative Issues Committee, the Audit & Compliance Committee, the Appointment Committee, the Remuneration Committee and the Appeals Committee.

### **Executive Board**

The Executive Board (*raad van bestuur*) of Rabobank Nederland is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities. This includes responsibility for the achievement of the objectives of Rabobank Group as a whole, its strategic policy, its results, 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 (the organisation's 'parliament', which is authorised to take decisions on behalf of the local Rabobanks) and the General Meeting of Rabobank Nederland, which is formed by the members, i.e. the local Rabobanks.

The management of Rabobank Group is based in part on the interrelationship between risk, return and capital. The Financial Supervision Act (Netherlands) and the subordinate legislation based thereon, as well as regulations imposed by the supervisory authorities – i.e. DNB and the AFM – have formulated standards for financial institutions. The supervision on the bank's solvency and stability – i.e. prudential supervision – is performed by DNB, while the AFM has the supervision of the bank's conduct. 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. They 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 Confidentiality Committee 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 of Rabobank Nederland

Name	Born	Year Appointed <sup>1</sup>	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndsen	1942	2002	2009	Dutch
Bernard (B.) Bijvoet	1940	2002	2008	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2008	Dutch
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2011	Dutch
Paul (P.F.M.) Overmars	1945	2005	2008	Dutch
Herman (H.C.) Scheffer	1948	2002	2010	Dutch
Martin (M.J.M.) Tielen	1942	2002	2009	Dutch
Aad (A.W.) Veenman	1947	2002	2010	Dutch
Cees (C.P. ) Veerman	1949	2007	2011	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	2010	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2011	Dutch

Note:

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

Lense (L.) Koopmans: Emeritus Professor of Economics at the University of Groningen. Chairman of the Board of Directors of the KIWA (certification) Stichting TBI, which wholly owns TBI Holdings (building and engineering). Chairman of the Supervisory Board of Cordares N.V. (social security). Chairman of the Supervisory Board of Siers Group B.V. (infrastructure). Chairman of the Supervisory Board of Arriva Nederland B.V. (regional transport). Member of the Supervisory Board of Nuon N.V. (electricity). Member of the Supervisory Board of Huntsman Holland B.V. (chemical industry). Member of the Supervisory Board of Stichting TNO (Research). Member of the Board of the Stichting Administratiekantoor Unilever N.V. Member of the Supervisory Board of Eureko B.V. (financial services). Member of the Board of Supervision of University Medical Centre, Groningen. Chairman of the Board of Supervision of Fries Museum and Princessehof.

Leo (L.J.M.) Berndsen: Member of the Supervisory Board of AON Nederland (insurance). Member of the Board of Stichting TBI, which owns TBI Holdings (building and engineering). Member of the Board Stichting Administratiekantoor VION.

Bernard (B.) Bijvoet: Chairman of the Supervisory Board of De Eik B.V. (grocery). Chairman of the Supervisory Board of AH Kaascentrale B.V. (dairy). Member of the Supervisory Board of Essent N.V. (electricity). Acting member of the Board of Directors of Vereniging Achmea.

Sjoerd (S.E.) Eisma: Member of the bar in The Hague, partner at De Brauw Blackstone Westbroek N.V. Deputy Judge at the court of law in The Hague. Chairman of the Supervisory Board of HAL Holding N.V. (investment company). Vice Chairman of the Supervisory Board of Grontmij N.V. Member of the Board of Directors of Directors of HAL pension fund. Member of the Board of Directors of the Anton Philips Fund. Member of the Board of Stichting Steve Reich. Member of the Capital Market Committee of the Netherlands Authority for the Financial Markets. Member of the Board of the Securities Law Association. Professor in the University of Amsterdam. Staff Member of the Dutch Lawyer's Magazine. Member of the Advisory Council of Sunsmile Trading/Sunsmile de Mozambique. Member of the Board of the Stichting Willem-Alexander Kinderfonds. Member of the Board of Stichting Haags Kinderatelier. Member of the Board of Stichting of Holland Financial Centre. Chairman of the Board of Supervision of the School of Expressive Art, Music and Dance.

Louise (L.O.) Fresco: Distinguished Professor University of Wageningen. Professor of the University of Amsterdam. Member Committee of Recommendation University Asylumfund. Member of the Spanish Academy of Engineer Sciences. Member of the Swedish Academy of Agricultural and Forestry Sciences. University in Tokyo. Member of the Deira Committee. Member of the Board of Supervision of the United Nations.

Marinus (M.) Minderhoud: Chairman of the Board of Directors of Vodafone International Holdings B.V. (telecom). Chairman of Vodafone Europe B.V. Member of the Supervisory Board of Heembouw Groep B.V. Vice Chairman of the Supervisory Board of Eureko B.V. Chairman of the Supervisory Board of Agis Zorgverzekeringen N.V.

Paul (P F.M.) Overmars: Member of the Supervisory Board of Eureko B.V. Member of the Board of Directors of Vereniging Achmea. Chairman of the Board of Supervision of the Stichting Cultuurhistorisch Genootschap Duin- en Bollenstreek.

Herman (H.C.) Scheffer: Senior Counsel Boer & Croon (strategy and management). Member of the Supervisory Board of the Coöperatieve Cehave Landbouwbelang U.A. (agriculture). Member of the Supervisory Board of Joint Services International N.V. (clothing). Chairman of the Supervisory Board of De Drie Mollen (coffee and tea). Member of the Advisory Board of De Telefoongids B.V. (yellow pages). Chairman of the Supervisory Board of GBI Holding. Member of the Supervisory Board of the Heerema Group. Member of the Advisory Board of Gilde.

Martin (M.J.M.) Tielen: Emeritus Professor at the University of Utrecht. Member of the Executive Board and Treasurer of the International Society for Animal Hygiene (ISAH). Chairman of the Stichting Stimulering Agrarisch Onderwijs en Praktijk. Chairman of the Stichting Professor Tielen Fonds. Member of the Board of Directors of Vereniging Achmea.

Aad (A.W.) Veenman: Chairman of the Supervisory Board of N.V. Nederlandse Spoorwegen N.V. (Dutch railways). Chairman of the Supervisory Board of Koninklijke Ten Cate N.V. (textile). Member of the Supervisory Board of Tennet B.V. (electricity). Chairman of the Board of Supervision of ICT Regie. Chairman of the Advisory Board of the National Aviation & Space Travel Laboratory. Member of the Supervisory Board of the ECN (Dutch Energy Research Centre).

Cees (C.P.) Veerman: Chief Executive Officer 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. Member of the Supervisory Board of Stichting STAK and MERITA, Chairman of the Board of Knowledge for Climate (research project). Chairman of the Delta Committee. Chairman of the Society for the Preservation of Nature Reserves in the Netherlands.

Antoon (A.J.A.M.) Vermeer: Chairman of the Board of Directors of the Southern Agriculture and Horticulture Organisation (ZLTO). Member of the Maatschap Melkveehouderijbedrijf (dairy farming partnership). Member of the Board of Governors of the ZLTO Food, Farming and Agri Business Chair, Tilburg University. Member Supervisory Board Eureka B.V. Chairman of the Agricultural Innovation Agency (Landbouw Innovatie Bureau, LIB) for the Province of North Brabant. Chairman of the Board of Supervision of the Historische en Archeologische Stichting (HAS), Vice-Chairman of the Federation Committee of LTO Nederland. Chairman of the Supervisory Board of VION N.V.

Arnold (A.H.C.M.) Walravens: Chairman of the Supervisory Board of Eureko B.V. Chairman of the Supervisory Board of Achmea Re Luxembourg. Member of the Supervisory Board of OWM Molestrisico W.A. (insurance). Vice Chairman of Executive Committee of Vereniging Achmea. Chairman of the Supervisory Board of Sneep Industries B.V. (applied technology). Member of the Supervisory Board of Tauw (infrastructure consultancy). Director of MBA Studies and Member of the Senate of International Executive Development Center, Bled, Slovenia. Chairman of the Supervisory Board of Wolters Kluwer Nederland B.V. (multi-media publisher). Chairman of the Board of Directors of MBA Studies, Slovenia. Director/Owner "Aan de Oude Delft", Art and Auction Services.

#### Executive Board of Rabobank Nederland

Name	Born	Year Appointed	Nationality
Bert (H.) Heemskerk, Chairman	1943	2002	Dutch
Bert (A.) Bruggink	1963	2004	Dutch
Piet (P.W.) Moerland	1949	2003	Dutch
Sipko (S.N.) Schat	1960	2006	Dutch
Piet (P.J.A.) van Schijndel	1950	2002	Dutch

Bert (H.) Heemskerk: Mr. Heemskerk was appointed Chairman of the Executive Board of Rabobank Nederland as of 1 December 2002. As per 18 June 2009 Mr. Heemskerk's position of chairman will be filled by Mr. Moerland. Mr. Heemskerk was previously the Chairman of the Executive Board of F. van Lanschot Bankiers N.V. from 1991 to 2002. Before moving to F. van Lanschot Bankiers N.V., Mr. Heemskerk worked at AMRO Bank/ABN AMRO for more than 20 years, serving as Director General Netherlands for ABN AMRO Netherlands from 1988 to 1991. Mr. Heemskerk holds several positions outside of Rabobank Nederland's Executive Board, including, among others, member of the Board of the Stock Exchange Association, member of the Advisory and Recommending Committee Leaders for Nature Initiative, member of the Board of Supervisory Directors Koninklijke Boskalis Westminster N.V. and member of the Board of Supervisory Directors of VADO Beheer B.V.

Bert (A.) Bruggink: Mr. Bruggink was appointed Chief Financial Officer of the Executive Board of Rabobank Nederland as of 15 November 2004. Mr. Bruggink joined the 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 and of the Board of Supervisory Directors ROVA. Member of the Dutch Banking Association Policy Committee of Supervision & Monetary Affairs and Member of the Policy Committee of the DNB/Dutch Banking Association Mixed Working Group.

Piet (P W.) Moerland: Mr. Moerland was appointed to Rabobank Nederland's Executive Board as of 1 January 2003. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. Moerland is responsible for Medium and Small scale Business, Shared Services and Facilities and the department that operationally supports the local banks. 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 an unsponsored chair as a professor of corporate governance at the University of Tilburg. Within the Rabobank Group Mr. Moerland serves as a member of the Supervisory Board of Rabobank International Advisory Services B.V. and as a member of the Board of Directors of Rabobank Foundation and as a Member of the Supervisory Board of Bank Sarasin & Cie AG. Outside Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Netherlands Order of Accountants and Administration Consultants, Member of the Board of Directors of the NVB (Association of Dutch Banks), member of the Executive Committee European Association of Co-operative Banks (Groupement) and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten.

Sipko (S.N.) Schat: Mr. Schat was appointed to Rabobank Nederland's Executive Board as per 1 July 2006. As one of the two members of the Executive Board responsible for the international business, Mr. Schat is primarily responsible for Corporate Clients 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. He was appointed as a member of the management board of Rabobank International as of April 2002 responsible for North and South America and as of September 2004 responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also Member of the Supervisory Board of De Lage Landen International and Member of the Supervisory Board of Bouwfonds N.V.

Piet (P J.A.) van Schijndel: Mr. van Schijndel was appointed to Rabobank Nederland's Executive Board as of 1 December 2002. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. van Schijndel has responsibility for marketing, product development, market support for the local banks, private banking and Group ICT. 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 and Rabohypotheekbank, Chairman of the Supervisory Board of De Lage Landen International and Chairman of the Supervisory Board of Rabo Mobiel. Furthermore, Mr. van Schijndel is a Member of the Board of Directors of the NVB (Association of Dutch Banks). Member of the Board of the Nederlandse Rode Kruis. Member of the Supervisory Board of St. Elisabeth Ziekenhuis Tilburg. Chairman of the Supervisory Board of Orbay.

Rabobank Nederland's Executive Board is to have two additional members from 1 July 2009: Gerlinde Silvis and Berry Martin. Their appointment is conditional on screening by the supervisory authorities and advice of Rabobank Nederland's works council. Their respective portfolio's are not yet known.

### **Member influence**

An important precondition for good corporate governance at Rabobank Nederland is an open culture with clear accountability for the management and supervision. Without transparency, Rabobank Nederland cannot render account to the local Rabobanks on its management and supervision, nor can this be assessed. The local Rabobanks are members of the Rabobank Nederland cooperative. This membership entails rights and obligations. The influence and control of the local Rabobanks are manifested through their representation in two bodies: the Central Delegates Assembly and the General Meeting. In addition, the local Rabobanks are Rabobank Nederland's shareholders.

### **Central Delegates Assembly**

As from 1 January 2007, the local Rabobanks are organised geographically in 12 regions. The Boards of the Regional Delegates Assemblies form the Central Delegates Assembly (*centrale kringvergadering*) (CKV). Through the representation of the local management and supervisory bodies in the Regional Delegates Assemblies, the members/clients of the local Rabobanks.

### **The 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 Central Delegates Assembly 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. The local Rabobanks have voting rights in the General Meeting in proportion to their size. Because of the special relationship between Rabobank Nederland and its members, the General Meeting enjoys almost full attendance.

### **Employee influence**

A few years ago, the Group Works Council of Member Banks (GOR AB) was created as an employee representative body. It acts as a discussion partner to the manager on issues that concern the social policy of all local Rabobanks. The creation of the GOR AB does not affect the position of Rabobank Nederland's Works Council or the existing Works Councils of the local Rabobanks. As a result, they continue to act in full as employee representative bodies within the meaning of the Works Councils Act.

### **Corporate governance of the local Rabobanks**

Only banks that have a cooperative structure and whose Articles of Association have been approved by Rabobank Nederland can be members 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.

Pursuant to the prudential supervision part of the Financial Supervision Act (Netherlands) 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 integrity of ) their operations, solvency and liquidity. In addition, under the conduct supervision part of the Financial Supervision Act (Netherlands), Rabobank Nederland has been appointed by the Dutch Finance Ministry as the holder of a collective license that also includes the local Rabobanks. Thus, the supervision of conduct by the AFM is exercised through Rabobank Nederland.

### **Management and supervision of the local Rabobanks**

Two governance models are possible for the local Rabobanks. The introduction of a second governance model – the executive model – besides the existing partnership model was prompted at the time by the wish to respond to internal and external changes, for example, the ongoing scaling up process, a changing market, and increasing legislation and regulations. Both governance models focus on ensuring effective management as well as professional and independent supervision. The effectiveness of both models will be reviewed in 2009.

Since both governance models provide assurance of effective member influence and control, the governance of the local Rabobanks will continue to be carried out both adequately and professionally in the future, but also in a way that befits their cooperative character. 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. In addition, account is rendered to the members in respect of the bank'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. 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.

#### **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.

#### **Corporate governance information on the Internet**

Rabobank Group has placed information on its corporate governance and activities on its public Internet site, including a full explanation of the areas in which Rabobank Group deviates from the Dutch Corporate Governance Code. While Rabobank Group endorses the Code's principles and implements the majority of its elements, it does not implement a number of principles and best practice provisions on account of its cooperative structure.

#### **Controls over financial reporting**

Rabobank Group constantly seeks to improve its corporate governance and overall internal controls, for example, by endorsing the principles of the Dutch Corporate Governance Code. Rabobank Group

seeks an open culture and transparent accountability in respect of policies and supervision, and to remain in line with the leading risk management practices in the world.

Rabobank Group voluntarily assessed the internal controls over financial reporting in a manner similar to what US-registered companies have done pursuant to Section 404 of the United States Sarbanes-Oxley Act of 2002, 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 the review of its internal controls over financial reporting has increased the effectiveness of those controls, including the ability to identify and to remediate any deficiencies at an earlier stage. This results in greater transparency for all stakeholders in the quality of Rabobank Group's financial reporting process. As a result of Rabobank Group's review, Rabobank Group has identified areas to improve, simplify and standardise specific business processes.

Rabobank Group has established and maintains a comprehensive system of internal control measures designed to ensure transactions are executed as authorised, financial reporting is accurate and reliable, and assets are safeguarded.

Rabobank Group has implemented a process whereby finance and business executives throughout the Group assess and attest to the accuracy of financial information as well as the adequacy and effectiveness of internal control over financial reporting. Rabobank Group has adopted policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and that receipts and expenditures are made only in accordance with authorizations of management;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

The internal control framework for the organisation and control of Rabobank Group's activities 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 Rabobank Group's internal control over financial reporting is adequate and effective, consistent with the criteria established by COSO.

### **Risk management**

The management of Rabobank Group is based on its strategic principles and, by extension, on the interrelationship between risk, return and reserves. Both DNB and the bank itself have formulated standards concerning Rabobank's organisation and control.

Rabobank's organisation and control are subject to the Dutch Financial Supervision Act, including subordinate legislation based thereon, and regulations imposed by both DNB and the AFM as supervisory authorities. These legal requirements and supervisors' regulations form Rabobank Group's framework for the organisation and control of its activities. For further information, please refer to the relevant sections in this Offering Circular, and in particular to the section above on 'Controls over financial reporting', which addresses risks relating to financial reporting, and the 'Risk Management' chapter, which includes a description of control systems relating to the most important other risks identified by Rabobank Group.

## **Administrative, Management and Supervisory Bodies - conflicts of interests**

The members of the Supervisory Board and of the Executive Board are unaware of any conflicts of interest or potential conflicts of interest between their duties to Rabobank Nederland and their private interests or other duties.

## **Administrative, Management and Supervisory Bodies - business address**

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

## **REGULATION OF THE 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*) (Netherlands), which entered into force on January 1, 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank (*De Nederlandsche Bank*), 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') directives which have a significant impact on the regulation of the Rabobank Group's banking, asset management and broker-dealer businesses in the EU and the regulation and control of local supervisory authorities of the various countries in which the 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 July 15, 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 January 1, 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 judgment and has reserved adequate capital for these risks. Pillar 3 uses market discipline to motivate prudent management by increasing transparency in banks' public reporting.

Instead of the previous 'one size fits all' approach, under Basel II banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility to select approaches that are

most appropriate for their operations and their financial market infrastructure.

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

### European Union standards

The European Community 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 April 17, 1989 on the 'own funds' of credit institutions (the 'Own Funds Directive'), defining qualifying capital ('own funds'), and the Council Directive of December 18, 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 requirements, but not more lenient requirements. In 1993, the EC adopted the Directive of March 15, 1995 on the capital adequacy of investment firms and credit institutions ('EEC Directive 1993/6') and in 2000 the Directive of March 20, 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, 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.

On December 16, 2002, the European Union 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:

- I ensure that a financial conglomerate has adequate capital;
- II introduce methods for calculating a conglomerate's overall solvency position;
- III deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- IV 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 provides that EU Member States have to provide that the provisions of this directive shall first apply to the supervision of accounts for the financial year beginning on January 1, 2007. This directive was implemented in the Netherlands in the Financial Supervision Act that came into

effect on January 1, 2007.

## **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 (Netherlands), the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of the 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 (Netherlands).

### ***Scope of the Financial Supervision Act (Netherlands)***

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 (Netherlands), 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 equity (*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 balance sheet and a profit and loss statement 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.

The Rabobank Group's independent auditors audit 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 % 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 (Netherlands), 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 approach. For operational risk Rabobank uses the most refined approach, the Advanced Measurement Approach.

### ***Liquidity supervision***

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

### ***Structure supervision***

The Financial Supervision Act (Netherlands) 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% of the bank's consolidated balance sheet total, (iii) acquiring or increasing a 'qualified holding' in another enterprise 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% of the consolidated own funds (*eigen vermogen*) of the bank, (iv) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution if this amounts to more than 1% 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% of the bank's consolidated balance sheet total or (vi) proceeding to financial or corporate reorganisation. For purposes of the Financial Supervision Act (Netherlands), 'qualified holding' is defined to mean the holding, directly or indirectly, of an interest of at least 10% 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 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 (Netherlands) 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 organs of the bank. A bank can also be declared in a state of bankruptcy by the court.

## CAPITALISATION OF THE RABOBANK GROUP

The following table sets forth in summary form the Group's consolidated own funds and consolidated medium and long-term debt securities at December 31, 2008 and at December 31, 2007:

	At December 31,	
(in millions of euros)	2008	2007
<b>Equity of Rabobank Nederland and local Rabobanks</b>		
Retained earnings and other reserves .....	20,074	19,650
Rabobank Member Certificates issued by a group company .....	6,236	6,233
Capital Securities and Trust Preferred Securities III to VI.....	3,510	2,779
Minority interests .....	3,639	2,713
<b>Total equity .....</b>	<b>33,459</b>	<b>31,375</b>
Subordinated debt .....	2,159	2,294
Debt securities in issue* .....	135,779	141,812
<b>Total capitalisation .....</b>	<b>171,397</b>	<b>175,481</b>
<b>Breakdown of reserves and retained earnings</b>		
Revaluation reserves for available-for-sale financial assets.....	(898)	489
Other reserves .....	(332)	38
Retained earnings.....	21,304	19,157
<b>Total reserves and retained earnings .....</b>	<b>20,074</b>	<b>19,684</b>

Note:

\* Debt securities in issue includes short-term debt and long-term debt. At December 31, 2008, and at December 31, 2007, The Rabobank Group had short-term debt amounting to € 55,385 million respectively € 58,440 million. At December 31, 2008, and at December 31, 2007, The Rabobank Group had long-term debt amounting to € 80,394 million respectively € 83,372 million.

There has been no material change in the capitalisation of the Rabobank Group since December 31, 2008.

## 4. SUMMARY OF PIE CONDITIONS AND UNDERLYING SECURITIES CONDITIONS

### 4.1 SUMMARY OF PIE CONDITIONS

The PIE Capital Securities are issued under and constituted by the Constitution of Rabo Capital Securities Limited. The offer of the PIE Capital Securities complies with the relevant provisions of the Constitution.

The Constitution sets out the rights attaching to PIE Capital Securities (being the PIE Conditions contained in the appendix thereto and more fully described in Part 2 of this Prospectus) and the Ordinary Shares of the Issuer (no right to receive dividends or distributions), the procedure for transfer of Ordinary Shares in the Issuer, the limitations on the business the Issuer is able to conduct (limited to matters incidental with issuing the PIE Capital Securities) and other sundry company governance matters including arrangements for meetings, insurance, directors' powers and interests and proceedings of the board of directors.

Investors requiring further information should refer to the Constitution which is set out in its entirety in Appendix A to this Prospectus.

### 4.2 SUMMARY OF UNDERLYING SECURITIES

The funds raised by the offer of the PIE Capital Securities will be used by the Issuer to subscribe for Underlying Securities issued by Rabobank Nederland. In certain circumstances described on pages 10 and 11 the PIE Capital Securities may become exchangeable for the Underlying Securities. The Underlying Securities will be denominated in New Zealand dollars and will have terms conforming substantially to the terms of the PIE Capital Securities, other than that:

- the Underlying Securities will be bonds paying interest rather than shares paying imputed dividends (which interest may be suspended in the same circumstances as for suspension of Dividend Amounts on the PIE Capital Securities);
- the Underlying Securities are not exchangeable for any other securities;
- the Underlying Securities are issued to Rabo Capital Securities Limited and may not be transferred to any person other than to, or at the order of, the Security Trustee after the occurrence of an Exchange Event as described in Part 2 above (there are no exchange events for the Underlying Securities);
- the terms of the Underlying Securities are set out in the Schedule to the Agency Agreement, while the terms of the PIE Capital Securities are contained in the Issuer's Constitution; and
- the PIE Capital Securities will be issued by Rabo Capital Securities Limited so that New Zealand resident investors will be able to obtain the benefits of the PIE tax regime, as described on pages 17 to 24 of this Prospectus. If any of the Exchange Events occur, the PIE Capital Securities will be exchanged for the Underlying Securities. The PIE tax treatment described in Part 2 above applies only to the PIE Capital Securities and will not apply to any holding of the Underlying Securities.

Other than for differences in terminology and other mechanical differences noted above, the PIE Conditions and the Underlying Securities Conditions are substantially the same:

- the returns (Dividend Amount and interest, respectively) will be set by reference to the same Minimum Initial Rate, Margin and base rates, but the PIE Capital Securities have a

Dividend Amount defined according to the taxation of the Issuer, as described in Part 4 of the Investment Statement under "*What returns do I get?*".

- the periods by which the relevant returns will be calculated and the dates on which those returns are to be paid are the same.
- the conditions as to resetting of the fixed rate base rate and switching from fixed to floating rates are substantially the same.
- the circumstances in which the payment of the relevant returns are required, discretionary or prohibited are determined in accordance with the same criteria, as described in Part 4 of the Investment Statement under "*What returns do I get?*".
- the PIE Capital Securities and the Underlying Securities are similarly ranked and subordinated (the PIE Capital Securities exchange into Underlying Securities on the insolvency of the Issuer).

The Underlying Securities Conditions are set out in full in Appendix B to this Prospectus.

## 5. STATUTORY INFORMATION – PIE CAPITAL SECURITIES

The information in this Part 5 includes, but is not limited to, the information required by the First Schedule of the Securities Regulations.

### 5.1 MAIN TERMS OF OFFER

**Issuer of PIE Capital Securities:** The Issuer of the PIE Capital Securities is Rabo Capital Securities Limited, a special purpose company incorporated by Rabobank Nederland in order to issue the PIE Capital Securities. Rabo Capital Securities Limited has its registered office at Level 12, 80 The Terrace, Wellington and may be contacted through Computershare Investor Services Limited (by post) Private Bag 92119, Auckland 1142 or (by hand) Level 2, 159 Hurstmere Road, Takapuna, North Shore City.

**Brief description of PIE Capital Securities:** The PIE Capital Securities are perpetual non-cumulative non-voting preference shares to be issued by Rabo Capital Securities Limited. The PIE Capital Securities are direct, unsecured and subordinated obligations of the Issuer. The funds raised by the offer of the PIE Capital Securities will be used by the Issuer to subscribe for interest-bearing unsecured perpetual, non-cumulative subordinated bonds to be issued by Rabobank Nederland ("**Underlying Securities**"). Proceeds will be used in the Rabobank Group. The Underlying Securities will constitute Tier 1 Capital of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland, and the proceeds of their issue will be used for the general corporate purposes of the Rabobank Group. The PIE Capital Securities confer no right to receive notice of, attend, participate in or vote at meetings of shareholders of Rabo Capital Securities Limited, except at meetings to consider amendments relating to the terms of the PIE Capital Securities, meetings convened in relation to the exercise of certain rights under the Security Trust Deed and meetings convened in relation to the commencement of the liquidation of Rabo Capital Securities Limited in certain circumstances. They carry the right to dividend payments, but the payment of dividends is subject to the dividend payment conditions applying on the relevant Dividend Payment Date. Further details of the terms of the shares are set out in part 2 of this Prospectus.

**Maximum number of PIE Capital Securities:** Up to NZ\$200 million of PIE Capital Securities are being offered, with the ability to accept oversubscriptions for additional PIE Capital Securities. The maximum amount of oversubscriptions which may be accepted by the Issuer is unlimited and will be determined at the Issuer's discretion. The maximum number of PIE Capital Securities that applicants can apply for is limited by the requirements of the PIE regime ("**Maximum PIE Holding**") so as to ensure that Rabo Capital Securities Limited retains its status as a Portfolio Investment Entity and qualifies as a Portfolio Listed Company. Generally, no Holder (together with associates of that Holder who hold 5% or more of the PIE Capital Securities) may hold more than 20% of the PIE Capital Securities that are issued (although Holders who are other PIEs or fall within a narrow class of other specified entities may hold a greater percentage (but not 40% or more) of the PIE Capital Securities that are issued).

**Issue Price:** The issue price for each PIE Capital Security is \$1.00, with a minimum application amount of \$5,000 and thereafter in \$1,000 increments. The main terms of PIE Capital Securities are described in greater detail in Part 2 of this Prospectus.

### 5.2 DETAILS OF INCORPORATION OF ISSUER

Rabo Capital Securities Limited is a limited company incorporated on 15 April 2009 in New Zealand under the Companies Act. Rabo Capital Securities Limited has its registered office at Level 12, 80 The Terrace, Wellington. A public file relating to the incorporation or registration of Rabo Capital Securities Limited is kept at the Companies Office, Business and Registries Branch, Ministry of Economic Development on its website ([www.companies.govt.nz](http://www.companies.govt.nz)). A request for documents not available on the website may be made by telephoning the Companies Office on 0508 266 726.

### 5.3 PRINCIPAL SUBSIDIARIES OF THE ISSUER

As at the date of registration of this Prospectus, there are no subsidiaries of Rabo Capital Securities Limited.

### 5.4 DIRECTORS AND ADVISORS

The directors of the Issuer, their principal place of residence and their technical or professional qualifications as of the date of this Prospectus are set out below:

Name, given name, business address and number of shares held*	Qualifications	Date first appointed	Main office within the company
Patrick Mitchell, 201 Sussex Street, Sydney NSW, 2000, Australia,	BCom (UNSW) MCom (UNSW)	15 April 2009	Chairman
John McLean, 80 The Terrace, Wellington, 6001,	LLB (Hons) (VUW) BCA (VUW)	15 April 2009	Director
Ben Russell, 80 The Terrace, Wellington, 6001,	BSc (Hons) (UNSW) PhD (UNSW)	15 April 2009	Director

The Directors may be contacted through the registered office of Rabo Capital Securities Limited at Level 12, 80 The Terrace, Wellington or through Computershare Investor Services Limited at Level 2, 159 Hurstmere Road, Takapuna, North Shore City or Private Bag 92119, Auckland 1142. No director has been adjudged bankrupt during the 5 years preceding the date of registration of this Prospectus.

The name and addresses of the Arranger, Organising Participant, Joint Lead Managers, Registrar, the Security Trustee, the auditors of the Issuer and the solicitors who have been involved in the preparation of this Prospectus are set out in Part 7 of this Prospectus.

### 5.5 RESTRICTIONS ON DIRECTORS POWERS

**Constitution of Rabo Capital Securities Limited:** The Constitution provides that the Board may not authorise any payment or other benefit of the kind referred to in section 161 of the Companies Act (including the payment of remuneration, compensation for loss of office, Rabo Capital Securities Limited making loans to the Directors or Rabo Capital Securities Limited guaranteeing debts incurred by the Directors) without the prior approval of the holder of the ordinary shares in Rabo Capital Securities Limited.

**Companies Act:** The Companies Act contains a number of other provisions which could have the effect or consequence, in certain circumstances, of restricting the powers of the Directors. For example, the Directors must not allow Rabo Capital Securities Limited to enter into any major transactions without the prior approval by a majority of 75% of the votes of shareholders of Rabo Capital Securities Limited entitled to vote and voting. These provisions are common for any company registered in New Zealand.

### 5.6 SUBSTANTIAL EQUITY SECURITY HOLDERS OF ISSUER

As at the date of registration of this Prospectus, Rabobank Nederland is the registered holder of all of the ordinary shares in Rabo Capital Securities Limited. There are no other holders of equity securities of Rabo Capital Securities Limited as at the date of registration of this Prospectus.

Rabobank Nederland undertakes no liability in relation to, nor guarantees, the PIE Capital Securities or any obligations in respect of the PIE Capital Securities.

### **5.7 DESCRIPTION OF ACTIVITIES OF ISSUER**

Rabo Capital Securities Limited was incorporated on 15 April 2009. From the date of its incorporation to the date of registration of this Prospectus, Rabo Capital Securities Limited has not undertaken any activities other than activities in relation to the offer as outlined in this Prospectus.

Rabo Capital Securities Limited does not own or lease any fixed assets.

### **5.8 SUMMARY OF FINANCIAL STATEMENTS**

Rabo Capital Securities Limited has not undertaken any business or activity other than activities in relation to the Offer as outlined in this Prospectus. No financial statements for Rabo Capital Securities Limited have been prepared.

### **5.9 PROSPECTS AND FORECASTS**

Rabo Capital Securities Limited has been incorporated for the purpose of issuing perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities). Rabo Capital Securities Limited will invest the proceeds of any issue of perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities) in subscribing for Underlying Securities. The Directors anticipate that Rabo Capital Securities Limited will carry on no business or activity other than issuing perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), subscribing for the Underlying Securities from Rabobank Nederland, receiving interest on the Underlying Securities and paying dividends on the perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), paying other operating expenses and income and other tax payments, holding associated assets, such as cash balances and prepaid provisional tax, and activities related to maintaining its status as a Portfolio Listed Company for the purposes of the PIE Rules. For the principal risks, see Part 4 of the Investment Statement under "*What are my risks?*".

### **5.10 PROVISIONS RELATING TO INITIAL FLOTATIONS**

This offer is the first offer to the public of equity securities in Rabo Capital Securities Limited.

The Directors anticipate that Rabo Capital Securities Limited will carry on no business or activity other than issuing perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), subscribing for the Underlying Securities from Rabobank Nederland, receiving interest on the Underlying Securities and paying dividends on the perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), paying other operating expenses and income and other tax payments, holding associated assets, such as cash balances with Rabobank Nederland and prepaid provisional tax, and activities related to maintaining its status as a Portfolio Listed Company for the purposes of the PIE Rules. The proceeds of the Offer may not be used for any other purpose other than as described above.

### **5.11 PROSPECTIVE FINANCIAL INFORMATION**

The prospective statement of cash flows for Rabo Capital Securities Limited showing the anticipated receipt and proposed use of the proceeds of the offer of PIE Capital Securities, and the assumptions on which it is based is set below.

Assumes the gross dividend rate is 8.00%pa and issue size is \$200m 12 month period from 17 April 2009 NZ\$million

**Cash Flows From Operating Activities**

Interest Received	12.971
Other Revenue	0.095
Payment of dividends on PIE Capital Securities	(9.075)
Interest Paid	(0.001)
Other Expenses (inclusive of GST)*	(0.213)
Taxation Paid	(3.889)

**Net Cash flows from Operating Activities** (0.112)

**Cash Flows from Investment Activities**

Purchase of Underlying Securities	(200.000)
<b>Net Cash flows from Investing Activities</b>	<b>(200.000)</b>

**Cash Flows from Financing Activities**

Proceeds from issue of PIE Capital Securities	200.000
<b>Net Cash flows from Financing Activities</b>	<b>200.000</b>

**Net Increase / (Decrease) in Cash Held** (0.112)  
 Cash at the beginning of the period 0  
**Cash at end of the period** (0.112)

\* Other Expenses relate to ongoing administration costs, such as NZX, Trustee and Registry fees. To the extent required, Rabo Capital Securities Limited will be reimbursed for these by Rabobank Nederland. Rabo Capital Securities Limited is fully funded, but the cash balance throughout the year will vary between positive and negative due to timing differences between payments and receipts.

**General assumptions**

The prospective financial information is based on events and conditions as at the date of this Prospectus and assumes that:

1. There will be no material change in the general economic or fiscal environment in the Netherlands and New Zealand;
2. The ultimate parent company of Rabo Capital Securities Limited will continue to be Rabobank Nederland;
3. The Offer is subscribed to 200 million PIE Capital Securities of NZ\$1.00 each; and
4. A gross dividend of 8.00% per annum.

**Principal assumptions**

The principal assumptions underlying the above statements of cash flows are:

1. A Prospectus registration date of 17 April 2009;
2. An issue date of 27 May 2009;
3. All dividends are fully imputed at the ratio of 30/70; This means the assumed cash component of dividends is 5.60% per annum and the imputation component is 2.40% per annum;
4. Dividends paid in arrears in even quarterly amounts, with the exception of the first dividend;
5. The period relating to the first dividend payment has been shortened by 70 days and the dividend payment has been decreased accordingly. The first dividend payment relates to the period from 27 May 2009 to (but not including) 18 June 2009 and is assumed to be paid on 18 June 2009;
6. Rabo Capital Securities Limited will not pay any supplementary dividends for the purposes of subpart LP of the Tax Act;

7. The proceeds of the offer are used to subscribe for interest bearing securities issued by Rabobank Nederland (the Underlying Securities), which will pay a gross interest rate equivalent to the gross dividend rate payable under the PIE Capital Securities (8.00% pa);
8. All issue costs are paid by Rabobank Nederland or a member of the Rabobank Nederland Group; and
9. Ongoing administrative costs are paid by Rabo Capital Securities Limited. In consideration of Rabo Capital Securities Limited agreeing to subscribe for the Underlying Securities, Rabobank Nederland will reimburse Rabo Capital Securities Limited should it require additional funds to meet ongoing administration costs.

#### **5.12 MINIMUM AMOUNT**

There is no minimum amount that, in the opinion of the Directors of Rabo Capital Securities Limited, must be raised by the issue of PIE Capital Securities in order to provide for the matters specified in clause 10(4) of the First Schedule to the Securities Regulations.

#### **5.13 ACQUISITION OF BUSINESS OR SUBSIDIARY**

Rabo Capital Securities Limited has not acquired any business between the date of its incorporation and the date of registration of this Prospectus. Rabo Capital Securities Limited does not have any subsidiaries.

#### **5.14 SECURITIES PAID UP OTHERWISE THAN IN CASH**

Rabo Capital Securities Limited, since the date on which it was incorporated, has not allotted any equity or participatory securities as fully or partly paid up otherwise than in cash.

#### **5.15 OPTIONS TO SUBSCRIBE FOR SECURITIES OF THE ISSUER**

There are no options to subscribe for securities of Rabo Capital Securities Limited that have been granted to, or are proposed to be granted to, anyone by or on behalf of Rabo Capital Securities Limited. However, Rabo Capital Securities Limited may issue further ordinary shares to Rabobank Nederland to fund expenses.

#### **5.16 APPOINTMENT AND RETIREMENT OF DIRECTORS**

Directors may be appointed by the holder of the ordinary shares of Rabo Capital Securities Limited by written notice to Rabo Capital Securities Limited. Two or more persons may be appointed as directors by a single notice. The existing Directors of Rabo Capital Securities Limited were appointed by Rabobank Nederland, the ordinary shareholder of Rabo Capital Securities Limited, on the incorporation of Rabo Capital Securities Limited. Rabo Capital Securities Limited has no rules regarding the retirement age of directors.

#### **5.17 DIRECTORS' INTERESTS**

**Remuneration:** Directors are not entitled to remuneration from Rabo Capital Securities Limited other than by way of directors' fees.

**Retirement:** There are no contracts or other provisions relating to retirement benefits or compensation for loss of office for Directors of Rabo Capital Securities Limited.

**Material transactions involving Directors:** During the five years preceding the date of registration of this Prospectus, no "material transactions" (as defined in the Securities Regulations) have been entered into (and no such material transactions are to be entered into after the date of this Prospectus between Rabo Capital Securities Limited or any of its subsidiaries and any Director or any other persons named in clause 15(4) to the Securities Regulations).

## 5.18 PROMOTERS' INTERESTS

Rabobank Nederland is the promoter of the PIE Capital Securities being offered. Because Rabobank Nederland is the promoter, each of the Directors of Rabobank Nederland is also a promoter. The full names of the members of the Executive Board of Rabobank Nederland are set out below:

Bert (H.) Heemskerk  
 Bert (A.) Bruggink  
 Piet (P.W.) Moerland  
 Sipko (S.N.) Schat  
 Piet (P.J.A.) van Schijndel

The members of the Executive Board of Rabobank Nederland can be contacted at Croeselaan 18, 3521 CB, Utrecht, The Netherlands.

**Material transactions involving promoters:** During the five years preceding the date of registration of this Prospectus, no "material transactions" (as defined in the Securities Regulations) have been entered into between Rabo Capital Securities Limited or any of its subsidiaries and any promoter or other persons named in clause 16(2) of the First Schedule to the Securities Regulations (and no such material transactions are to be entered into after the date of this Prospectus) other than:

## 5.19 MATERIAL CONTRACTS

During the five years preceding the date of registration of this Prospectus, Rabo Capital Securities Limited has entered into the following material contracts (not being contracts entered into in the ordinary course of business):

- a Subscription Agreement dated on or around 16 April 2009 between Rabo Capital Securities Limited and Rabobank Nederland under which Rabo Capital Securities Limited will subscribe for Underlying Securities in an aggregate amount equal to the amount of PIE Capital Securities issued;
- a Security Trust Deed dated on or around 16 April 2009 between Rabo Capital Securities Limited and the Security Trustee, which is described under the heading *Security Trustee* on page 11;
- a Listing Agreement dated on or around 16 April 2009 entered into between Rabo Capital Securities Limited and NZX, the PIE Capital Securities will be quoted on the NZDX Market operated by NZX and Rabo Capital Securities Limited agrees to be bound by and comply with the NZDX Listing Rules which will govern, amongst other matters, its reporting and disclosure requirements in relation to the PIE Capital Securities going forward;
- an Agency Agreement dated on or around 16 April 2009 between Rabo Capital Securities Limited and Computershare Investor Services Limited; and
- the Constitution of Rabo Capital Securities Limited dated on or around 16 April 2009.

## 5.20 PENDING PROCEEDINGS

There are no legal proceedings or arbitrations pending at the date of registration of this Prospectus that may have a material adverse effect on Rabo Capital Securities Limited.

## 5.21 PRELIMINARY AND ISSUE EXPENSES

**Issue expenses:** Issue expenses associated with the offer of PIE Capital Securities including accounting and auditing fees, legal fees, listing fees, registry expenses, ratings agency fees, Security Trustee fees, financial advisory fees, Joint Lead Manager fees, Organising Participant

fees, advertising, printing and distribution of the Investment Statement and Prospectus are estimated to be \$5m and will be paid by Rabobank Nederland. This estimate is based on the assumption that Rabo Capital Securities Limited accepts subscriptions for \$200m of PIE Capital Securities.

**Brokerage fees:** Other than the amount payable on application on account of the issue price, applicants pay no fees or charges to invest in the PIE Capital Securities. However, Primary Market Participants and approved financial intermediaries will receive a firm brokerage fee from Rabobank Nederland of 1.25% of the issue price in respect of PIE Capital Securities allotted pursuant to firm applications submitted by applicants bearing their stamp. Primary Market Participants and approved financial intermediaries will also receive a brokerage fee from Rabobank Nederland of 0.75% of the Issue Price in respect of PIE Capital Securities allotted other than pursuant to firm allocations submitted by applicants bearing their stamp.

Applicants may have to pay a brokerage fee or commission to the person who recommends the investment or arranges the application. Brokerage is also likely to be payable on the transfer of any PIE Capital Securities effected through a Primary Market Participant.

## 5.22 RESTRICTIONS ON ISSUER

The Constitution provides that the only business or activity which Rabo Capital Securities Limited may carry on is to:

- issue and maintain in existence perpetual non-cumulative preference shares, including listing (and maintaining a listing of) those shares on any stock or securities exchange in New Zealand or elsewhere;
- use the proceeds of perpetual non-cumulative preference shares to subscribe for perpetual Tier 1 bonds issued by Rabobank Nederland, or a Related Company of that company;
- enter into the Agency Agreement and the Security Trust Deed (and any other administration agreements, security trust deeds, registration agreements and/or deed polls in connection with the issue of PIE Capital Securities); and
- do all other things reasonably incidental to the activities referred to above and in the Constitution.

Rabo Capital Securities Limited has no power to:

- carry on any other business or activity; or
- apply amounts received by way of interest on, or repayment of, the bonds referred to above for any purpose other than in payments to the holders of the perpetual non-cumulative preference shares, meeting costs and expenses incurred in connection with the issuance and maintenance in existence of perpetual non-cumulative preference shares and making income and other tax payments to the New Zealand Inland Revenue Department.

## 5.23 OTHER TERMS OF OFFER AND SECURITIES

All the terms of the offer, and all the terms of the PIE Capital Securities, are set out in this Prospectus, including the PIE Conditions set out in Appendix A, except for those implied by law or set out in a document that is registered with a public official, is available for public inspection, and is referred to in this Prospectus.

## 5.24 CLAUSES 23-38 OF THE FIRST SCHEDULE OF SECURITIES REGULATIONS

As at the date of registration of this Prospectus, Rabo Capital Securities Limited has not commenced business and acquired an asset or incurred a debt. Accordingly, no financial statements of Rabo Capital Securities Limited are included in this Prospectus.

## 5.23 PLACES OF INSPECTION OF DOCUMENTS

The Constitution and the material contracts referred to in section 5.19, may be inspected at the Companies Office, Business and Registries Branch, Ministry of Economic Development for a fee on its website ([www.companies.govt.nz](http://www.companies.govt.nz)). A request for documents not available on the website may be made by telephoning the Companies Office on 0508 266 726. The documents may also be inspected at the offices of Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City for free, during normal business hours.

## 5.25 OTHER MATERIAL MATTERS

Other than the matters set out elsewhere in this Prospectus and below, and in contracts entered into in the ordinary course of business of Rabo Capital Securities Limited, there are no material matters relating to this offer of PIE Capital Securities.

Although the PIE Capital Securities are equity securities for the purposes of the Securities Act 1978 and the Tax Act, NZX has given a ruling that the PIE Capital Securities will be listed on the NZDX Market and will be treated as Debt Securities for the purposes of the Listing Rules.

NZX has provided a waiver in respect of the inclusion of provisions in the Constitution restricting the issue, acquisition or transfer of PIE Capital Securities that would result in a holding PIE Capital Securities, the principal amount of which is less than \$5,000.

NZX has also provided a waiver in respect of the inclusion of provisions in the Constitution relating to the Maximum PIE Holding, in particular Condition 3 which relates to the transfer of PIE Capital Securities, the principal amount of which is less than \$5,000.

The Issuer has been given a Non Standard designation by NZX as a consequence of the Constitution incorporating provisions relating to the Maximum PIE Holding.

## 5.26 DIRECTORS' STATEMENT

As a balance sheet is not required by the Securities Regulations to be contained or referred to in this Prospectus, a directors' statement is not required.

## 5.27 AUDITOR'S REPORT

A copy of the auditor's report as required by clause 42 of the First Schedule of the Securities Regulations is set out in Appendix C. Ernst & Young has given and not withdrawn their consent to the report appearing in this Prospectus in the form in which it appears. Ernst & Young takes no responsibility for, nor has authorised the issue of any part of this Prospectus, except for the New Zealand auditor's report. While Ernst & Young is a professional adviser to Rabo Capital Securities Limited, neither Ernst & Young nor any employee of Ernst & Young is intended to be a director, officer or employee of Rabo Capital Securities Limited.

## 6. GLOSSARY

In this Prospectus, unless the context otherwise requires:

**2007 Capital Securities** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public on 8 October 2007 (NZDX Code RBOHA).

**Agency Agreement** means the agency agreement dated on or about 16 April 2009 between the Issuer and the Registrar relating to the PIE Capital Securities to which the Underlying Securities Conditions are attached as Schedule 1.

**Application Form** means the application form contained in Part 7 of the Investment Statement.

**Arranger** means ASB Bank Limited.

**Closing Date** means 22 May 2009.

**Companies Act** means the Companies Act 1993.

**Constitution** means the current constitution of Rabo Capital Securities Limited.

**Director** means, when used in relation to Rabobank Nederland, the members of the Executive Board of Rabobank Nederland, which is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities.

**Dividend Amount** means the amount of the cash dividend payable on the PIE Capital Securities.

**Dollars** or **\$** means New Zealand dollars.

**Exchange Event** means the occurrence of certain events, as described on pages 10 and 11, under which the PIE Capital Securities may exchange into the Underlying Securities issued by Rabobank Nederland.

**EUR, euro or €** 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, as amended by the Treaty on European Union.

**General Disclosure Statement** or **General Short Form Disclosure Statement** means the disclosure statements required to be filed by the Rabobank Nederland pursuant to the Reserve Bank of New Zealand Act 1989 and associated regulations.

**Holder** means a holder of PIE Capital Securities.

**IFRS** means the International Financial Reporting Standards issued by the International Accounting Standards Board.

**Increased Costs Event** means if there is a reduction in the rate of return from the Underlying Securities or an additional or increased cost is incurred or suffered by the Issuer that it is attributable to the Issuer having issued the PIE Capital Securities.

**Insolvency Event** means (a) in respect of the Issuer, the dissolution, bankruptcy, the inability to pay debts as they fall due, or if an effective resolution is passed for the winding-up, liquidation or administration (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders and any equivalent or analogous procedure), or (b) in respect of Rabobank Nederland means bankruptcy, a Moratorium, or dissolution or an effective resolution is passed for the winding-up, liquidation or administration.

**Investment Statement** means the investment statement for the offer of PIE Capital Securities dated 17 April 2009.

**IRD Number** means the individual identification number issued to each person by the New Zealand Inland Revenue Department, also known as a 'tax file number'.

**Issuer** means Rabo Capital Securities Limited.

**Joint Lead Managers** means the ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited.

**Margin** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date.

**Maximum PIE Holding** means, at any time, the maximum holding that an investor may, at that time, hold in a Portfolio Listed Company in order for the Portfolio Listed Company to meet the PIE eligibility requirements in the Tax Act, taking into account any requirement under the Tax Act to include the holdings of persons that are associated with that investor.

**Minimum Initial Rate** means the minimum dividend rate of 8% per annum applicable in respect of the Offer until 18 June 2014.

**Moody's** means Moody's Investors Services, Inc.

**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*) (Netherlands), as modified or re-enacted from time to time, is applicable to Rabobank Nederland.

**NZX** means NZX Limited.

**NZDX Market** means the market for debt securities of that name operated by NZX.

**Offer** means the offer of PIE Capital Securities by Rabo Capital Securities Limited under this Prospectus and the Investment Statement.

**Official Cash Rate** means Official Cash Rate most recently announced by the Reserve Bank of New Zealand.

**Organising Participant** means ASB Securities Limited.

**Outstanding Amounts** means, in relation to any amounts payable on redemption of the PIE Capital Securities, an amount representing the accrued and unpaid Dividend Amount for the Dividend Period during which redemption occurs to the date of redemption.

**PIE** means a portfolio investment entity, and has the meaning given to that term in section YA 1 of the Tax Act.

**PIE Capital Securities** means the \$1.00 Face Value perpetual non-cumulative non-voting preference shares issued pursuant to the PIE Conditions.

**PIE Conditions** means the terms and conditions of the PIE Capital Securities, as they may be amended from time to time in accordance with the provisions thereof.

**Portfolio Listed Company** has the meaning given to that term in section YA 1 of the Tax Act or any defined term enacted in lieu thereof.

**Primary Market Participant** has the same meaning as in the Participant Rules of NZX Limited.

**Prospectus** means this prospectus, registered in respect of the offer of the PIE Capital Securities dated 17 April 2009.

**Rabobank Group** or **Group** means Rabobank Nederland together with its branches and consolidated subsidiaries and the Local Rabobanks and shall include the Issuer.

**Rabobank Nederland** means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., the promoter of the offer of the PIE Capital Securities and the issuer of the Underlying Securities.

**Redemption Amount** means, in relation to any Holder, the Face Value of the PIE Capital Securities held by that Holder.

**Registrar** means Computershare Investor Services Limited.

**Securities Regulations** means the Securities Regulations 1983.

**Security Trustee** means Public Trust.

**Security Trust Deed** means the deed entitled "Security Trust Deed" entered into by the Issuer and the Security Trustee on or about 16 April 2009.

**Senior Creditors** means indebtedness of Rabobank Nederland other than Rabobank Nederland's obligations under any guarantee or contractual right that effectively ranks equally with, or junior to, Rabobank Nederland's obligations under the Underlying Securities. Those obligations that rank equally with the Underlying Securities are Rabobank Nederland's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI and, the 2007 Capital Securities effectively, the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland including the PIE Capital Securities.

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

**Standard & Poor's** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

**Tax Act** means the Income Tax Act 2007.

**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 New Zealand 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.

**Terms and Conditions** or **Conditions** means the Terms and Conditions of the PIE Capital Securities unless the context otherwise requires.

**Underlying Securities** means the \$1.00 Perpetual Non-Cumulative Capital Securities issued by Rabobank Nederland to the Issuer.

**Underlying Securities Conditions** means the terms and conditions of the Underlying Securities, as they may be amended from time to time in accordance with the provisions thereof.

## 7. DIRECTORY

### ISSUER

**Rabo Capital Securities Limited**  
Level 12  
80 The Terrace  
Wellington

### PROMOTER

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)**  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**Directors of Rabobank Nederland**  
Bert (H.) Heemskerk (Chairman)  
Bert (A.) Bruggink  
Piet (P.W.) Moerland  
Spiko (S.N.) Schat  
Piet (P.J.A) van Schijndel

### AUDITORS

**Ernst & Young**  
41 Shortland Street  
Auckland 1010

### ARRANGER AND JOINT LEAD MANAGER

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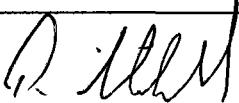
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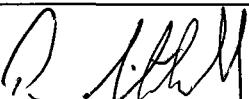
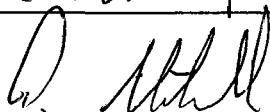
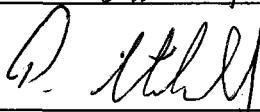
**SECURITY TRUSTEE**

**Public Trust**  
Level 10  
141 Willis Street  
Wellington  
Freephone: 0800 371 471  
[www.publictrust.co.nz](http://www.publictrust.co.nz)

Signed by the directors of the Issuer or by their authorised agent duly authorised in writing

<b>Patrick Mitchell</b>	
<b>John McLean</b>	
<b>Ben Russell</b>	

Signed on behalf of Rabobank Nederland and its directors (as promoters of the offer) or by their agents authorised in writing

<b>Bert (H.) Heemskerk</b>	
<b>Bert (A.) Bruggink</b>	
<b>Piet (P.W.) Moerland</b>	
<b>Sipko (S.N.) Schat</b>	
<b>Piet (P.J.A.) van Schijndel</b>	

**APPENDIX A: CONSTITUTION OF RABO CAPITAL SECURITIES  
LIMITED**

**CONSTITUTION  
OF  
RABO CAPITAL SECURITIES LIMITED**

**Electronic Incorporation** - This constitution has been registered electronically and does not require separate certification by a director.

**RUSSELL MCVEAGH**

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CONSTITUTION  
OF  
RABO CAPITAL SECURITIES LIMITED

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions:** In this Constitution, unless the context otherwise requires:

"Act" means the Companies Act 1993.

"Agency Agreement" means the agency agreement dated on or about 16 April 2009 between the Company, Rabobank Nederland and the Registrar relating to the PIE Capital Securities.

"Alternate Director" means a person appointed by a Director as his or her alternate under section 8.

"Board" means Directors who number not less than the required quorum acting together as the board of directors of the Company.

"Company" means Rabo Capital Securities Limited.

"Constitution" means this constitution, as altered from time to time.

"Director" means a person appointed as a director of the Company in accordance with this Constitution, and where appropriate includes an Alternate Director.

"Distribution" has the meaning set out in section 2(1) of the Act.

"Holder" means the person in whose name a PIE Capital Security is registered in the Register.

"Holding Company" means the person whose name is entered in the Share Register as the holder for the time being of all the Ordinary Shares.

"Interested", in relation to a Director, has the meaning set out in section 139 of the Act.

"month" means calendar month.

"Ordinary Share" means an ordinary voting share issued, or to be issued, by the Company that provides the holder with the entitlement to vote, and for the avoidance of doubt does not include a PIE Capital Security.

"Ordinary Resolution" means a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question.

"person" includes an individual, partnership, firm, company, body corporate, corporation, association, organisation, trust, a state or government or any agency thereof, a municipal, local or regional authority, and any other entity or organisation, whether incorporated or not (in each case whether or not having a separate legal personality).

**"PIE"** means a "portfolio investment entity", as that term is defined in section YA 1 of the Tax Act.

**"PIE Capital Securities"** means the \$1.00 face value perpetual non-cumulative non-voting preference shares, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to the PIE Conditions and forming a single series with the PIE Capital Securities.

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities, such terms being in the form set out in the Appendix as from time to time modified in accordance with this Constitution.

**"Portfolio Listed Company"** has the meaning given to that term in section YA 1 of the Tax Act.

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

**"Records"** means the documents required to be kept by the Company under section 189(1) of the Act.

**"Register"** means the register in relation to the PIE Capital Securities maintained by the Registrar in accordance with the Agency Agreement and the PIE Conditions.

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time.

**"Representative"** means:

- (a) a person appointed as a proxy under section 124;
- (b) a Personal Representative; or
- (c) a representative appointed by a corporation under section 125.

**"Security Trust Deed"** means the deed entitled "Security Trust Deed" to be entered into by the Company and the Trustee on or about 16 April 2009.

**"Share"** means a share issued, or to be issued, by the Company, as the case may require and includes an Ordinary Share and a PIE Capital Security or any class of share in the capital of the Company.

**"Shareholder"** means a person whose is the registered holder of a Share.

**"Share Register"** means the share register for the Company kept in accordance with the Act.

**"Share Registrar"** means an agent appointed by the Company to maintain the Share Register.

**"Special Resolution"** means a resolution approved by a majority of (75)% or more of the votes of those Shareholders entitled to vote and voting on the question.

**"Tax Act"** means the Income Tax Act 2007.

"Trustee" means Public Trust, acting in its capacity as security trustee for the Company under the Security Trust Deed.

"Working Day" has the meaning set out in section 2(1) of the Act.

**1.2 Interpretation:** In this Constitution, unless the context otherwise requires:

- (a) the table of contents, headings, and descriptions relating to sections of the Act, are inserted for convenience only and shall be ignored in construing this Constitution;
- (b) the singular includes the plural and vice versa;
- (c) one gender includes the other genders;
- (d) a reference to a statute (or to a provision or defined term of a statute) means the statute, provision or defined term as modified or amended and in operation for the time being, or any statute, provision or defined term enacted in lieu thereof and includes any by-law, order, regulation, rule or other statutory instrument for the time being in force under the statute, provision or defined term;
- (e) "written" and "in writing" include any means of representing or reproducing words, figures and symbols in a tangible and visible form;
- (f) references to clauses and sections (other than sections of the Act) are references to clauses and sections in this Constitution, unless stated otherwise;
- (g) where any word or expression is defined in this Constitution, any other grammatical form of that word or expression has a corresponding meaning;
- (h) words and expressions defined or explained in the Act have the same meaning in this Constitution.

**1.3 Constitution to prevail over Act:** If there is any conflict between:

- (a) a provision in this Constitution and a provision in the Act which is expressly permitted to be altered by this Constitution; or
- (b) a word or expression defined or explained in the Act and a word or expression defined or explained in this Constitution,

the provision, word or expression in this Constitution prevails.

**2. GENERAL**

- 2.1 Companies Act 1993:** The Company, the Board, each Director and each Shareholder have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified by this Constitution.
- 2.2 Alteration of Constitution:** Subject to the Act and the provisions of the PIE Conditions, this Constitution may be altered at any time by way of a Special Resolution.
- 2.3 Change of Name of Company:** An application to change the name of the Company is not an amendment of this Constitution for the purposes of clause 2.2. The Board shall

not authorise a change of name of the Company without the prior written approval of the Holding Company.

### **3. SHARES**

**3.1 Rights and powers attaching to Ordinary Shares:** Subject to any special rights or restrictions for the time being attached to any Ordinary Share, and to the rights and restrictions set out elsewhere in this Constitution, holders of Ordinary Shares:

- (a) are not entitled to receive or participate in any dividend or distribution (as defined in the Act) made by the Company;
- (b) are not entitled to receive any payment, or participate in any distribution, in a liquidation of the Company.

**3.2 Rights and powers attaching to PIE Capital Securities:** Without limiting any other provision of this Constitution, PIE Capital Securities may be issued from time to time by the Directors in different tranches. The rights, privileges, limitations and conditions attaching to each tranche of PIE Capital Securities shall be as set out in the PIE Conditions and (insofar as the PIE Conditions provide for the Directors to determine matters affecting those rights, privileges, limitations and conditions) in the resolution of the Directors resolving to issue the PIE Capital Securities of that tranche. If there is any conflict between a provision in the PIE Conditions and any other provision of this Constitution, the provision in the PIE Conditions shall prevail.

**3.3 Board may issue Shares and other securities:** The Board may issue further Shares which rank equally with any existing Shares on the same terms and conditions as the any existing Shares provided that the Company continues to be eligible as a PIE and a Portfolio Listed Company and to comply with the rules relating to PIEs in the Tax Act. Such an issue is deemed not to be an action affecting the rights attaching to the existing Shares and shall give no rights to the holders of such existing Shares to participate in the issue of any such further Shares.

### **4. TRANSFER OF ORDINARY SHARES**

**4.1 Instrument of transfer:** Subject to the terms of this Constitution:

- (a) an Ordinary Share in the Company is transferable.
- (b) an Ordinary Share may be transferred by entry of the name of the transferee on the Share Register.

**4.2** For the purposes of transferring Ordinary Shares, a form of transfer signed by the present holder of the Ordinary Shares or by the personal representative of the present holder must be delivered to:

- (a) the Company; or
- (b) an agent of the Company designated by the Board who maintains the share register.

**4.3** The form of transfer must be signed by the transferee if registration as holder of the Ordinary Shares imposes a liability to the Company on the transferee.

4.4 **Registration procedure:** On receipt of a form of transfer in accordance with clause 4.2(b), the Company must forthwith enter or cause to be entered the name of the transferee on the Share Register as holder of the Ordinary Shares, unless:

- (a) the Board resolves within 30 working days of receipt of the transfer to refuse or delay the registration of the transfer, and the resolution sets out in full the reasons for doing so;
- (b) notice of the resolution, including those reasons, is sent to the transferor and to the transferee within 5 Working Days of the approval of the resolution by the Board; and
- (c) the refusal or delay in the registration is permitted by clause 4.8.

4.5 A transferor of Ordinary Shares remains the holder of the Ordinary Shares transferred until the transfer is registered and the name of the transferee is entered in the Share Register and a transfer of Ordinary Shares shall not pass the right to any dividends declared on those shares until registration.

4.6 On registration of a transfer of Ordinary Shares, the Company shall cancel the certificate (if any) and, if so requested by the transferee or the transferor if retaining Ordinary Shares, issue a new certificate in the name of the transferee for the Ordinary Shares transferred and in the name of the transferor for the balance of Ordinary Shares retained (if any).

4.7 The Company shall retain every instrument or other record of transfer which is registered for such period as the directors determine.

4.8 **Directors power to decline to register:** The directors may refuse or delay the registration of any transfer of Ordinary Shares:

- (a) which has not been approved in writing by the Holding Company; or
- (b) if it is not accompanied by the certificate for the Ordinary Shares to which it relates, if a certificate has been issued.

## 5. LIMITATION ON BUSINESS

5.1 **Limitation on Business:** The only business or activity which the Company may carry on is to:

- (a) issue and maintain in existence PIE Capital Securities, including listing (and maintaining a listing of) those shares on any stock or securities exchange in New Zealand or elsewhere;
- (b) use the proceeds of PIE Capital Securities to subscribe for perpetual Tier 1 bonds issued by Rabobank Nederland, or a related company of Rabobank Nederland;
- (c) enter into the Agency Agreement and the Security Trust Deed (and any other administration agreements, security trust deeds, registration agreements and/or deed polls in connection with the issue of PIE Capital Securities); and
- (d) do all other things reasonably incidental to the activities referred to in sub-paragraphs (a), (b), (c) above and this Constitution.

The Company has no power to:

- (e) carry on any other business or activity; or
- (f) apply amounts received by way of interest on, or repayment of, the bonds referred to in sub-paragraph (b) above for any purpose other than in payments to Holders, meeting costs and expenses incurred in connection with the issuance and maintenance in existence of PIE Capital Securities and making income and other tax payments to the New Zealand Inland Revenue Department.

## 6. MEETINGS AND RESOLUTIONS

- 6.1 **Exercise of powers:** A power reserved to holders of Ordinary Shares by the Act, or to the Holding Company by this Constitution, may be exercised either at a meeting or by a resolution in writing signed in accordance with section 122 of the Act and, unless otherwise specified in the Act or this Constitution, may be exercised by ordinary resolution.
- 6.2 **Annual meetings:** The Company shall hold annual meetings in accordance with section 120 of the Act unless, in the case of any annual meeting, everything required to be done at that meeting (by resolution or otherwise) is done by resolution in writing signed in accordance with section 122 of the Act.
- 6.3 **Special meetings:** A special meeting of the Holding Company (as holder of Ordinary Shares) may be called by the Board at any time, and shall be called by the Board on the written request of the Holding Company.
- 6.4 **Proceedings at meetings:** The provisions of the first schedule to the Act govern proceedings at all meetings of holders of Ordinary Shares of the Company.
- 6.5 **Entitlement to vote:** Subject to any rights or restrictions for the time being attached to any class of Shares, the Holding Company is entitled on any resolution to one vote in respect of each Ordinary Share.

## 7. DIRECTORS

- 7.1 **Number of Directors:** The number of Directors shall not at any time be less than two.
- 7.2 **Appointment:** A person may be appointed as a Director at any time by the Holding Company by written notice to the Company. Two or more persons may be appointed as Directors by a single notice.
- 7.3 **Existing Directors to continue:** The persons holding office as Directors on the date of adoption of this Constitution continue in office and are deemed to have been appointed as Directors pursuant to this Constitution.
- 7.4 **Removal:** A Director may at any time be removed from office by the Holding Company by written notice to the company.
- 7.5 **Vacation of office:** A Director ceases to be a Director if he or she:
  - (a) dies, or becomes mentally disordered or subject to a property order or personal order made under the Protection of Personal and Property Rights Act 1988; or

- (b) resigns by written notice delivered to the Company at its address for service or at its registered office (such notice to be effective at the time when it is so received unless a later time is specified in the notice); or
- (c) becomes disqualified from being a Director pursuant to the Act; or
- (d) becomes bankrupt or makes an arrangement or composition with his or her creditors generally.

**7.6 Timing of retirement and appointment:** If:

- (a) a Director retires at a meeting of Shareholders and is not re-elected or deemed to be re-elected at that meeting, the Director shall remain in office until, and his or her retirement shall take effect at, the conclusion of the meeting;
- (b) a Director is removed from office at a meeting of Shareholders by Ordinary Resolution, the Director shall remain in office until, and his or her removal shall take effect at, the conclusion of the meeting;
- (c) a person who is not already a Director is appointed or elected as a Director at a meeting of shareholders, that person shall take office as a Director immediately after the conclusion of the meeting.

**8. ALTERNATE DIRECTORS**

- 8.1 Power to appoint:** The Holding Company may from time to time by written notice to the Company appoint any person, who is not already a Director and who is approved by a majority of the other Directors, to be that Director's alternate. No Director may appoint a deputy or agent except by way of appointment of an Alternate Director under this clause 8.
- 8.2 Rights of Alternate Director:** Unless otherwise specified by the terms of his or her appointment, an Alternate Director:
  - (a) is entitled, in the absence or unavailability of the Director who appointed him or her (the "Appointor"), to exercise the same rights, powers and privileges (other than the power to appoint an Alternate Director) as the Appointor;
  - (b) when acting as an Alternate Director is subject to the same duties and obligations as the Appointor;
  - (c) is not entitled to be given notice of a meeting of the Directors unless the Appointor has given written notice to the Company requesting that notice be given to the Alternate Director.
- 8.3 Remuneration and expenses:** An Alternate Director is not entitled to any remuneration from the Company in his or her capacity as an Alternate Director but is entitled to be reimbursed by the Company for all expenses incurred in attending meetings of the Directors and in the discharge of his or her duties, to the same extent as if he or she were a Director.
- 8.4 Cessation of appointment:** An Alternate Director ceases to be an Alternate Director:
  - (a) if the Appointor ceases to be a Director, or revokes the appointment by written notice to the Company; or

- (b) on the occurrence of any event which would disqualify the Alternate Director if he or she were a Director; or
- (c) if a majority of the other Directors resolve to revoke the Alternate Director's appointment.

## 9. MANAGING DIRECTORS

9.1 **Appointment:** The Holding Company may from time to time appoint one or more Directors to the office of Managing Director for such period not exceeding five years, and on such terms, as the Holding Company thinks fit and, subject to the terms of any agreement entered into in any particular case, may at any time revoke such appointment.

## 10. REMUNERATION AND OTHER BENEFITS OF DIRECTORS

10.1 **Power to authorise:** The Board may not exercise the power conferred by section 161 of the Act to authorise any payment or other benefit of the kind referred to in that section to or in respect of a Director in his or her capacity as such, without the prior approval of the Holding Company.

## 11. INDEMNITY AND INSURANCE

11.1 **Indemnity of Directors:** Subject to clause 11.3, every Director shall be indemnified by the Company:

- (a) for any costs incurred by him or her in any proceeding that relates to liability for any act or omission in his or her capacity as a Director or a director of a subsidiary of the Company and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- (b) in respect of liability to any person other than the Company or a related company for any act or omission by him or her in his or her capacity as a Director or a director of a subsidiary of the Company, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability,

and this indemnity shall continue in force, despite any subsequent revocation or amendment of this clause, in relation to any liability which arises out of any act or omission by a Director prior to the date of such revocation or amendment, but shall be subject to any limitations contained in any deed or agreement from time to time in force between the Company and the Director relating to indemnities.

11.2 **Other indemnities:** Subject to clause 11.3, the Company may, with the prior approval of the Board, indemnify a director of a related company, or an employee of the Company or a related company:

- (a) for any costs incurred by him or her in any proceeding that relates to liability for any act or omission by him or her in such capacity and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- (b) in respect of liability to any person other than the Company or a related company for any act or omission by him or her in such capacity, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability.

11.3 **Exceptions:** An indemnity conferred by clause 11.1(b), or given pursuant to clause 11.2(b), shall not apply in respect of:

- (a) any criminal liability; or
- (b) in the case of an employee of the Company or a related company, any liability in respect of a breach of any fiduciary duty owed to the Company or related company; or
- (c) in the case of a Director or a director of a related company, any liability in respect of a breach of the duty specified in section 131 of the Act; or
- (d) any other liability in respect of which an indemnity is prohibited by any legislation.

11.4 **Express indemnity:** Without limiting the indemnity conferred by clause 11.1, the Company may, with the prior approval of the Board, by deed or agreement grant in favour of any Director an express indemnity to the same effect as that conferred by clause 11.1, but subject (insofar as that indemnity relates to the matters referred to in clause 11.1(b)) to the exceptions in clause 11.3.

11.5 **Insurance:** The Company may, with the prior approval of the Board, effect insurance for a Director or employee of the Company or a director or employee of a related company, in respect of:

- (a) liability, not being criminal liability, for any act or omission by him or her in such capacity; or
- (b) costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability; or
- (c) costs incurred by him or her in defending any criminal proceedings that have been brought against the Director or employee in relation to any act or omission in his or her capacity as a Director or employee and in which he or she is acquitted.

11.6 **Definitions:** In this clause 11:

- (a) "Director" includes a former Director and "director" includes a former director; and
- (b) other words given extended meanings in section 162(9) of the Act have those extended meanings.

**12. POWERS OF DIRECTORS**

12.1 **Management of Company:** Subject to the provisions of clause 14.2, the business and affairs of the Company shall be managed by, or under the direction or supervision of, the Board, which may exercise all the powers of the Company that are not required, either by the Act or this Constitution, to be exercised by the Holding Company.

12.2 **Ratification by Holding Company:** Subject to the provisions of section 177 of the Act (relating to ratification of directors' actions) the Holding Company, or any other person in whom a power is vested by this Constitution or the Act, may ratify the purported exercise of that power by a Director or the Board in the same manner as the power may be

exercised. The purported exercise of a power that is ratified under this clause is deemed to be, and always to have been, a proper and valid exercise of that power.

12.3 **Delegation of powers:** The Board may delegate to a committee of Directors, a Director, an employee of the Company, or to any other person, any one or more of its powers, other than a power set out in the second schedule to the Act.

12.4 **Appointment of attorney:** The Company may exercise the power conferred by section 181 of the Act to appoint a person as its attorney, either generally or in relation to a specified matter. Any such power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board thinks fit, and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

### 13. INTERESTS OF DIRECTORS

13.1 **Disclosure of Interests:** A Director shall comply with the provisions of section 140 of the Act (relating to disclosure of interest of directors) but failure to comply with that section does not affect the operation of clause 13.2.

13.2 **Personal involvement of Directors:** Notwithstanding any rule of law or equity to the contrary, but subject to sections 107(3) and 141 of the Act (relating to avoidance of transactions in which a Director is interested) and section 199(2) of the Act (prohibiting a director from acting as auditor of a company), a Director may:

- (a) contract with the Company in any capacity;
- (b) be a party to any transaction with the Company;
- (c) have any direct or indirect personal involvement or interest in any transaction or arrangement to which the Company is a party or in which it is otherwise directly or indirectly interested or involved;
- (d) become a director or other officer of, or otherwise interested in, any corporation promoted by the Company or in which the Company may be directly or indirectly interested as a shareholder or otherwise; and
- (e) retain any remuneration, profit or benefits in relation to any of the foregoing,

and no contract or arrangement of any kind referred to in this clause may be avoided by reason of a Director's interest.

13.3 **Interested Directors may vote, etc:** A Director who is interested in a transaction entered into, or to be entered into, by the Company may:

- (a) vote on any matter relating to the transaction;
- (b) attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his or her capacity as a Director in relation to the transaction,

as if the Director were not interested in the transaction.

#### 14. PROCEEDINGS OF BOARD

14.1 **Third schedule of Act not to apply:** The provisions of the third schedule to the Act (relating to proceedings of a board) do not apply to the Company, except to the extent expressly incorporated in this Constitution.

14.2 **Alternative forms of meeting:** A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

14.3 **Procedure:** Except as provided in this Constitution, the Board may regulate its own procedure.

14.4 **Convening of meetings:** A Director, or an employee of the Company at the request of a Director, may convene a meeting of the Board by giving notice in accordance with clause 14.5.

14.5 **Notice of meeting:** The following provisions apply in relation to meetings of the Board (except where otherwise agreed by all Directors in relation to any particular meeting or meetings):

- (a) Not less than two clear days' notice of a meeting shall be sent to each Director, unless the Director waives that right.
- (b) Notice to a Director of a meeting may be:
  - (i) given to the Director in person by telephone or other oral communication;
  - (ii) delivered to the Director;
  - (iii) posted to the address given by the Director to the Company for such purpose;
  - (iv) sent by facsimile transmission to the facsimile telephone number given by the Director to the Company for such purpose; or
  - (v) sent by electronic means in accordance with any request made by the Director from time to time for such purpose.
- (c) A notice of meeting shall:
  - (i) specify the date, time and place of the meeting;
  - (ii) in the case of a meeting by means of audio, or audio and visual, communication, specify the manner in which each Director may participate in the proceedings of the meeting; and

- (iii) give an indication of the matters to be discussed, in sufficient detail to enable a reasonable Director to appreciate the general import of the matters, unless this is already known to all the Directors or is impracticable in any particular circumstances.
- (d) A notice of meeting given to a Director pursuant to this clause is deemed to be given:
  - (i) in the case of oral communication, at the time of notification;
  - (ii) in the case of delivery, by handing the notice to the Director or by delivery of the notice to the address of the Director;
  - (iii) in the case of posting, three days after it is posted;
  - (iv) in the case of facsimile transmission, when the Company receives a transmission report by the sending machine which indicates that the facsimile was sent in its entirety to the facsimile telephone number given by the Director;
  - (v) in the case of electronic means, at the time of transmission.
- (e) If all reasonable efforts have been made to give notice of a meeting to a Director in accordance with this clause 14.5 but the Director cannot be contacted, notice of the meeting shall be deemed to have been duly given to that Director.

14.6 **Waiver of notice irregularity:** An irregularity in the giving of notice of a meeting is waived if each of the Directors either attends the meeting without protest as to the irregularity or agrees (whether before, during, or after the meeting) to the waiver.

14.7 **Quorum:** A quorum for consideration of any matter at a meeting of the Board is two Directors present and entitled to vote on the matter, or such greater number as the Board may from time to time determine. No matter may be considered at a meeting of the Board if a quorum for the purposes of the matter is not present.

14.8 **Insufficient number of Directors:** The Directors may act notwithstanding any vacancy in their body, but if and so long as the number of Directors holding office is less than the minimum number fixed by clause 7.1, the continuing Directors may act only for the purposes of increasing the number of Directors to that number or calling a meeting of the Shareholders.

14.9 **Election of chairperson:** The Directors may from time to time elect a chairperson of their meetings, and determine the period for which they respectively are to hold office. The chairperson shall chair all meetings of the Directors. If at any time there is no such chairperson or if at any meeting the chairperson is not present within 10 minutes after the time appointed for holding the meeting, or is present but not entitled to vote on a particular matter, the Directors present may choose one of their number to be chairperson of the meeting, or for consideration of the particular matter, as the case may be.

14.10 **Voting:** Every Director has one vote. In the case of an equality of votes, the chairperson has a casting vote. A resolution of the Board is passed if it is agreed to without dissent by all Directors present and entitled to vote on the resolution, or if a majority of the votes cast on it are in favour of the resolution. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he or she expressly dissents from, or votes against, or expressly abstains from voting on, the resolution at the meeting.

14.11 **Written resolution:** A resolution in writing, signed or assented to by all the Directors entitled to vote on the resolution is as valid and effective as if passed at a meeting of the Board duly convened and held provided those Directors would constitute a quorum for consideration of the resolution at a meeting of the Board. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in similar form, each signed or assented to by one or more Directors. A copy of any such resolution shall be entered in the Records.

14.12 **Committees:** A committee of Directors shall, in the exercise of the powers delegated to it, comply with any procedural or other requirements imposed on it by the Board. Subject to any such requirements, the provisions of this Constitution relating to proceedings of Directors apply, with appropriate modification, to meetings of a committee of Directors.

14.13 **Validity of actions:** The acts of a person as a Director are valid even though the person's appointment was defective or the person is not qualified for appointment.

14.14 **Minutes:** The Board shall ensure that minutes are kept of all proceedings at meetings of the Shareholders and of the Board. Minutes which have been signed correct by the chairperson of the meeting are *prima facie* evidence of the proceedings.

## 15. METHOD OF CONTRACTING

15.1 **Deeds:** A deed which is to be entered into by the Company may be signed on behalf of the Company, by:

- (a) two or more Directors; or
- (b) any Director, together with any other person authorised by the Board whose signature must be witnessed; or
- (c) one or more attorneys appointed by the Company.

15.2 **Other written contracts:** An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the express or implied authority of the Company.

15.3 **Other obligations:** Any other obligation or contract may be entered into on behalf of the Company in writing or orally by a person acting under the express or implied authority of the Company.

## 16. INSPECTION OF RECORDS

16.1 **Inspection by Directors:** Subject to section 191(2) of the Act (which relates to the power of a court to limit inspection), all accounting and other records of the Company shall be open to the inspection of any Director.

16.2 **Inspection by Shareholders:** No Shareholder who is not also a Director is entitled to inspect any accounting or other records of the Company except as expressly authorised by law or permitted by the Board. Subject to the provisions of section 216 of the Act (which permits inspection of certain records by Shareholders) the Board may from time to time determine whether, to what extent, at what times and places, and under what conditions, the accounting or other records of the Company or any of them are open to the inspection of Shareholders (who are not also Directors).

**17. NOTICES**

17.1 **Method of service:** All notices, reports, accounts and other documents required to be sent to a Shareholder, shall be sent in the manner provided in section 391 of the Act.

17.2 **Service of notices overseas:** If a Shareholder has not given to the Company or the Share Registrar an address within New Zealand for the giving of notices, but has supplied an address outside New Zealand, then notices shall be posted to that holder at such address and shall be deemed to have been received by that holder 24 hours after the time of posting.

17.3 **Accidental omissions:** The failure to send an annual report, notice, or other document to a Shareholder in accordance with the Act or this Constitution does not invalidate the proceedings at a meeting of Shareholders if the failure to do so was accidental.

17.4 **Joint Shareholders:** A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder named first in the register in respect of that Share.

17.5 **Shareholder deceased or bankrupt:** If the holder of a Share dies or is adjudicated bankrupt, notice may be given in any manner in which notice might have been given if the death or bankruptcy had not occurred, or by giving notice in the manner provided in section 391 of the Act to the Personal Representative of the holder at the address supplied to the Company for that purpose.

17.6 **Waiver by Shareholders:** Subject to section 210 of the Act (which requires financial statements to be sent to Shareholders who elect not to receive annual reports), a Shareholder may from time to time, by written notice to the Company, waive the right to receive all or any documents from the Company and may at any time thereafter revoke the waiver in the same manner. While any waiver is in effect, the Company need not send to the Shareholder the documents to which the waiver relates.

**18. AUDITOR**

18.1 **Appointment:** Subject to section 196(2) of the Act (permitting waiver of appointment of an auditor by unanimous resolution) an auditor shall be appointed and the auditor's duties regulated in accordance with the provisions of the Act.

**APPENDIX**

## TERMS AND CONDITIONS OF THE PIE CAPITAL SECURITIES

### 1 Definitions

In these Conditions:

**"2007 Capital Securities"** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public in or around October 2007.

**"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 agency agreement dated on or about April 16, 2009 between the Issuer and the Registrar relating to the PIE Capital Securities to which these Conditions are attached as Schedule 1;

**"Austraclear System"** means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System;

**"Bank Instrument"** means any share capital or other instrument of Rabobank Nederland;

**"Bank Bill Rate"**, in respect of any Floating Rate Dividend Period, means the FRA settlement rate for New Zealand dollar bills of exchange for a period of three months, commencing on the first day of such Floating Rate Dividend Period, which appears on the Reuters Page on or around 10.45 a.m., New Zealand time, on the first day of such Floating Rate Dividend Period.

If such rate does not appear on the Reuters Page, the rate for such relevant Floating Rate Dividend Period will mean the rate determined on the basis of the average of the mid-point of the bid and offer rates quoted by three Reference Banks selected by the Calculation Agent for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Dividend Period and in a representative amount at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Dividend Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the rate for such Floating Rate Dividend Period will be the Bank Bill Rate as determined by the Calculation Agent in respect of the immediately previous Floating Rate Dividend Period. If there was no such immediately previous Floating Rate Dividend Period, the rate for such Floating Rate Dividend Period will be the average of the mid-point of the bid and offer rates quoted by major banks in New Zealand, selected by the Calculation Agent, for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Dividend Period and in a representative amount, at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Dividend Period;

**"Benchmark Rate"** means, in respect of any Initial Rate Dividend Period, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest four decimal places, which is determined by the Calculation Agent to be the average of the bid and offer swap rate displayed at or around 3.00 p.m., New Zealand time, on the Calculation Date in relation to the Calculation Period in which such Initial Rate Dividend Period falls on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with term equal to the Calculation Period.

If such rate does not appear on page FISSWAP, or if the Calculation Agent forms the view that the rate so determined is not an accurate reflection of market rates, the relevant Benchmark Rate shall be the average of the mid-point of the bid and offer swap rates quoted by three Reference Banks selected by the Calculation Agent at or around 3.00 p.m., New Zealand time, on the relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period. The Calculation Agent will request the principal New Zealand office of

each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the relevant Benchmark Rate for such Initial Rate Dividend Period will be the average of the mid-point of the bid and offer swap rates quoted by major banks in New Zealand selected by the Calculation Agent, at or around 3.00 p.m., New Zealand time, on such relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period;

**"Board"** means the board of directors of the Issuer;

**"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 Wellington and Auckland;

**"Calculation Agent"** means initially, Rabobank Nederland, or any other person appointed by Rabobank Nederland from time to time;

**"Calculation Date"** means May 25, 2009 and June 18, 2014;

**"Calculation Period"** means each of the periods from (and including) the Issue Date to (but excluding) June 18, 2014 and the period commencing on (and including) June 18, 2014 to (but excluding) the First Call Date;

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

A **"Capital Event A"** is deemed to have occurred if Rabobank Nederland is notified in writing by the Dutch Central Bank to the effect that the PIE Capital Securities or the Underlying Securities may not be included in the consolidated Tier 1 Capital of the Rabobank Group;

A **"Capital Event B"** is deemed to have occurred if the Dutch Central Bank requires that all PIE Capital Securities must be issued directly by Rabobank Nederland;

**"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 for the Rabobank Group and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

**"Conditional Call Date"** means the first Floating Rate Dividend Payment Date falling on or after June 18, 2039 on which all of the Conditional Call Restrictions are satisfied;

**"Conditional Call Restrictions"** shall be deemed to be satisfied as at a Floating Rate Dividend Payment Date falling on or after June 18, 2039 if (a) Dividend Amounts on such Floating Rate Dividend Payment Date are Required Dividends and (b) the Rabobank Group has raised the Replacement Capital Amount, if any, on or before such Floating Rate Dividend Payment Date;

**"Day-count Fraction"** means (i) in respect of the first Dividend Payment Date an amount calculated using the actual number of days elapsed in the period from the Issue Date to (but excluding) the first Dividend Payment Date divided by 365 (Actual/365 Fixed); (ii) in respect of an Dividend Amount payable on or prior to the First Call Date on a scheduled Initial Rate Dividend Payment Date (other than the first Dividend Payment Date), one-quarter; and (iii) in respect of an Dividend Amount payable after the First Call Date and any Outstanding Amounts, the actual number of days elapsed in the Dividend Period divided by 365 (Actual/365 Fixed);

**"Discretionary Dividends"** means Dividend Amounts that the Issuer may pay at its discretion in accordance with Condition 7(b);

**"Discretionary Exchange Events"** means any of the following events:

(i) an Increased Costs Event; or

- (ii) any Tax Law Change has or is expected to have the effect that the anticipated tax outcomes for the Issuer or for Holders as at the Issue Date are adversely affected (as determined by the Issuer); or
- (iii) the Issuer does not impute a Dividend Amount at the maximum imputation ratio under the Tax Act and an arrangement is not in place, or in the Issuer's opinion is not expected to be in place, within 90 Business Days of the relevant Dividend Payment Date to fully reimburse Holders who are adversely affected; or
- (iv) the New Zealand Inland Revenue Department has indicated that it will not provide a satisfactory binding ruling or rulings (as determined by the Issuer) confirming the anticipated tax implications of the transaction for the Issuer and the Holders;

**"Dividend Amount"** means the amount of cash payable to Holders on the relevant Dividend Payment Date. The Dividend Amount payable in respect of the first Dividend Payment will be calculated using the actual number of days elapsed in the period from the first Issue Date to (but not including) the first Dividend Payment Date divided by 365 (Actual/365 Fixed). Thereafter, the Dividend Amount payable on each PIE Capital Security for each Dividend Period (other than for the first Dividend Payment) up to 18 June 2019 is calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t)}{4}$$

Where "t" is the weighted average basic rate of New Zealand corporate income tax expressed as a percentage applicable to the Issuer (currently 30%) during the Dividend Period ending on the relevant Dividend Payment Date

The Dividend Amount payable on each PIE Capital Security for each Dividend Period after 18 June 2019 will then be calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t) \times \text{actual number of dates in the Dividend Period}}{365}$$

**"Dividend Payment Date"** means any Initial Rate Dividend Payment Date and/or Floating Rate Dividend Payment Date;

**"Dividend Period"** means any Initial Rate Dividend Period and/or Floating Rate Dividend Period;

**"Dividend Rate"** means the Initial Rate and/or, as appropriate, the Floating Rate;

**"Dollar"** or **"\$"** means New Zealand dollars;

**"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 Group;

**"Exchange Event"** means any of the following events:

- (i) a Capital Event B; or
- (ii) an Insolvency Event in relation to the Issuer or Rabobank Nederland; or
- (iii) a default by the Issuer for more than 30 days in the payment of Dividend Amounts or Redemption Amount (other than relating to an administrative error) in respect of any of the PIE Capital Securities; or
- (iv) any Discretionary Exchange Event that the Issuer determines in its absolute discretion is an Exchange Event;

**"Executive Board"** means the executive board of the Rabobank Nederland;

**"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;

**"Face Value"** means, in respect of each PIE Capital Security, \$1.00;

**"FASTER"** means the Fully Automated Screen Trading and Electronic Registration System operated by NZX;

**"First Call Date"** means June 18, 2019;

**"Floating Rate"** means, in respect of a Floating Rate Dividend Period, Bank Bill Rate for such Floating Rate Dividend Period, plus the Margin;

**"Floating Rate Dividend Payment Date"** means March 18, June 18, September 18 and December 18 of each year commencing after the First Call Date, in each case subject to adjustment as provided herein;

**"Floating Rate Dividend Period"** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Dividend Payment Date and each successive period beginning on (and including) a Floating Rate Dividend Payment Date and ending on (but excluding) the next succeeding Floating Rate Dividend Payment Date;

**"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 person in whose name a PIE Capital Security is registered in the Register;

An **"Increased Cost Event"** is deemed to have occurred if there is a reduction in the rate of return from the Underlying Securities or an additional or increased cost is incurred or suffered by the Issuer that it is attributable to the Issuer having issued the PIE Capital Securities;

**"Initial Rate"** means, in respect of a Calculation Period and each Initial Rate Dividend Period falling therein, the Benchmark Rate on the Calculation Date applicable to such Calculation Period plus the Margin; or, in the case of the period from Issue Date to (but excluding) 18 June, 2014, the greater of this amount and 8.00% p.a.

**"Initial Rate Dividend Payment Date"** means March 18, June 18, September 18 and December 18 of each year, commencing on June 18, 2009 and ending on the First Call Date;

**"Initial Rate Dividend Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Initial Rate Dividend Payment Date and the period beginning on (and including) an Initial Rate Dividend Payment Date and ending on (but excluding) the First Call Date and the period between any two Initial Rate Dividend Payment Dates;

**"Insolvency Event"** means (a) in respect of the Issuer, the dissolution, bankruptcy, the inability to pay debts as they fall due, or if an effective resolution is passed for the winding-up, liquidation or administration (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders and any equivalent or analogous procedure), or (b) in respect of Rabobank Nederland means bankruptcy, a Moratorium, or dissolution or an effective resolution is passed for the winding-up, liquidation or administration;

**"Issue Date"** means May 27, 2009, being the date of the initial issue of the PIE Capital Securities;

**"Issuer"** means Rabo Capital Securities Limited, a company incorporated in New Zealand;

**"Joint Lead Managers"** means ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited;

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

**"Junior Member Certificates Related Agreements"** means the junior subordinated loan agreements between Rabobank Nederland and Rabobank Ledencertificaten N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (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 Rabobank Nederland between Rabobank Nederland and Stichting Buffer Rabobank Ledencertificaten and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

**"Listing Rules"** means the listing rules of NZX in force from time to time;

**"Local Rabobank"** means any of Rabobank Nederland'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 for the Rabobank Group;

**"Margin"** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date;

**"Market Disruption Event"** means the occurrence or existence of any of the following events or circumstances:

- (i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of Rabobank Nederland which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;
- (ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or
- (iii) Rabobank Nederland would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and Rabobank Nederland fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

provided that, a "Market Disruption Event" will not have occurred nor be deemed to have occurred if Rabobank Nederland determines not to pursue or complete the issuance of Qualifying Securities due to pricing, distribution rate or dilution considerations;

"Maximum PIE Holding" means, at any time, the maximum holding that an investor may, at that time, hold in a Portfolio Listed Company in order for the Portfolio Listed Company to meet the PIE eligibility requirements in the Tax Act, taking into account any requirement under the Tax Act to include the holdings of persons that are associated with that investor;

"Minimum Initial Rate" means the minimum dividend rate of 8% per annum applicable in respect of the Offer until 18 June 2014.

"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 Rabobank Nederland;

"NZDX Market" means the market for debt securities of that name operated by NZX;

"NZX" means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited;

"Outstanding Amounts" means, in relation to any amounts payable on redemption of the PIE Capital Securities, an amount representing the accrued and unpaid Dividend Amount for the Dividend Period during which redemption occurs to the date of redemption;

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

- (i) subordinate and junior to indebtedness of Rabobank Nederland (other than Rabobank Nederland's obligations under (a) any guarantee or contractual right effectively ranking *pari passu* with Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, for the avoidance of doubt, the guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI) and (b) any guarantee or contractual right effectively ranking junior to Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));
- (ii) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland (if and when existing); and
- (iii) senior to any other share capital of Rabobank Nederland 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 Rabobank Nederland (if and when existing);
- (B) any Bank Instrument which effectively ranks:
  - (aa) subordinate and junior to indebtedness of Rabobank Nederland (other than Rabobank Nederland's obligations under (a) any guarantee or contractual right effectively ranking *pari passu* with Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, for the avoidance of doubt, the guarantees and contingent guarantees in relation to (i) the

Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI); and (b) any guarantee or contractual right effectively ranking junior to Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements);

- (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland (if and when existing); and
- (cc) senior to any other share capital of Rabobank Nederland not described in paragraph (A) or (B)(bb) of this definition; and,

(C) any Parity Bank Guarantee;

(ii) any preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which are guaranteed by Rabobank Nederland 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 for the Rabobank Group 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:
  - (aa) subordinate and junior to indebtedness of such Local Rabobank;
  - (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
  - (cc) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(bb) 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 is held by, or on which payments are made to, any member of the Rabobank Group;

**"PIE"** means a "portfolio investment entity" as that term is defined in section YA 1 of the Tax Act or any defined term enacted in lieu thereof;

**"PIE Capital Securities"** means the \$1.00 Face Value perpetual non-cumulative non-voting preference shares, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 4(c) and forming a single series with the PIE Capital Securities;

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

**"Portfolio Listed Company"** has the meaning given to that term in section YA 1 of the Tax Act or any defined term enacted in lieu thereof;

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

**"Prohibited Dividends"** means Dividend Amounts that the Issuer is prohibited from paying in accordance with Condition 7(a);

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

**"Rabobank Group"** means Rabobank Nederland together with its branches and consolidated subsidiaries and the Local Rabobanks and shall for the purposes of these conditions include the Issuer;

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

**"Record Date"** means, in relation to any payment due on the PIE Capital Securities, the date 10 calendar days prior to the date on which such payment is due;

**"Redemption Amount"** means, in respect of a Holder, the aggregate Face Value of PIE Capital Securities held by that Holder;

**"Reference Banks"** means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation, or any other bank selected by the Calculation Agent as being a leading bank in the New Zealand interbank market;

**"Register"** means the register in relation to the PIE Capital Securities maintained by the Registrar in accordance with the Agency Agreement and these Conditions;

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time;

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

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

**"Replacement Capital Amount"** means the amount of net proceeds, between zero and the aggregate Redemption Amount of the PIE Capital Securities (both inclusive), which Rabobank Nederland or any member of the Rabobank Group determines (at any time prior to a Conditional Call 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 PIE Capital Securities on or prior to their redemption;

**"Required Dividends"** means Dividend Amount to the extent it is required to be paid by the Issuer in accordance with Condition 6;

**"Reuters Page"** means Reuters Screen BKBM Page opposite the caption "FRA" or its successor page;

**"Security Trustee"** means Public Trust;

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

**"Statement"** means a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the PIE Capital Securities held by that Holder, if applicable, in compliance with the Listing Rules;

**"Tax Act"** means the Income Tax Act 2007 (NZ);

**"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 New Zealand 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"** has the meaning given to such term from time to time by the Dutch Central Bank;

**"Underlying Securities"** means the \$1.00 Perpetual Non-Cumulative Capital Securities issued by Rabobank Nederland to the Issuer, which expression shall, unless the context otherwise requires, include any further instruments issued and forming a single series with those Capital Securities; and

**"Underlying Securities Conditions"** means the terms and conditions of the Underlying Securities, as they may be amended from time to time in accordance with the provisions thereof.

## 2 Form, Denomination and Title

### (a) Form and Denomination

The PIE Capital Securities are in registered book entry form in an amount equal to the Face Value per PIE Capital Security with a minimum subscription of \$5,000 in aggregate Face Value.

### (b) Title

No certificates of title in respect of a PIE Capital Security will be issued to the Holders. Title to the PIE Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any PIE Capital Security will (except as otherwise required by law) be treated as its absolute beneficial owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any PIE Capital Securities, whether or not either of them is aware of the same. In the event of any conflict between the Register and any certificate or any Statement issued relating to a PIE Capital Security, the Register shall prevail over any such certificate or Statement. Neither the Issuer nor the

Registrar will be required to obtain proof of identity of a Holder or its ownership of PIE Capital Securities.

**(c) *Listing***

The Issuer may seek to have PIE Capital Securities listed and quoted on the NZDX Market.

**(d) *Statements***

Where PIE Capital Securities are accepted for listing on the NZDX Market, the Issuer must issue, or cause to be issued, to each Holder, a Statement in relation to each PIE Capital Security issued to that Holder, in accordance with, and in the time required by, the Listing Rules.

**3 Transfers**

**(a) *Transfer***

Subject to this Condition 3, any applicable law restricting the right to transfer PIE Capital Securities and a transfer not causing a transferee to exceed the Maximum PIE Holding, a Holder may transfer all or any of the PIE Capital Securities of which it is the Holder, provided that no transfer shall be made if, as a result thereof, the aggregate Face Value of the PIE Capital Securities registered in the name of the transferor or of the transferee would (if not zero) be less than \$5,000 (or such lesser sum to which the Issuer may in its absolute discretion consent). No transfer of a PIE Capital Security will be valid unless and until entered on the Register. A PIE Capital Security may be registered only in the name of, and transferred only to, a named person or persons.

**(b) *Transfer Free of Charge***

Transfers of PIE Capital Securities shall be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

**(c) *Closed Periods***

Subject to NZX having granted a trading halt, no Holder may require the transfer of a PIE Capital Security to be registered during the period of 15 calendar days ending on (and including) the due date for redemption of the PIE Capital Securities pursuant to Condition 8.

**(d) *PIE Capital Securities lodged with the Austraclear System***

- (i) PIE Capital Securities may be lodged with, and uplifted from, the Austraclear System by the relevant Holders, in accordance with the procedures of the Austraclear System at the relevant time.
- (ii) Beneficial title to a PIE Capital Security that is lodged with the Austraclear System is transferable in accordance with the procedures of the Austraclear System at the relevant time, but legal title to such PIE Capital Securities shall, for so long as they are lodged with the Austraclear System, be recorded in the Register in the name of New Zealand Central Securities Depository Limited (or any replacement depositary for the Austraclear System) on behalf of the Austraclear System.

**(e) *Form of Transfer***

Subject to these Conditions, a Holder may transfer any PIE Capital Security held by that Holder:

- (i) by a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Registrar; or

- (ii) via FASTER; or
- (iii) by any other method of transfer approved by the Issuer and the Registrar and delivered to the office of the Registrar.

**(f) Evidence to Accompany Instrument of Transfer**

Each instrument of transfer must be accompanied by:

- (i) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to prove the title of the transferor, the transferor's right to transfer the PIE Capital Securities or the identity of the transferor and/or the transferee; and
- (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer, subject in each case to Condition 3(k) below.

**(g) Acquisition by Operation of Law**

When an entitlement to any PIE Capital Security is acquired by any person by operation of law (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that PIE Capital Security, will enter that person's name in the Register as the Holder of that PIE Capital Security accordingly.

**(h) Sale of Less than Minimum Holding**

The Issuer (or the Registrar on the Issuer's behalf) may at any time give notice to any Holder holding less than the minimum holding of PIE Capital Securities that are quoted on the NZDX Market that the Issuer intends to exercise the power of sale of those PIE Capital Securities as set out in this Condition 3(h), subject to and in accordance with the Listing Rules. If the Issuer's power of sale becomes exercisable:

- (i) the Issuer may arrange for the sale of those PIE Capital Securities through the NZDX Market or in some other manner approved by NZX;
- (ii) the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
- (iii) the Issuer shall account to the Holder for the net proceeds of sale of the PIE Capital Securities (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by the Issuer and paid to the Holder on surrender of any Statement for the PIE Capital Securities sold.

The title of a purchaser of any PIE Capital Securities sold in accordance with this Condition 3(h) will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**(i) Compliance with PIE legislation**

The Issuer may take all steps it considers necessary or desirable to ensure the Issuer is eligible, or continues to be eligible, as a PIE and a Portfolio Listed Company, or otherwise to comply with the requirements of the Tax Act relating to PIs, including, but not limited to (in the Issuer's complete discretion):

- (i) refusing to register the transfer of any PIE Capital Securities;
- (ii) treating the transfer of any PIE Capital Securities as void (ab initio or from such other date as the Issuer may decide in its complete discretion) and to the extent that the Issuer cannot legally achieve this outcome, then deeming that the PIE Capital Securities that are the subject of a transfer which would result in any Holder (or, where a Holder is a nominee, the beneficial owner of the PIE Capital

Securities) exceeding the Maximum PIE Holding to be held by that Holder or beneficial owner, as the case may be, on trust for any member of the Rabobank Group appointed by the Issuer, and such member of the Rabobank Group shall, subject to Condition 3(i)(v), have full powers of direction in relation to those PIE Capital Securities including when, how and to whom such PIE Capital Securities may be transferred;

- (iii) requesting any Holder or any person associated with that Holder (as defined in the Tax Act) to provide, from time to time, such information or evidence as the Issuer or the Registrar may consider necessary or desirable in order to determine whether the Issuer is eligible, or continues to be eligible, as a PIE and qualify as a Portfolio Listed Company, or otherwise to comply with the requirements of the Tax Act relating to PIEs, including, where the Holder is a nominee, a breakdown of the number of PIE Capital Securities held by each beneficial owner of PIE Capital Securities; and
- (iv) in the event that a Holder does not provide the information or evidence requested pursuant to Condition 3(i)(iii) within the time period(s) specified by the Issuer or the Registrar, deeming that such Holder's PIE Capital Securities (or, where the Holder is a nominee, such beneficial owner's PIE Capital Securities) are held by that Holder or beneficial owner, as the case may be, on trust for a member of the Rabobank Group appointed by the Issuer and such member of the Rabobank Group shall, subject to compliance with Condition 3(i)(v)(C)(aa) and (bb) (as if reference to "**Excess Shares**" in that clause was to all of the relevant Holder's or beneficial owner's PIE Capital Securities, as the case may be), have full powers of direction in relation to those PIE Capital Securities including when, how and to whom such PIE Capital Securities may be transferred;
- (v) where the Maximum PIE Holding is breached (the "**Breach**"), the Breach shall be remedied within the period required by the Tax Act to enable the Issuer to maintain its status as a Portfolio Listed Company (the "**Remedy Period**") and the Issuer or the Registrar may take the following steps to ensure that the Breach is remedied:
  - (A) as soon as practicable after the Issuer or the Registrar is aware of the Breach, the Issuer or the Registrar shall give written notice to the relevant Holder(s) (or, where a Holder is a nominee, the beneficial owner(s) of the PIE Capital Securities) of the Breach, including details of the number of PIE Capital Securities (the "**Excess Shares**") giving rise to the Breach;
  - (B) the Holder or beneficial owner, as the case may be, shall have a period consisting of the relevant Remedy Period less 30 days to remedy the Breach, but if the Issuer or the Registrar becomes aware of the Breach and determines that the Remedy Period is 30 days or less, then the Breach shall be deemed to have not been remedied under this Condition 3(i)(v)(B);
  - (C) if the Breach has not been remedied upon expiry of the period in Condition 3(i)(v)(B), then the member of the Rabobank Group appointed under either Condition 3(i)(ii)(iii) or 3(i)(iv) shall, within the remaining 30 days of the Remedy Period, in its discretion, sell or otherwise dispose of the amount of the Excess Shares in order to remedy the Breach, and:
    - (aa) the relevant member of the Rabobank Group shall account to the relevant Holder or beneficial owner, as the case may be, for the proceeds of any sale or disposal of the Excess Shares after deduction of all expenses arising from such sale or disposal; and
    - (bb) none of the Issuer, Rabobank Nederland or the relevant member of the Rabobank Group is required to maximise the price for any sale

or disposal and, in any event, shall not be liable to any Holder or beneficial owner, as the case may be, for any loss on any sale or disposal.

**(i) Address and other Details of Holders**

A transferee of PIE Capital Securities must designate to the Registrar an address and a bank account to which payments under or in respect of the PIE Capital Securities transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes. Any change of name or address or account to which payments are to be made, of a Holder must immediately be notified in writing to the Registrar, accompanied by such evidence of such change as the Registrar may reasonably require, and the Register will be amended accordingly.

**(k) Reliance on Documents**

The Issuer and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

**4 Status and Subordination**

**(a) Status**

The PIE Capital Securities constitute perpetual non-cumulative non-voting preference shares of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 4(b).

**(b) Subordination**

Subject to exceptions provided by mandatory applicable law, the payment obligations under the PIE Capital Securities constitute unsecured subordinated obligations of the Issuer. In the case of an Exchange Event the PIE Capital Securities will be exchanged into the Underlying Securities and will be subordinated as set out in Condition 4(b) of the Underlying Securities Conditions.

**(c) Other Issues**

So long as the PIE Capital Securities are outstanding, the Issuer can only issue further securities to the extent that the Issuer continues to be eligible as a PIE and a Portfolio Listed Company and to comply with the rules relating to PIEs in the Tax Act.

**5 Dividend Amounts**

**(a) General**

The PIE Capital Securities shall, subject to compliance with the Companies Act 1993 (NZ) and other applicable laws, yield dividends from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Subject to Conditions 6 and 7, dividends equal to the Dividend Amount shall be payable on the PIE Capital Securities quarterly in arrears on each Dividend Payment Date, in each case as provided in this Condition 5.

Dividend Amounts will not be cumulative and Dividend Amounts which are not paid on a Dividend Payment Date will not accumulate or compound and Holders of the PIE Capital Securities will have no right to receive such Dividend Amounts at any time, even if Dividend Amounts are paid in the future.

**(b) Dividend Amount Accrual, Calculation and Rounding**

The PIE Capital Securities will cease to be entitled to dividends from (and including) the date of redemption thereof pursuant to Condition 8 unless payment of all amounts due in respect of the PIE Capital Securities is not properly and duly made, in which event Dividend Amounts shall continue to accrue, both before and after judgment, calculated by reference to the applicable Dividend Rate and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

The Dividend Amount payable in respect of the first Dividend Payment will be calculated using the actual number of days elapsed in the period from the first Issue Date to (but not including) the first Dividend Payment Date divided by 365 (Actual/365 Fixed). Thereafter, the Dividend Amount payable on each PIE Capital Security for each Dividend Period (other than for the first Dividend Payment) up to 18 June 2019 is calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t)}{4}$$

Where "t" is the weighted average basic rate of New Zealand corporate income tax expressed as a percentage applicable to the Issuer (currently 30%) during the Dividend Period ending on the relevant Dividend Payment Date.

The Dividend Amount payable on each PIE Capital Security for each Dividend Period after 18 June 2019 will then be calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t) \times \text{actual number of dates in the Dividend Period}}{365}$$

All percentages resulting from any calculation related to a Dividend Rate will be rounded to the nearest thousandth of a percentage point, with five ten-thousandths of a percentage point rounded upwards. For example, 9.8745 per cent. (or .098745) would be rounded to 9.875 per cent. (or .098745). All \$ amounts used in or resulting from any calculation related to a Dividend Amount will be rounded to the nearest cent (with one-half cent or unit being rounded upwards).

**(c) Initial Rate**

For each Initial Rate Dividend Period falling within a Calculation Period, the Dividend Amount will be calculated by reference to the relevant Initial Rate and will be payable quarterly in arrears on each Initial Rate Dividend Payment Date.

If any Initial Rate Dividend 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.

**(d) Floating Rate**

For each Floating Rate Dividend Period, the Dividend Amount will be calculated by reference to the relevant Floating Rate and will be payable quarterly in arrears on each Floating Rate Dividend Payment Date.

If any Floating Rate Dividend Payment Date would otherwise fall on a date that is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

**(e) Determination of Dividend Rates and Calculation of Dividend Amounts**

The Calculation Agent will, as soon as practicable after 3.00 p.m., New Zealand time, on the relevant Calculation Date or as soon as practicable after 11.00 a.m., New Zealand time, on the first day of the relevant Floating Rate Dividend Period, as

applicable, determine the relevant Dividend Rate and calculate the relevant Dividend Amounts.

**(f) *Publication of Dividend Rate and Dividend Amounts***

The Issuer shall cause notice of the relevant Dividend Rate determined in accordance with this Condition 5 in respect of each Calculation Period or Floating Rate Dividend Period, as applicable, the relevant Dividend Amount and, in the case of a Floating Rate Dividend Payment Date, the relevant date scheduled for payment to be given to NZX in accordance with the Listing Rules after their determination, but in any event not later than the fourth Business Day thereafter.

In the case of Dividend Amounts payable at the Floating Rate, the relevant Dividend Amount, the Dividend Rate and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

**(g) *Reference Banks***

So long as any PIE Capital Securities remain outstanding, the Issuer will maintain at least four Reference Banks.

The Issuer may from time to time replace a Reference Bank with a leading investment, merchant or commercial bank or financial institution in New Zealand.

**6 Required Dividends**

The Issuer shall pay Required Dividends on the PIE Capital Securities, unless payment thereof is prohibited under Condition 7, to the extent set out below:

**(a) *In full***

- (i) The payment of Dividend Amounts will be required in full:
  - (1) for Dividend Periods covering 12 consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions annually, if any (other than any Group Declarations and any Excluded Declarations);
  - (2) for Dividend Periods covering six consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions semi-annually, if any (other than any Group Declarations and any Excluded Declarations); or
- (ii) The payment of Dividend Amounts will be required in full for Dividend Periods covering 12 consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, 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, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith 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, (ii) as a result of a reclassification of the share capital of Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

**(b) *Fractional or in full***

The payment of Dividend Amounts will be required in full or in part on the Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment (other than any Group Declarations and any Excluded Declarations) 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 that, in the case of (x), (y) or (z), pays dividends on a basis other than annually or semi-annually, if any, at an amount equal to the applicable Dividend Amount on the PIE Capital Securities for the related Dividend Period, multiplied by a fraction, the numerator of which is the number of days in the dividend, distribution or payment period applicable to the payment on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument and the denominator of which is the number of days in the related Dividend Period; provided, however, that if the dividends, distributions or payments on any Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument that triggers the requirement to pay Dividend Amounts on the PIE Capital Securities as provided by this Condition 6(b) is made, but not with respect to a specified dividend, distribution or payment period, full Dividend Amounts on the PIE Capital Securities will be deemed to be payable for the Dividend Period with the related Dividend Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument; and

**(c) *Pro rata with Parity Shares***

The payment of Dividend Amounts will be required:

- (i) for Dividend Periods covering 12 consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually, if any (other than any Excluded Declarations);
- (ii) for Dividend Periods covering six consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that

pays dividends semi-annually, if any (other than any Excluded Declarations)); and

- (iii) on the Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

provided that in the event that Dividend Amounts on the PIE Capital Securities are payable (or deemed to be payable) as provided in this Condition 6(c), such Dividend Amounts shall be payable (or deemed to be payable) in the same proportion that the declaration or payment on such Parity Share bears to the stated annual dividends, distributions or payments to be declared and paid on such Parity Share. If the dividend, distribution or payment on any such Parity Share that triggers the requirement to pay Dividend Amounts on the PIE Capital Securities as provided by this Condition 6(c) is made, but not with respect to a specified dividend, distribution or payment period, full Dividend Amounts on the PIE Capital Securities will be deemed to be payable for the Dividend Period with the related Dividend Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Parity Share.

## 7 Prohibited and Discretionary Dividends

### (a) *Prohibited Dividends*

Notwithstanding Condition 6, the Issuer shall not pay the Dividend Amount due on a Dividend Payment Date to the extent that applicable Solvency Rules prohibit the Issuer, Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the PIE Capital Securities or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Dividend Payment Date (for example, as a result of Rabobank Nederland's BIS ratio (total capital) falling below the then applicable minimum requirement). In such case and to such extent there will be no Required Dividends.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following any declaration that Dividend Amounts are Prohibited Dividends pursuant to this Condition 7(a) or, where no such prior declaration is made, following any Dividend Payment Date on which Dividend Amounts were scheduled to be paid if such Dividend Amounts are Prohibited Dividends, to such effect setting out brief details as to why the Dividend Amounts are Prohibited Dividends.

Any Prohibited Dividends not paid on the relevant Dividend Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto on the occurrence of an Insolvency Event with respect to, the Issuer or otherwise.

### (b) *Discretionary Dividends*

Any Dividend Amounts that are neither Required Dividends nor Prohibited Dividends shall be payable on the relevant Dividend Payment Date at the sole discretion of the Issuer, subject to the approval of the Dutch Central Bank, if required.

Any Discretionary Dividends not paid on the relevant Dividend Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether on the occurrence of an Insolvency Event in relation to the Issuer or Rabobank Nederland.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following the relevant Dividend Payment Date on

which Dividend Amounts were scheduled to be paid if such Dividend Amounts are Discretionary Dividends and the Issuer has exercised its discretion under this Condition 7(b) to not pay such Discretionary Dividends, to such effect setting out brief details of such exercise.

## 8 Redemption and Purchase

### (a) *No Fixed Redemption Date*

The PIE 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 8.

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

Any redemption or purchase of the PIE Capital Securities in accordance with Condition 8(c), (d), (e), (f) or (g) is subject to the Issuer having received notice from Rabobank Nederland pursuant to Condition 8 of the Underlying Security Conditions of Rabobank Nederland's redemption or purchase of the Underlying Securities in accordance with Condition 8(c), (d), (e), (f) or (g) of the Underlying Securities.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8(c)), the Issuer shall deliver to Rabobank Nederland and the Registrar a certificate signed by any two members of the Board of Directors stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied, which shall give such certificate if it receives a certificate from the Executive Board pursuant to Condition 8(b) of the Underlying Securities Conditions.

### (c) *Issuer's Call Option*

Subject to the first paragraph of Condition 8(b), the Issuer may elect to redeem all, but not some only, of the PIE Capital Securities on the First Call Date or any Floating Rate Dividend Payment Date thereafter at their Redemption Amount.

Unless the PIE Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the PIE Capital Securities on the Conditional Call Date, subject to Rabobank Nederland having raised (or caused to be raised by a member of the Rabobank Group) the amount of net proceeds which Rabobank Nederland determines (at any time prior to a Conditional Call 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 PIE Capital Securities in accordance with the remaining provisions of this Condition 8(c).

If, by reference to the facts pertaining on the date falling 60 calendar days prior to the Floating Rate Dividend Payment Date falling on June 18, 2039, all Dividend Amounts on such Floating Rate Dividend Payment Date are Required Dividends and:

- (i) the Replacement Capital Amount is zero, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the PIE Capital Securities will be redeemed on such Floating Rate Dividend Payment Date at their Redemption Amount; or
- (ii) the Replacement Capital Amount is greater than zero, Rabobank Nederland shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to permit payment of the Redemption Amount in full on such Floating Rate Dividend Payment Date.

If the Replacement Capital Amount is greater than zero and is able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Dividend Payment Date and Dividend Amounts on such Floating Rate Dividend Payment Date continues, by reference to the facts pertaining at such time, to be Required Dividends, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the PIE Capital Securities will be redeemed on such Floating Rate Dividend Payment Date at their Redemption Amount.

If the Replacement Capital Amount is greater than zero and is not able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Dividend Payment Date, the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar and the Holders in accordance with Condition 15 and Rabobank Nederland shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount to permit redemption of the PIE Capital Securities in full (subject to the other Conditional Call Restrictions being satisfied) on the next Floating Rate Dividend Payment Date. The Issuer shall continue the above procedure until the PIE Capital Securities have been redeemed in full.

Dividend Amounts on the PIE Capital Securities shall, subject to the limitations thereon set out in Condition 7(a), continue to accrue at the applicable Dividend Rate until the PIE Capital Securities have been redeemed in full. Subject to Condition 8(b), nothing in this Condition 8(c) shall prevent the Issuer from exercising its option to redeem all, but not some only, of the PIE Capital Securities on the Floating Rate Dividend Payment Date falling on June 18, 2039 or any Floating Rate Dividend Payment Date thereafter, in its sole discretion without regard to the Conditional Call Restrictions.

**(d) *Redemption Due to Netherlands Taxation***

If, as a result of a tax law change (as defined in the Underlying Securities Conditions):

- (i) there is more than an insubstantial risk that the Issuer will be required to pay "additional amounts" (as defined in the Underlying Securities Conditions) with respect to payments on the Underlying Securities; or
- (ii) interest payable on the Underlying Securities when paid would not be deductible by Rabobank Nederland for Netherlands corporate income tax liability purposes,

then the Issuer may, subject to Condition 8(b), having delivered to the Registrar 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 confirming the Issuer's right to redeem the PIE Capital Securities, and having given the notice required by Condition 8(b) specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount on the relevant date fixed for redemption.

**(e) *Redemption for Regulatory Purposes***

The Issuer may, subject to Condition 8(b), if a Capital Event A has occurred and is continuing, and having given the notice required by Condition 8(b) specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount on the relevant date fixed for redemption in accordance with the PIE Conditions or Underlying Securities Conditions.

**(f) *Redemption of Underlying Securities***

Where for any reason all, but not some only, of the Underlying Securities are redeemed pursuant to the Underlying Securities Conditions, all, but not some only, of the PIE Capital Securities will also be redeemed.

**(g) *Redemption on an Exchange Event***

The Issuer may, in accordance with Condition 10, redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount on the relevant date fixed for redemption.

**(h) *Purchases***

The Issuer, Rabobank Nederland or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if, at such time, consent is required to be obtained), and in compliance with applicable Listing Rules and subject to the Maximum PIE Holding, at any time purchase PIE Capital Securities in any manner and at any price.

**(i) *Cancellation***

All PIE Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All PIE Capital Securities purchased by or on behalf of the Issuer, Rabobank Nederland or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation. PIE Capital Securities so surrendered shall be cancelled forthwith. Any PIE Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such PIE Capital Securities shall be discharged.

**(j) *Redemption in whole only***

Redemptions pursuant to this Condition 8 must be for the Redemption Amount of whole PIE Capital Securities and not in part.

**(k) *Outstanding Amounts and surplus amounts to be paid out to Holders***

Upon any redemption of the PIE Capital Securities in accordance with Condition 8(c), (d), (e), (f) or (g) the Issuer shall, immediately prior to the payment of any Redemption Amount, pay out pro rata to Holders:

- (i) any Outstanding Amounts; and
- (ii) any surplus amounts (after accounting for any Redemption Amount and any Outstanding Amounts held by the Issuer).

**9 Payments**

**(a) *Method of Payment***

Payments of principal and Dividend Amounts will be made to the Holder as at 5.00 p.m., New Zealand time, 10 calendar days after the Record Date for the relevant payment to the bank account or address stated in the Register on that date notwithstanding any notice the Issuer or the Registrar may have of any subsequent transfer. Such payments will be made, at the option of the payee, by New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account maintained by the payee with, a bank in New Zealand, provided that notice of any change to the method of payment must be received by the Registrar prior to the Record Date for the relevant payment.

**(b) *Payments Subject to Fiscal Laws***

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) *Payments on Business Days***

Payments due on a PIE Capital Security may only be made on a Business Day. Unless otherwise specified herein, if the due date for any payment in respect of the PIE Capital Securities is not a Business Day that payment shall be made on the next following Business Day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.

**(d) *Reliance; Complete Discharge***

The Issuer and the Registrar may, in making any payment in respect of a PIE Capital Security, rely absolutely on the information regarding ownership of the beneficial interest in that PIE Capital Security appearing in the Register or, in the case of a PIE Capital Security lodged with the Austraclear System, on the records of the Austraclear System. Any payment made by the Issuer or the Registrar to a person appearing to be a Holder in reliance on such information shall be deemed to be valid and shall be a complete and final discharge of the Issuer's obligations in respect of that payment.

**(e) *Unclaimed Payments***

If any payment made by the Issuer or the Registrar to any Holder of a PIE Capital Security at its address last entered in the Register is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of any such amounts of principal or Dividend Amounts if such amount remains unclaimed five years after the original date of payment.

## 10 Exchange Events

If in the opinion of the Issuer an Exchange Event occurs at any time, the Issuer shall as soon as reasonably practicable give notice of such Exchange Event and the relevant circumstances to the Security Trustee, the Registrar and the Holders in accordance with Condition 14 and as soon as practicable after such notice is given and in any event within 30 Business Days of such notice being given, effect the following in the order listed below:

- (i) require that Rabobank Nederland shall pay all Outstanding Payments pursuant to Condition 10 of the Underlying Securities Conditions and any other amounts that Rabobank Nederland determines are necessary or desirable;
- (ii) any Outstanding Amounts and any surplus amounts (after accounting for the payment of the Outstanding Amounts and the distribution of the Underlying Securities in accordance with Condition 10(iii)) shall be paid out pro rata to Holders;
- (iii) at the option of the Issuer either:
  - (1) distribute Underlying Securities having, in respect of each Holder, an aggregate principal amount equal to the aggregate Face Value of PIE Capital Securities of that Holder to each Holder in consideration of the cancellation of the Holder's PIE Capital Securities; or
  - (2) redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount; and
- (iv) procure that the Register of the PIE Capital Securities shall be amended to record the cancelling of all the PIE Capital Securities on issue and, in the case of a distribution of Underlying Securities in accordance with Condition 10(iii) above, the "Register" (as defined in the Underlying Securities Conditions) of the Underlying Securities shall be

amended by entering in that Register the details of all of the previous Holders of the PIE Capital Securities as holders of Underlying Securities in a principal amount determined in accordance with Condition 8,

and advise the Security Trustee at the completion thereof.

## 11 Taxation - New Zealand Taxes

### (a) *Deductions or Withholdings*

To the extent required by law, deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable (or a lower rate permitted by law) unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable or that no deduction is required by law.

### (b) *No Gross-Up for New Zealand Taxes*

The Issuer is not required to, and will not, make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding of any amount from any payment made in relation to a PIE Capital Security in accordance with this Condition 11 or otherwise required by New Zealand law to be deducted or withheld for or on account of tax. Each payment to a Holder that has been reduced by reason of a deduction or withholding in accordance with this Condition 11 shall be in full discharge of the obligations of the Issuer to make the relevant payment to that Holder.

## 12 Meetings of Holders and Modification

### (a) *Meetings of Holders*

All meetings of Holders shall be convened and held in accordance with the provisions of Schedule 2 attached hereto.

### (b) *Modification and Amendment of Conditions*

These Conditions may be amended by the Issuer and the Registrar, without the consent of Holders, where such amendment is of a minor or technical nature or is made to comply with applicable laws, including the Listing Rules and the rules relating to PIEs under the Tax Act or, 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 Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders.

In addition, these Conditions may be amended by the Issuer if the amendment is approved by an Extraordinary Resolution of Holders.

Any amendment of these Conditions shall be subject to the Issuer having first obtained the approval of the Dutch Central Bank, if required.

## 13 Register

### (a) *Maintenance of Register*

So long as any of the PIE Capital Securities are outstanding, the Issuer shall cause to be maintained a full and complete Register of the PIE Capital Securities having the information specified in schedule 1 hereto and otherwise in accordance with these Conditions, the Agency Agreement, all applicable laws and the Listing Rules and shall appoint, and maintain the appointment of, a registrar in respect of the PIE Capital Securities.

### (b) *Inspection of Register*

The Issuer shall ensure that at all reasonable times during office hours of the Registrar, the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or

extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of PIE Capital Securities.

**(c) *Closing of Register***

The Issuer may, from time to time, on giving notice to Holders in accordance with Condition 15, close the Register for any period or periods not exceeding the shorter of (i) 30 calendar days in any one calendar year and (ii) the period, if any, permitted by NZX.

**(d) *Correction of Errors***

The Issuer or the Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

**(e) *Joint Holders***

PIE Capital Securities may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for PIE Capital Securities or instrument of transfer) with rights of survivorship. However, the joint Holders of a PIE Capital Security are only entitled to be entered once in the Register in relation to their joint holding and only the person whose name is recorded first in the Register shall be entitled to delivery of any Statement, notice, certificate or other communication from the Issuer, the Registrar or NZX. If two or more persons apply to be registered as tenants in common, the Registrar may, after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the PIE Capital Securities into the share for which each person is expressed to be entitled and register each person as the holder of the PIE Capital Securities representing the person's share, subject to the requirements of Condition 3(a) in relation to minimum holdings. If the PIE Capital Securities cannot be divided into shares complying with the minimum holdings (if any) applicable to any PIE Capital Securities, the Registrar may refuse to accept the application.

**14 Notices**

Notices to the Holders shall be provided via announcement over the market announcement platform operated by NZX and may, at the Issuer's discretion, be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Alternatively, notices may, at the option of the Issuer, be published in a daily newspaper having general circulation in New Zealand (which is expected to be the New Zealand Herald). 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. The Issuer shall also ensure that notices are duly published in a manner which complies with the Listing Rules.

**15 Agents**

The initial Registrar (in its capacity as initial registrar and paying and transfer agent) and its initial specified office is listed below. The initial Calculation Agent is as defined in Condition 1.

The Issuer reserves the right at any time to vary or terminate the appointment of any agents and to appoint additional or other agents, provided that it will at all times maintain a specialist registrar having a specified office in New Zealand.

Notice of any such termination or appointment and of any change in the specified office of the Registrar will be given to the Holders in accordance with Condition 14.

If the Registrar is unable or unwilling to act as such or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint a specialist registrar to act as such in its place. The Registrar may not resign its duties or be removed without a successor having been appointed as aforesaid. All

calculations and determinations made by the Registrar in relation to the PIE Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

If the Calculation Agent is unwilling or unable duly to determine the Dividend Rate in respect of any Initial Rate Dividend Period or Floating Rate Dividend Period as provided in Condition 5(e) or calculate a Dividend Amount, the Issuer shall appoint a calculation agent in its place.

The initial specified office of the initial Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
New Zealand

#### **16 Governing Law**

The PIE Capital Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Agency Agreement is governed by, and shall be construed in accordance with, the laws of New Zealand.

#### **17 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 PIE Capital Securities and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders of the PIE Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

## SCHEDULE 1

**PARTICULARS TO BE RECORDED IN THE REGISTER IN RESPECT OF EACH PIE CAPITAL SECURITY**

1. Issue Date
2. Call Date\*
3. Face Value
4. Name and address of Holder
5. Minimum holding\*
6. Margin\*
7. Dividend Payment Dates\*
8. Dividend Period\*
9. Rate Reset Date\*
10. Rate Reset Basis\*
11. Details of the account to which payments in respect of the PIE Capital Security are to be made
12. Transfers of the PIE Capital Security
13. Cancellation of the PIE Capital Security
14. Other\*
15. Any other information required by law or otherwise relevant to any particular PIE Capital Securities
16. Withholding tax rate
17. Tax residency

\* if applicable

**SCHEDULE 2**  
**MEETINGS OF HOLDERS**

**1. CONVENING**

1.1 In these provisions:

"Appointed Time" means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

"clause" is a reference to a clause of this schedule unless specified otherwise.

"Proxy Closing Time" means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

"Representative" means:

- (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of a Holder being a corporation or corporation sole either:
  - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

1.2 The Issuer may at any time of its own volition convene a meeting of the Holders.

1.3 The Issuer will whenever required to do so pursuant to the Securities Act 1978 or any regulations made thereunder or the Listing Rules convene a meeting of the Holders.

1.4 The Issuer will at the request in writing of Holders holding not less than 10% of the aggregate principal amount of the outstanding PIE Capital Securities convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.5 Notwithstanding the other provisions of this clause 1, the Issuer will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

**2. PLACE**

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

**3. NOTICE OF MEETINGS**

3.1 Notice of every meeting will be given either by publication thereof in a newspaper in the manner provided in Condition 16 or in writing to every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice, such notice to be sent to the respective addresses of Holders stated in the Register.

- 3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

#### **4. QUORUM**

- 4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).
- 4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in principal amount of the PIE Capital Securities.
- 4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate principal amount of the PIE Capital Securities.
- 4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting, if convened upon the request of Holders, will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only 7 clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of PIE Capital Securities held by them (but comprising at least two individuals) will form a quorum.

#### **5. CHAIRMAN**

- 5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at each relevant meeting.

#### **6. RIGHT TO ATTEND AND SPEAK**

- 6.1 Any director, officer or solicitor of the Issuer or any person authorised in that behalf by the Issuer, or the Security Trustee, may attend any meeting and all such persons will have the right to speak at the meeting.

**7. ADJOURNMENT**

- 7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.
- 7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

**8. ONLY PERSONS ON REGISTER RECOGNISED BY THE ISSUER**

- 8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the PIE Capital Securities therein mentioned whether such persons are or are not in fact the owners thereof.

**9. AUTHORITY TO VOTE**

- 9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.
- 9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the PIE Capital Securities recorded as owned by them.

**10. PROXIES**

- 10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.
- 10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.
- 10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer must be deposited at such place as the Issuer may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of the Issuer not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.
- 10.4 An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 10.5 A proxy whether in a usual or common form or not will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.

10.6 An instrument of proxy in favour of:

- (a) the general counsel of the Australian Branch of the Issuer; or
- (b) the chairman of the meeting,

(howsoever expressed) will be valid and effectual as though it were in favour of a named person and will in the case of paragraph (a) above constitute the person holding the office of the general counsel of the Australian Branch of the Issuer and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

## 11. HOLDER MAY APPOINT ATTORNEY

11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

## 12. CORPORATE REPRESENTATIVES

12.1 A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time of or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.

12.2 A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

## 13. VOTING PROCEDURE AND POLLS

13.1 A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or any representative of the Issuer or by one or more Holders holding or representing not less than 5% of the aggregate principal amount of the PIE Capital Securities. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

13.2 On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1.00 of principal amount of PIE Capital Securities of which he is the Holder.

13.3 If a poll is duly demanded it will be taken in such manner as the chairman of the meeting may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.

13.4 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded

will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the PIE Capital Securities in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### 14. EXTRAORDINARY RESOLUTIONS

- 14.1 The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to any other powers which by the Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:
  - (a) power to sanction, either unconditionally or upon any conditions, the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Conditions or the PIE Capital Securities;
  - (b) power to sanction any request from the Issuer for the exchange of the PIE Capital Securities for, or the conversion of the PIE Capital Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
  - (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer or against its assets however such rights arise;

- (d) power to assent to any amendment to the Conditions proposed or agreed to by the Issuer and to authorise the Issuer to execute any supplemental deed or agreement or fulfil any other requirements or to take any other action that may be necessary to effect such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of the Conditions;
- (f) power to sanction any scheme for the reconstruction or merger of the Issuer where such sanction is necessary;
- (g) power to authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request; and
- (h) upon the occurrence of an Exchange Event, power to authorise or direct the Security Trustee.

14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will be, as between the Issuer and the Holders, conclusive evidence that the circumstances justify the passing thereof, the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

## 15. MINUTES TO BE KEPT

15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be *prima facie* evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had held and convened and all resolutions passed or proceedings had thereat shall be deemed to have been duly passed and had.

## 16. RESOLUTIONS IN WRITING

16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate PIE Capital Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution.

16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.

16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

## **APPENDIX B: UNDERLYING SECURITIES CONDITIONS**

## TERMS AND CONDITIONS OF THE UNDERLYING SECURITIES

### 1 Definitions

In these Conditions:

**"2007 Capital Securities"** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public in or around October 2007;

**"Additional Amounts"** means such additional amounts as may be necessary so that the net amount received by the Holders, 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 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 agency agreement dated on or about April 16, 2009 between the Issuer and the Registrar relating to the Capital Securities to which these Conditions are attached as Schedule 1;

**"Austraclear System"** means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System;

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

**"Bank Bill Rate"**, in respect of any Floating Rate Interest Period, means the FRA settlement rate for New Zealand dollar bills of exchange for a period of three months, commencing on the first day of such Floating Rate Interest Period, which appears on the Reuters Page on or around 10.45 a.m., New Zealand time, on the first day of such Floating Rate Interest Period.

If such rate does not appear on the Reuters Page, the rate for such relevant Floating Rate Interest Period will mean the rate determined on the basis of the average of the mid-point of the bid and offer rates quoted by three Reference Banks selected by the Calculation Agent for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Interest Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the rate for such Floating Rate Interest Period will be the Bank Bill Rate as determined by the Calculation Agent in respect of the immediately previous Floating Rate Interest Period. If there was no such immediately previous Floating Rate Interest Period, the rate for such Floating Rate Interest Period will be the average of the mid-point of the bid and offer rates quoted by major banks in New Zealand, selected by the Calculation Agent, for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount, at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Interest Period;

**"Benchmark Rate"** means, in respect of any Initial Rate Interest Period, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest four decimal places, which is determined by the Calculation Agent to be the average of the bid and offer swap rate displayed at or around 3.00 p.m., New Zealand time, on the Calculation Date in relation to the Calculation Period in which such Initial Rate Interest Period falls on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with a term equal to the Calculation Period.

If such rate does not appear on page FISSWAP, or if the Calculation Agent forms the view that the rate so determined is not an accurate reflection of market rates, the relevant Benchmark Rate shall be the average of the mid-point of the bid and offer swap rates quoted

by three Reference Banks selected by the Calculation Agent at or around 3.00 p.m., New Zealand time, on the relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the relevant Benchmark Rate for such Initial Rate Interest Period will be the average of the mid-point of the bid and offer swap rates quoted by major banks in New Zealand selected by the Calculation Agent, at or around 3.00 p.m., New Zealand time, on such relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period;

**"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 Wellington and Auckland;

**"Calculation Agent"** means, initially, Rabobank Nederland, or any other person appointed by Rabobank Nederland from time to time;

**"Calculation Amount"** means NZ\$1.00 in principal amount;

**"Calculation Date"** means the 25 May 2009 and June 18, 2014;

**"Calculation Period"** means each of the periods from (and including) the Issue Date to (but excluding) 18 June 2014 and the period commencing on (and including) June 18, 2014 to (but excluding) the First Call Date;

**"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 for the Rabobank Group 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 not be included in the consolidated Tier 1 Capital of Rabobank Group;

**"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 for the Rabobank Group and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

**"Capital Securities"** means the NZ\$1 Perpetual Non-Cumulative Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 16 and forming a single series with the Capital Securities;

**"Conditional Call Date"** means the first Floating Rate Interest Payment Date falling on or after June 18, 2039 on which all of the Conditional Call Restrictions are satisfied;

**"Conditional Call Restrictions"** shall be deemed to be satisfied as at a Floating Rate Interest Payment Date falling on or after June 18, 2039 if (a) Interest on such Floating Rate Interest Payment Date is Required Interest and (b) the Rabobank Group has raised the Replacement Capital Amount, if any, on or before such Floating Rate Interest Payment 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;

**"Day-count Fraction"** means (i) in respect of the first Interest Payment Date an amount calculated using the actual number of days elapsed in the period from the Issue Date to (but excluding) the first Interest Payment Date divided by 365 (Actual/365 Fixed) and (ii) in respect of an Interest Amount payable on or prior to the First Call Date on a scheduled Initial Rate Interest Payment Date (other than the first Interest Payment Date), one-quarter and (iii) in respect of an Interest Amount payable after the First Call Date, the actual number of days elapsed in the Interest Period divided by 365 (Actual/365 Fixed);

**"Discretionary Interest"** means Interest that the Issuer may pay at its discretion in accordance with Condition 7(b);

**"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 Group;

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

- (i) subject to the ability to cancel interest, default by the Issuer is made for more than 30 days in the payment of interest or principal in respect of any of the Capital Securities; 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 Markets 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;

**"FASTER"** means the Fully Automated Screen Trading and Electronic Registration System operated by NZX;

**"First Call Date"** means June 18, 2019;

**"Floating Rate"** means, in respect of a Floating Rate Interest Period, Bank Bill Rate for such Floating Rate Interest Period, plus the Margin;

**"Floating Rate Interest Payment Date"** means March 18, June 18, September 18 and December 18 of each year commencing after June 18, 2019, in each case subject to adjustment as provided herein;

**"Floating Rate Interest Period"** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date;

**"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 person in whose name a Capital Security is registered in the Register;

**"Initial Rate"** means, in respect of a Calculation Period and each Initial Rate Interest Period falling therein, the Benchmark Rate on the Calculation Date applicable to the Calculation Period plus the Margin; or, in the case of the period from the Issue Date to (but excluding) June 18, 2014, the greater of this amount and 8.0% p.a.

**"Initial Rate Interest Payment Date"** means March 18, June 18, September 18 and December 18 of each year, commencing on June 18, 2009 and ending on the First Call Date;

**"Initial Rate Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Initial Rate Interest Payment Date and each successive period beginning on (and including) an Initial Rate Interest Payment Date and ending on (but excluding) the next succeeding Initial Rate Interest Payment Date and any period between two Initial Rate Dividend Payment Dates;

**"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 Calculation Agent;

**"Interest Payment Date"** means any Initial Rate Interest Payment Date and/or Floating Rate Interest Payment Date;

**"Interest Period"** means any Initial Rate Interest Period and/or Floating Rate Interest Period;

**"Interest Rate"** means the Initial Rate and/or, as appropriate, the Floating Rate;

**"Issue Date"** means May 27, 2009, being the date of the initial issue of the Capital Securities;

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

**"Joint Lead Managers"** means ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited;

**"Junior Group Member Instrument"** means any share capital or other instrument of any other member of the Rabobank Group which (i) qualifies as consolidated Tier 1 Capital for the Rabobank Group, (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, (as well as the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively);

**"Junior Member Certificates Related Agreements"** means the junior subordinated loan agreements between the Issuer and Rabobank Ledencertificaten N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (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 and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

**"Listing Rules"** means the listing rules of NZX in force from time to time;

**"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 for the Rabobank Group;

**"Margin"** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date;

**"Market Disruption Event"** means the occurrence or existence of any of the following events or circumstances:

- (i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of the

Issuer which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;

- (ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or
- (iii) the Issuer would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and the Issuer fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

provided that, a "Market Disruption Event" will not have occurred nor be deemed to have occurred if the Issuer determines not to pursue or complete the issuance of Qualifying Securities due to pricing, distribution rate or dilution considerations;

"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;

"Non-Resident Holder" means a Holder that is not resident in New Zealand for New Zealand taxation purposes and that is not engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand;

"NZDX Market" means the market for debt securities of that name operated by NZX;

"NZX" means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited;

"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 for the Rabobank Group 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 guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital 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 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:

- (aa) 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 guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital 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));
- (bb) *pari passu* with the Capital Securities and the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing); and
- (cc) senior to any other share capital of the Issuer not described in paragraph (A) or (B)(bb) of this definition; and, (C) any Parity Bank Guarantee;

(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 for the Rabobank Group 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:
  - (aa) subordinate and junior to indebtedness of such Local Rabobank;
  - (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
  - (cc) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(bb) 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 is held by, or on which payments are made to, any member of the Rabobank Group;

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities, as they may be amended from time to time in accordance with the provisions thereof;

**"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 7(a);

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

**"Rabo Capital"** means Rabo Capital Securities Limited, a company incorporated in New Zealand;

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

**"Record Date"** means, in relation to any payment due on the Capital Securities, the date 10 calendar days prior to the date on which such payment is due;

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

**"Reference Banks"** means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation, or any other bank selected by the Calculation Agent as being a leading bank in the New Zealand interbank market;

**"Register"** means the register in relation to the Capital Securities maintained by the Registrar in accordance with the Agency Agreement and these Conditions;

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time;

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

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

**"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 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;

**"Required Interest"** means Interest to the extent it is required to be paid by the Issuer in accordance with Condition 6;

**"Reuters Page"** means Reuters Screen BKBM Page opposite the caption "FRA" or its successor page;

**"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;

**"Statement"** means a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the Capital Securities held by that Holder, if applicable, in compliance with the Listing Rules;

**"Tax Act"** means the Income Tax Act 2007 (NZ);

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

**"Tier 1 Capital"** has the meaning given to such term from time to time by the Dutch Central Bank.

## 2 Form, Denomination and Title

### (a) *Form and Denomination*

The Capital Securities are in registered book entry form in the principal amount of NZ\$1.00 per Capital Security with a minimum subscription of NZ\$5,000 in aggregate principal amount.

### (b) *Title*

No certificates of title in respect of a Capital Security will be issued to the Holders. Title to the Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any Capital Security will (except as otherwise required by law) be treated as its absolute beneficial owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any Capital Securities, whether or not either of them is aware of the same. In the event of any conflict between the Register and any certificate or any Statement issued relating to a Capital Security, the Register shall prevail over any such certificate or Statement. Neither the Issuer nor the Registrar will be required to obtain proof of identity of a Holder or its ownership of Capital Securities.

### (c) *Listing*

Upon an Exchange Event as defined in the PIE Conditions, the Issuer will use its best endeavours to have the Capital Securities listed and quoted on the NZDX Market.

### (d) *Statements*

Where Capital Securities are accepted for listing on the NZDX Market, the Issuer must issue, or cause to be issued, to each Holder, a Statement in relation to each Capital Security issued to that Holder, in accordance with, and in the time required by, the Listing Rules.

## 3 Transfers

### (a) *Transfer*

Subject to this Condition 3 and to any applicable law restricting the right to transfer Capital Securities, a Holder may transfer all or any of the Capital Securities of which it is the Holder, provided that no transfer shall be made if, as a result thereof, the aggregate principal amount of the Capital Securities registered in the name of the transferor or of the transferee would (if not zero) be less than NZ\$5,000 (or such lesser sum to which the Issuer may in its absolute discretion consent). No transfer of a Capital Security will be valid unless and until entered on the Register. A Capital Security may be registered only in the name of, and transferred only to, a named person or persons.

**(b) Transfer Free of Charge**

Transfers of Capital Securities shall be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

**(c) Closed Periods**

Subject to NZX having granted a trading halt, no Holder may require the transfer of a Capital Security to be registered during the period of 15 calendar days ending on (and including) the due date for redemption of the Capital Securities pursuant to Condition 8.

**(d) Capital Securities lodged with the Austraclear System**

- (i) Capital Securities may be lodged with, and uplifted from, the Austraclear System by the relevant Holders, in accordance with the procedures of the Austraclear System at the relevant time.
- (ii) Beneficial title to a Capital Security that is lodged with the Austraclear System is transferable in accordance with the procedures of the Austraclear System at the relevant time, but legal title to such Capital Securities shall, for so long as they are lodged with the Austraclear System, be recorded in the Register in the name of New Zealand Central Securities Depository Limited (or any replacement depositary for the Austraclear System) on behalf of the Austraclear System.

**(e) Form of Transfer**

Subject to these Conditions, a Holder may transfer any Capital Security held by that Holder:

- (i) by a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Registrar; or
- (ii) if listed on the NZDX Market, via FASTER; or
- (iii) by any other method of transfer approved by the Issuer and the Registrar and delivered to the office of the Registrar.

**(f) Evidence to Accompany Instrument of Transfer**

Each instrument of transfer must be accompanied by:

- (i) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to prove the title of the transferor, the transferor's right to transfer the Capital Securities or the identity of the transferor and/or the transferee; and
- (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer, subject in each case to Condition 3(j) below.

**(g) Acquisition by Operation of Law**

When an entitlement to any Capital Security is acquired by any person by operation of law (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) or pursuant to the occurrence of an Exchange Event (as defined in the PIE Conditions) the Registrar, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that Capital Security, will enter that person's name in the Register as the Holder of that Capital Security accordingly.

**(h) Sale of Less than Minimum Holding**

The Issuer (or the Registrar on the Issuer's behalf) may at any time give notice to any Holder holding less than the minimum holding of Capital Securities that are quoted on the NZDX Market that the Issuer intends to exercise the power of sale of those Capital Securities as set out in this Condition 3(h), subject to and in accordance with the Listing Rules. If the Issuer's power of sale becomes exercisable:

- (i) the Issuer may arrange for the sale of those Capital Securities through the NZDX Market or in some other manner approved by NZX;
- (ii) the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
- (iii) the Issuer shall account to the Holder for the net proceeds of sale of the Capital Securities (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by the Issuer and paid to the Holder on surrender of any Statement for the Capital Securities sold.

The title of a purchaser of any Capital Securities sold in accordance with this Condition 3(h) will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**(i) *Address and other Details of Holders***

A transferee of Capital Securities must designate to the Registrar an address and a bank account to which payments under or in respect of the Capital Securities transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes. Any change of name or address or account to which payments are to be made, of a Holder must immediately be notified in writing to the Registrar, accompanied by such evidence of such change as the Registrar may reasonably require, and the Register will be amended accordingly. Each Holder shall give written notice to the Registrar of its country of residency for taxation purposes and, if not resident in New Zealand for taxation purposes, of whether the Holder is engaged in business in New Zealand through a branch or other fixed establishment (as that term is defined in the Tax Act) in New Zealand.

**(j) *Reliance on Documents***

The Issuer and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

**4 Status and Subordination**

**(a) *Status***

The Capital Securities 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 are subordinated as described in Condition 4(b).

**(b) *Subordination***

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Capital Securities 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 other 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 (including, without limitation, 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 Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLC II, III, IV, V and VI (b) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer, and (c) with the 2007 Capital Securities; 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 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 have been satisfied. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Issuer under or in connection with such Capital Security shall be excluded and each Holder shall, by virtue of being the Holder of any Capital Security, 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 of the Rabobank Group 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 of the Rabobank Group 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.

**5 Interest**

**(a) *General***

The Capital Securities bear Interest from (and including) the Issue Date in accordance with the provisions of this Condition 5. Subject to Conditions 6 and 7, Interest shall be

payable on the Capital Securities quarterly in arrears on each Interest Payment Date, in each case as provided in this Condition 5. 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) *Prepayment of Interest***

The Issuer shall, within 1 Business Day of a request by Rabo Capital, prepay Interest on the Capital Securities held by Rabo Capital of an amount requested by Rabo Capital and agreed by the Issuer (acting reasonably) to be necessary to enable Rabo Capital to meet its tax obligations and to impute dividends at the maximum imputation ratio under the Tax Act or for any other reason without giving rise to any penalty, notwithstanding that such payment may not be on an Interest Payment Date. Any remaining Interest for the relevant Interest Period shall be paid on the applicable Interest Payment Date.

**(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 8 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 applicable 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 relevant Interest Rate and the relevant Day-count Fraction for the relevant period. All percentages resulting from any calculation related to an Interest Rate will be rounded to the nearest thousandth of a percentage point, with five ten-thousandths of a percentage point rounded upwards. For example, 9.8745 per cent. (or .098745) would be rounded to 9.875 per cent. (or .098745). All NZ\$ amounts used in or resulting from any calculation related to an Interest Amount will be rounded to the nearest cent (with one-half cent or unit being rounded upwards).

**(d) *Initial Rate***

For each Initial Rate Interest Period falling within a Calculation Period, Interest will accrue at a rate per annum equal to the relevant Initial Rate and will be payable quarterly in arrears on each Initial Rate Interest Payment Date.

If any Initial Rate 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.

**(e) *Floating Rate***

For each Floating Rate Interest Period, Interest will accrue at a rate per annum equal to the relevant Floating Rate and will be payable quarterly in arrears on each Floating Rate Interest Payment Date. If any Floating Rate Interest Payment Date would otherwise fall on a date that is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

**(f) *Determination of Interest Rates and Calculation of Interest Amounts***

The Calculation Agent will, as soon as practicable after 3.00 p.m., New Zealand time, on the relevant Calculation Date or as soon as practicable after 11.00 a.m., New Zealand time, on the first day of the relevant Floating Rate Interest Period, as applicable, determine the relevant Interest Rate and calculate the relevant Interest Amounts.

**(g) Publication of Interest Rate and Interest Amounts**

If the Capital Securities are listed on the NZDX market, the Issuer shall cause notice of the relevant Interest Rate determined in accordance with this Condition 5 in respect of each Calculation Period or Floating Rate Interest Period, as applicable, the relevant Interest Amount and, in the case of a Floating Rate Interest Payment Date, the relevant date scheduled for payment to be given to NZX in accordance with the Listing Rules after their determination, but in any event not later than the fourth Business Day thereafter.

In the case of Interest payable at the Floating Rate, the relevant Interest Amount, the Interest Rate and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

**(h) Reference Banks**

So long as any Capital Securities remain outstanding, the Issuer will maintain at least four Reference Banks. The Issuer may from time to time replace a Reference Bank with a leading investment, merchant or commercial bank or financial institution in New Zealand.

**6 Required Interest**

The Issuer shall pay Required Interest on the Capital Securities, unless payment thereof is prohibited under Condition 7, to the extent set out below:

**(a) In full**

(i) The payment of Interest will be required in full:

(1) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions annually, if any (other than any Group Declarations and any Excluded Declarations);

(2) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions semi-annually, if any (other than any Group Declarations and any Excluded Declarations); or

(ii) The payment of Interest will be required in full for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, 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, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith 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, (ii) as a result of a reclassification of the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

**(b) *Fractional or in full***

The payment of Interest will be required in full or in part on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment (other than any Group Declarations and any Excluded Declarations) 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 that, in the case of (x), (y) or (z), pays dividends on a basis other than annually or semi-annually, if any, at an amount equal to the applicable Interest Amount on the Capital Securities for the related Interest Period, multiplied by a fraction, the numerator of which is the number of days in the dividend, distribution or payment period applicable to the payment on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument and the denominator of which is the number of days in the related Interest Period; provided, however, that if the dividends, distributions or payments on any Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(b) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument; and

**(c) *Pro rata with Parity Shares***

The payment of Interest will be required:

- (i) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually, if any (other than any Excluded Declarations);
- (ii) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends semi-annually, if any (other than any Excluded Declarations); and
- (iii) on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment

on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

provided that in the event that Interest on the Capital Securities is payable (or deemed to be payable) as provided in this Condition 6(c), such Interest shall be payable (or deemed to be payable) in the same proportion that the declaration or payment on such Parity Share bears to the stated annual dividends, distributions or payments to be declared and paid on such Parity Share. If the dividend, distribution or payment on any such Parity Share that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(c) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Parity Share.

## 7 Prohibited and Discretionary Interest

### (a) *Prohibited Interest*

Notwithstanding Condition 6, the Issuer shall not pay the Interest due on an Interest Payment Date 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 BIS ratio (total capital) falling below the then applicable minimum requirement). In such case and to such extent there will be no Required Interest.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following any declaration that Interest is Prohibited Interest pursuant to this Condition 7(a) 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.

### (b) *Discretionary Interest*

Any Interest that is neither Required Interest nor Prohibited Interest shall be payable on the relevant Interest Payment Date at the sole discretion of the Issuer, 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 give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following 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 7(b) to not pay such Discretionary Interest, to such effect setting out brief details of such exercise.

## 8 Redemption 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 8.

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

Any redemption or purchase of the Capital Securities in accordance with Condition 8(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) giving not less than 30 nor more than 60 calendar days' notice to the Holders and the Registrar in accordance with Condition 15, which notice shall be irrevocable; and (iii) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8(c)), the Issuer shall deliver to the Registrar a certificate signed by any two members of the Executive Board stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

### (c) *Issuer's Call Option*

Subject to the first paragraph of Condition 8(b), the Issuer may elect to redeem all, but not some only, of the Capital Securities on the First Call Date or any Floating Rate Interest Payment Date thereafter at their Redemption Price.

Unless the Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the Capital Securities on the Conditional Call Date, subject to the Issuer having 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 a Conditional Call 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 in accordance with the remaining provisions of this Condition 8(c).

If, by reference to the facts pertaining on the date falling 60 calendar days prior to the Floating Rate Interest Payment Date falling on June 18, 2039, all Interest on such Floating Rate Interest Payment Date is Required Interest and:

- (i) the Replacement Capital Amount is zero, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price; or
- (ii) the Replacement Capital Amount is greater than zero, the Issuer shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to permit payment of the Redemption Price in full on such Floating Rate Interest Payment Date.

If the Replacement Capital Amount is greater than zero and is able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date and Interest on such Floating Rate Interest Payment Date continues, by reference to the facts pertaining at such time, to be Required Interest the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital

Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price.

If the Replacement Capital Amount is greater than zero and is not able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date, the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar and the Holders in accordance with Condition 15 and shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount to permit redemption of the Capital Securities in full (subject to the other Conditional Call Restrictions being satisfied) on the next Floating Rate Interest Payment Date.

The Issuer shall continue the above procedure until the Capital Securities have been redeemed in full.

Interest on the Capital Securities shall, subject to the limitations thereon set out in Condition 7(a), continue to accrue at the applicable Interest Rate until the Capital Securities have been redeemed in full.

Subject to Condition 8(b), nothing in this Condition 8(c) shall prevent the Issuer from exercising its option to redeem the Capital Securities on the Floating Rate Interest Payment Date falling on June 18, 2039 or any Floating Rate Interest Payment Date thereafter, in its sole discretion without regard to the Conditional Call Restrictions.

**(d) *Redemption Due to Netherlands Taxation***

If:

- (i) as a result of a Tax Law Change, 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) as a result of a Tax Law Change, 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 8(b), having delivered to the Registrar 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 8(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 8(b) and having given the notice required by Condition 8(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) *Redemption upon Exchange Event***

If an Exchange Event (as that term is defined in the PIE Conditions) occurs, the Issuer may redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

**(g) *Purchases***

The Issuer or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if, at such time, consent is required to be obtained), and in compliance with applicable Listing Rules, at any time purchase Capital Securities in any manner and at any price.

**(h) *Cancellation***

All Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Capital Securities 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 Registrar for cancellation. Capital Securities so surrendered shall be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be discharged.

**9 Payments**

**(a) *Method of Payment***

Payments of principal and interest will be made to the Holder as at 5.00 p.m., New Zealand time, 10 calendar days after the Record Date for the relevant payment to the bank account or address stated in the Register on that date notwithstanding any notice the Issuer or the Registrar may have of any subsequent transfer. Such payments will be made, at the option of the payee, by New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account maintained by the payee with, a bank in New Zealand, provided that notice of any change to the method of payment must be received by the Registrar prior to the Record Date for the relevant payment.

**(b) *Payments Subject to Fiscal Laws***

Without prejudice to the terms of Condition 11, 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) *Payments on Business Days***

Payments due on a Capital Security may only be made on a Business Day. Unless otherwise specified herein, if the due date for any payment in respect of the Capital Securities is not a Business Day that payment shall be made on the next following Business Day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.

**(d) *Reliance; Complete Discharge***

The Issuer and the Registrar may, in making any payment in respect of a Capital Security, rely absolutely on the information regarding ownership of the beneficial interest in that Capital Security appearing in the Register or, in the case of a Capital Security lodged with the Austraclear System, on the records of the Austraclear System. Any payment made by the Issuer or the Registrar to a person appearing to be a Holder in reliance on such information shall be deemed to be valid and shall be a complete and final discharge of the Issuer's obligations in respect of that payment.

**(e) *Taxation Indemnity***

- (i) If, in relation to any Capital Security, the Issuer or the Registrar becomes liable to make any payment of or on account of tax payable by the Holder, the Issuer and the Registrar are indemnified by the Holder in relation to such liability and all costs, charges, interest, penalties, fines and expenses, incidental and relating to or arising in connection with any such tax.
- (ii) Any moneys paid by the Issuer or the Registrar in relation to any such liability may be recovered from the Holder as a debt due to the Issuer or the Registrar, as the case may be, and may be withheld from further payments to that Holder.
- (iii) Nothing in this Condition prejudices or affects any other right or remedy of the Issuer or the Registrar.
- (iv) In this Condition 9(e), "tax" includes all forms of taxation, withholding, duties, dues, imposts, levies and rates which are imposed or levied by or on behalf of the Netherlands or New Zealand (or elsewhere) or any authority therein or thereof having power to tax.

**(f) *Unclaimed Payments***

If any payment made by the Issuer or the Registrar to any Holder of a Capital Security at its address last entered in the Register is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of any such amounts of principal or interest if such amount remains unclaimed five years after the original date of payment.

**10 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 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.

**11 Taxation - Netherlands Taxes**

All payments made by or on behalf of the Issuer in respect of the Capital Securities 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 to a third party on the Holder's behalf) with respect to any Capital Securities:

- (i) if such Holder 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 by reason of such Holder having some

connection with the Netherlands other than by reason only of holding Capital Securities or the receipt of the relevant payment in respect thereof;

- (ii) if such Holder 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; or
- (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.

## 12 Taxation - New Zealand Taxes

### (a) *Deductions or Withholdings*

Subject to Condition 9(e), Condition 11 and the remainder of this Condition 12, all sums payable by the Issuer in respect of a Capital Security shall be paid (except to the extent required by law):

- (i) free of any restriction or condition;
- (ii) free and clear of and without any deduction or withholding on account of any tax; and
- (iii) without deduction or withholding on account of any other amount whether by way of set-off, counterclaim or otherwise.

### (b) *Non-Resident Withholding Tax*

Subject to the following sentence, if required by law, New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Non-Resident Holders. If the Issuer is lawfully able to pay approved issuer levy (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) in respect of any payment of interest (or deemed interest) to a Non-Resident Holder and has elected to register the Capital Securities as a registered security (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) then, unless that Non-Resident Holder has given notice in writing to the Registrar (or has revoked such notice) in accordance with Condition 12(f), the Issuer (or the Registrar on behalf of the Issuer) will pay the approved issuer levy to the appropriate authority and will deduct the amount paid from the interest (or deemed interest) payable to that Non-Resident Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.

### (c) *Resident Withholding Tax*

New Zealand resident withholding tax will, if required by law, be deducted from payments of interest (or payments deemed to be interest) to Holders who are resident in New Zealand or who are engaged in business through a fixed establishment (as defined in the Tax Act) in New Zealand unless a copy of an appropriate exemption certificate is provided to the Registrar no later than five Business Days before the Record Date for the relevant payment.

### (d) *Maximum Rate*

Deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable (or a lower rate permitted by law) unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable or that no deduction is required by law.

**(e) *No Gross-Up for New Zealand Taxes***

The Issuer is not required to, and will not, make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding of any amount from any payment made in relation to a Capital Security in accordance with this Condition 12 or otherwise required by New Zealand law to be deducted or withheld for or on account of tax (including, for the avoidance of doubt, where an amount has been deducted in accordance with Condition 12(b) in relation to approved issuer levy paid by or on behalf of the Issuer). Each payment to a Holder that has been reduced by reason of a deduction or withholding in accordance with this Condition 12 shall be in full discharge of the obligations of the Issuer to make the relevant payment to that Holder.

**(f) *Written Notice Regarding Non-Resident Withholding Tax / Approved Issuer Levy Election***

A Non-Resident Holder may give notice in writing to the Registrar no later than five Business Days before the Record Date for the payment of interest (or payments deemed to be interest) to that Non-Resident Holder that New Zealand non-resident withholding tax is to be deducted from such interest in lieu of deducting an amount on account of approved issuer levy as contemplated by Condition 12(b). Such a notice may also stipulate that New Zealand non-resident withholding tax is to be deducted from all subsequent such interest payments until revoked by the Non-Resident Holder in accordance with this Condition 12(f).

A notice given pursuant to this Condition 12(f) may only be revoked by the Non-Resident Holder giving notice in writing to the Registrar of such revocation no later than five Business Days before the Record Date (and related Interest Payment Date) on and from which the revocation is to take effect.

For the avoidance of doubt, a Non-Resident Holder may give notice in writing pursuant to the first paragraph of this Condition 12(f) notwithstanding that the Non-Resident Holder has revoked a notice (or notices) previously so given, with the intent that a Non-Resident Holder may apply the provisions of this Condition 12(f) on more than one occasion.

**13 Meetings of Holders and Modification**

**(a) *Meetings of Holders***

All meetings of Holders shall be convened and held in accordance with the provisions of Schedule 2 attached hereto.

**(b) *Modification and Amendment of Conditions***

These Conditions may be amended by the Issuer and the Registrar, without the consent of Holders, where such amendment is of a minor or technical nature or is made to comply with applicable laws, including the Listing Rules or, 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 Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders.

In addition, these Conditions may be amended by the Issuer if the amendment is approved by an Extraordinary Resolution of Holders.

Any amendment of these Conditions shall be subject to the Issuer having first obtained the approval of the Dutch Central Bank, if required.

## 14 Register

### (a) *Maintenance of Register*

So long as any of the Capital Securities are outstanding, the Issuer shall cause to be maintained a full and complete Register of the Capital Securities having the information specified in schedule 1 hereto and otherwise in accordance with these Conditions, the Agency Agreement, all applicable laws and the Listing Rules and shall appoint, and maintain the appointment of, a registrar in respect of the Capital Securities.

### (b) *Inspection of Register*

The Issuer shall ensure that at all reasonable times during office hours of the Registrar, the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of Capital Securities.

### (c) *Closing of Register*

The Issuer may, from time to time, on giving notice to Holders in accordance with Condition 15, close the Register for any period or periods not exceeding the shorter of (i) 30 calendar days in any one calendar year and (ii) the period, if any, permitted by NZX.

### (d) *Correction of Errors*

The Issuer or the Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

### (e) *Joint Holders*

Capital Securities may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for Capital Securities or instrument of transfer) with rights of survivorship. However, the joint Holders of a Capital Security are only entitled to be entered once in the Register in relation to their joint holding and only the person whose name is recorded first in the Register shall be entitled to delivery of any Statement, notice, certificate or other communication from the Issuer, the Registrar or NZX. If two or more persons apply to be registered as tenants in common, the Registrar may, after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the Capital Securities into the share for which each person is expressed to be entitled and register each person as the holder of the Capital Securities representing the person's share, subject to the requirements of Condition 3(a) in relation to minimum holdings. If the Capital Securities cannot be divided into shares complying with the minimum holdings (if any) applicable to any Capital Securities, the Registrar may refuse to accept the application.

## 15 Notices

Notices to the Holders shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Alternatively, notices may, at the option of the Issuer, be published in a daily newspaper having general circulation in New Zealand (which is expected to be the New Zealand Herald). The Issuer shall also ensure that notices are duly published in a manner which complies with the Listing Rules. 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.

## 16 Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further instruments ranking *pari passu* in all respects and so that such further issue shall be consolidated and form a single series with the outstanding Capital Securities or a new series.

## 17 Agents

The initial Registrar (in its capacity as initial registrar and paying and transfer agent) and its initial specified office is listed below. The initial Calculation Agent is as defined in Condition 1.

The Issuer reserves the right at any time to vary or terminate the appointment of any agents and to appoint additional or other agents, provided that it will at all times maintain a specialist registrar having a specified office in New Zealand.

Notice of any such termination or appointment and of any change in the specified office of the Registrar will be given to the Holders in accordance with Condition 15.

If the Registrar is unable or unwilling to act as such or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint a specialist registrar to act as such in its place. The Registrar may not resign its duties or be removed without a successor having been appointed as aforesaid. All calculations and determinations made by the Registrar in relation to the Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

If the Calculation Agent is unwilling or unable duly to determine the Interest Rate in respect of any Initial Rate Interest Period or Floating Rate Interest Period as provided in Condition 5(e) or calculate an Interest Amount, the Issuer shall appoint a calculation agent in its place.

The initial specified office of the initial Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
New Zealand

## 18 Governing Law

The Capital Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Agency Agreement is governed by, and shall be construed in accordance with, the laws of New Zealand.

## 19 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 and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders of the Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

**SCHEDULE 1****PARTICULARS TO BE RECORDED IN THE REGISTER IN RESPECT OF EACH CAPITAL SECURITY**

1. Type of Capital Security [Fixed Rate, Floating Rate, Fixed/Floating Rate]
2. Issue Date
3. Call Date\*
4. Principal Amount
5. Name and address of Holder
6. Minimum denomination\*
7. Coupon Rate\*
8. Yield\*
9. Margin\*
10. Frequency of interest instalments
11. Interest Payment Dates\*
12. Interest Period\*
13. Rate Reset Date\*
14. Rate Reset Basis\*
15. Details of the account to which payments in respect of the Capital Security are to be made
16. Transfers of the Capital Security
17. Cancellation of the Capital Security
18. Other\*
19. Any other information required by law or otherwise relevant to any particular Capital Securities
20. Withholding tax rate
21. Tax residency

\* if applicable

**SCHEDULE 2**  
**MEETINGS OF HOLDERS**

**1. CONVENING**

1.1 In these provisions:

**"Appointed Time"** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

**"clause"** is a reference to a clause of this schedule unless specified otherwise.

**"Proxy Closing Time"** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

**"Representative"** means:

- (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of a Holder being a corporation or corporation sole either:
  - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

1.2 The Issuer may at any time of its own volition convene a meeting of the Holders.

1.3 The Issuer will whenever required to do so pursuant to the Securities Act 1978 or any regulations made thereunder or the Listing Rules convene a meeting of the Holders.

1.4 The Issuer will at the request in writing of Holders holding not less than 10% of the aggregate principal amount of the outstanding Capital Securities convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.5 Notwithstanding the other provisions of this clause 1, the Issuer will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

**2. PLACE**

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

**3. NOTICE OF MEETINGS**

3.1 Notice of every meeting will be given either by publication thereof in a newspaper in the manner provided in Condition 15 or in writing to every Holder entered in the Register as

at the close of business five Business Days prior to the date of despatch of the notice, such notice to be sent to the respective addresses of Holders stated in the Register.

- 3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

#### **4. QUORUM**

- 4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).
- 4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in principal amount of the Capital Securities.
- 4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate principal amount of the Capital Securities.
- 4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the Chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting, if convened upon the request of Holders, will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only 7 clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of Capital Securities held by them (but comprising at least two individuals) will form a quorum.

#### **5. CHAIRMAN**

- 5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at each relevant meeting.

#### **6. RIGHT TO ATTEND AND SPEAK**

- 6.1 Any director, officer or solicitor of the Issuer or any person authorised in that behalf by the Issuer may attend any meeting and all such persons will have the right to speak at the meeting.

**7. ADJOURNMENT**

7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.

7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

**8. ONLY PERSONS ON REGISTER RECOGNISED BY THE ISSUER**

8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the Capital Securities therein mentioned whether such persons are or are not in fact the owners thereof.

**9. AUTHORITY TO VOTE**

9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.

9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the Capital Securities recorded as owned by them.

**10. PROXIES**

10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.

10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.

10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer must be deposited at such place as the Issuer may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of the Issuer not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.

10.4 An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.

10.5 A proxy whether in a usual or common form or not will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.

10.6 An instrument of proxy in favour of:

- (a) the general counsel of the Australian Branch of the Issuer; or
- (b) the chairman of the meeting,

(howsoever expressed) will be valid and effectual as though it were in favour of a named person and will in the case of paragraph (a) above constitute the person holding the office of the general counsel of the Australian Branch of the Issuer and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

**11. HOLDER MAY APPOINT ATTORNEY**

11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

**12. CORPORATE REPRESENTATIVES**

12.1 A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.

12.2 A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

**13. VOTING PROCEDURE AND POLLS**

13.1 A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or any representative of the Issuer or by one or more Holders holding or representing not less than 5% of the aggregate principal amount of the Capital Securities. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

13.2 On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1.00 of principal amount of Capital Securities of which he is the Holder.

13.3 If a poll is duly demanded it will be taken in such manner as the chairman of the meeting may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.

13.4 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded

will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the Capital Securities in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### 14. EXTRAORDINARY RESOLUTIONS

- 14.1 The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to any other powers which by the Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:
  - (a) power to sanction, either unconditionally or upon any conditions, the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Conditions or the Capital Securities;
  - (b) power to sanction any request from the Issuer for the exchange of the Capital Securities for, or the conversion of the Capital Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
  - (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer or against its assets however such rights arise;

- (d) power to assent to any amendment to the Conditions proposed or agreed to by the Issuer and to authorise the Issuer to execute any supplemental deed or agreement or fulfil any other requirements or to take any other action that may be necessary to effect such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of the Conditions;
- (f) power to sanction any scheme for the reconstruction or merger of the Issuer where such sanction is necessary; and
- (g) power to authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will be, as between the Issuer and the Holders, conclusive evidence that the circumstances justify the passing thereof, the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

**15. MINUTES TO BE KEPT**

15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be *prima facie* evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had held and convened and all resolutions passed or proceedings had thereat shall be deemed to have been duly passed and had.

**16. RESOLUTIONS IN WRITING**

16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate Capital Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution.

16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.

16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

## **APPENDIX C: NEW ZEALAND AUDITOR'S REPORT**

The Directors  
Rabo Capital Securities Limited  
Level 12  
80 The Terrance  
Wellington  
New Zealand

17 April 2009

Ref: 60433144

Dear Directors

This report is issued in respect of the public offer by Rabo Capital Securities Limited ("the company") of up to \$200 million perpetual non-cumulative non-voting preference shares in the company, in terms of the prospectus dated 17 April 2009.

This report is made solely to the directors, in accordance with clause 42 of the First Schedule to the Securities Regulations 1983 ("the First Schedule"). Our work has been undertaken so that we might state to the directors those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to Section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the directors for this report, or for the opinions we have formed.

### **Directors' Responsibilities**

The directors are responsible for the preparation and presentation of the prospective financial information of the company for the 12 month period from 17 April 2009, including the assumptions on which the prospective financial information is based, as required by clause 10 of the First Schedule.

### **Auditor's Responsibilities**

We are responsible for reporting, in accordance with clause 42(1)(g) of the First Schedule, on the prospective financial information for the 12 month period from 17 April 2009.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 42 of the First Schedule. We disclaim any assumption of responsibility for reliance on this report or the prospective financial information for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not mentioned in this report.

Other than in our capacity as auditor we have no relationship with, or interest in, the company.

### **Basis of Opinion**

We have examined the prospective financial information to confirm that, so far as the accounting policies and calculations are concerned, they have been properly compiled on the footing of the assumptions made or adopted by the directors of the company and are presented on a basis consistent with the accounting policies normally adopted by the company. The assumptions relate to future events. However, we are not in a position to, and do not express an opinion on, these assumptions on a stand-alone basis.

**Unqualified Opinion**

In our opinion the prospective financial information on pages 56 and 57, so far as the accounting policies and calculations are concerned, have been properly compiled on the footing of the assumptions made or adopted by the directors of the company set out on pages 57 and 58 and are presented on a basis consistent with the accounting policies normally adopted by the company.

Actual results are likely to be different from the prospective financial information since anticipated events frequently do not occur as expected and the variation could be material. Accordingly we express no opinion as to whether results consistent with the prospective financial information will be achieved.

We completed our work for the purposes of this report on 17 April 2009 and our unqualified opinion is expressed as at that date.

Yours faithfully  
Ernst & Young

*Ernst & Young.*



41 Shortland Street  
Auckland 1010 New Zealand  
PO Box 2146 Auckland 1140  
Tel: +64 9 377 4790  
Fax: +64 9 309 8137  
[www.ey.com/hz](http://www.ey.com/hz)

The Directors  
Rabo Capital Securities Limited  
Level 12  
80 The Terrace  
Wellington  
New Zealand

17 April 2009

Dear Sirs

We hereby consent to the inclusion of our report dated 17 April 2009 in the registered prospectus dated 17 April 2009 in the form and context in which it is included.

Yours faithfully  
Ernst & Young

A handwritten signature in black ink, appearing to read 'Graeme Bennett'.

Graeme Bennett  
Partner

## **APPENDIX D: NZX REGULATION CERTIFICATE**



17 April 2009

Registrar of Companies  
Private Bag  
AUCKLAND

Dear Sir

**Rabo Capital Securities Limited - PIE Capital Securities**

NZX Limited ("NZX") hereby confirms that in terms of Regulation 23(2) of the Securities Regulations 1983, that application has been made to NZX for permission to list the abovementioned securities and all the requirements of NZX for listing the securities (other than those relating to the number of holders of the securities) have been duly complied with. However, NZX accepts no responsibility for any statement in the prospectus or investment statement.

Yours sincerely,

A handwritten signature in black ink, appearing to read "AS".

Andrew Suggate

Solicitor



**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Bert (H.) Heemskerk, Chairman of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Bert (H.) Heemskerk



**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Bert (A.) Bruggink, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

**Dated: 15 April 2009**

Bert (A.) Bruggink



**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Piet (P.W.) Moerland, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell, Keenan Bunning, Jai Anderson or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Piet (P.W.) Moerland



**Rabobank**

THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Sipko (S.N.) Schat, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

**Dated: 15 April 2009**

Sipko (S.N.) Schat



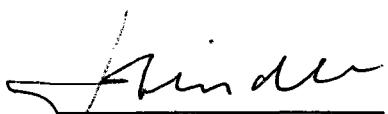
**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Piet (P.J.A.) van Schijndel, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

**Dated: 15 April 2009**



Piet (P.J.A.) van Schijndel



**Rabo Capital Securities Limited**

**Prospectus**

for an offer of

**PIE Capital Securities**

of up to NZ\$200 million

**(with the option to accept unlimited oversubscriptions  
at its discretion)**

**17 APRIL 2009**

**ASB**

Arranger and  
Joint Lead Manager

**ASB**  
**SECURITIES**

Organising Participant

**ANZ**

Joint Lead Manager



**FORSYTH BARR**

Joint Lead Manager

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## 1. INTRODUCTION

### Registration

This Prospectus is prepared as at and dated 17 April 2009. A copy of this Prospectus signed by the directors of Rabo Capital Securities Limited, as Issuer and Rabobank Nederland, as promoter of the offer and having endorsed thereon or attached thereto the documents required to be so endorsed or attached by section 41 of the Securities Act including the Security Trust Deed and other Material Contracts described in Parts 4 and 5 of this Prospectus, a letter from NZX relating to Regulation 23(2) of the Securities Regulations, signing authorities for agents of the directors of Rabo Capital Securities Limited and Rabobank Nederland and the auditors' report, have been delivered to the Registrar of Companies at Auckland for registration under section 42 of the Securities Act 1978.

### Definitions

Capitalised terms used in this Prospectus have defined meanings, which appear in the Glossary section, in the relevant part of this Prospectus in which the term is used or in Condition 1 of the PIE Conditions referred to below. All references to "\$" are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand. All references to Parts are to parts of this Prospectus.

All references in this Prospectus to "**PIE Conditions**" are to the Terms and Conditions applicable to the PIE Capital Securities, which are set out in full in the Issuer's Constitution, in Appendix A to this Prospectus.

All New Zealand statutes referred to in this Prospectus and the Investment Statement may be viewed online at [www.legislation.govt.nz](http://www.legislation.govt.nz).

### NZX Listing

Application has been made to NZX for permission to list the PIE Capital Securities and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus.

### Disclaimers

This Prospectus does not constitute a recommendation by the Arranger, Joint Lead Managers, the Organising Participant, the Issuer or Rabobank Nederland to subscribe for, or purchase, any of the PIE Capital Securities. The Arranger, the Joint Lead Managers, the Organising Participant, the Issuer or Rabobank Nederland, their officers, employees or agents to the extent allowable by law:

- (a) do not accept any responsibility or liability whatsoever for any loss arising from this Prospectus or its contents or otherwise arising in connection with the offer; and
- (b) make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Prospectus.

## 2. MAIN TERMS OF THE OFFER

Rabo Capital Securities Limited is offering up to NZ\$200 million (with the option to accept unlimited oversubscriptions) of PIE Capital Securities which constitute perpetual non-cumulative non-voting preference shares. There is no maximum amount of PIE Capital Securities being offered.

The proceeds of the issue of the PIE Capital Securities will be used by the Issuer to subscribe for interest-bearing unsecured subordinated bonds to be issued by Rabobank Nederland ("Underlying Securities"). The funds raised from the issue of the PIE Capital Securities will constitute Tier 1 Capital of Rabobank Nederland and will be used for the general corporate purposes of Rabobank Nederland.

On the occurrence of certain events ("Exchange Events") the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. The Underlying Securities will constitute, for regulatory purposes, Tier 1 Capital of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland. Rabobank Nederland's address is at Croeselaan 18, 3521 CB Utrecht, the Netherlands.

The offer is available to institutions and to members of the public who may participate in the offer through a Primary Market Participant or via the public pool to the extent that there is one. There is no pool of PIE Capital Securities generally reserved for any class of applicant other than members of the public.

The Public Trust will act as Security Trustee in respect of the Underlying Securities for the Holders of PIE Capital Securities.

### Issuer

The Issuer is Rabo Capital Securities Limited, a wholly-owned subsidiary of Rabobank Nederland, and is incorporated in New Zealand with company number 2221873. The Issuer will be a Portfolio Listed Company under the PIE tax rules (please refer to pages 17 to 24 of this Prospectus for more information about the tax treatment of the Issuer and the returns on the PIE Capital Securities).

### Promoter

The promoter of the PIE Capital Securities, and the issuer of the Underlying Securities to be held by the Issuer, is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland). Rabobank Nederland's registered office in New Zealand is located at Level 20, 80 The Terrace, Wellington. Rabobank Nederland is registered as an overseas company under the Companies Act 1993 (file number: 801806) and is a registered bank under the Reserve Bank of New Zealand Act 1989. The Directors of Rabobank Nederland are Bert (H.) Heemskerk (Chairman), Bert (A.) Bruggink, Piet (P.W.) Moerland, Spiko (S.N.) Schat and Piet (P.J.A) van Schijndel and can be contacted through Rabobank Nederland's registered office.

Rabobank Nederland has a long-term credit rating in respect of its long term indebtedness of AAA from Standard & Poor's and Aaa from Moody's as at the date of this Prospectus. The PIE Capital Securities are expected to be assigned a rating on issue of AA- from Standard & Poor's (an obligation rated 'AA-' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong) and Aa2 from Moody's (obligations rated Aa are judged to be of high quality and are subject to very low credit risk<sup>1</sup>). A description of the credit ratings assigned to the PIE Capital Securities is available from

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<sup>1</sup> Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2

the credit rating agencies' websites: [www.moodys.com](http://www.moodys.com) and [www.standardandpoors.com](http://www.standardandpoors.com). A credit rating is not a recommendation to invest in the PIE Capital Securities and may be subject to revision, suspension or withdrawal at any time. Rabobank Nederland is part of the Rabobank Group which has the highest credit ratings awarded by international rating agencies Moody's (Aaa since 1986, last confirmed in 2008) and Standard & Poor's (AAA since 1985, last confirmed in 2008).

### **Description of the Issuer's and Rabobank Nederland's activities**

The Issuer was incorporated on 15 April 2009 and since the date of incorporation has been involved in entering into the arrangements under which the PIE Capital Securities will be issued. The Issuer has no activities other than those necessary or incidental to issuing the PIE Capital Securities, holding the Underlying Securities and otherwise complying with its obligations at law and under the transaction documents in relation to the offer of PIE Capital Securities. Under its constitution the Issuer is restricted from undertaking any other activities.

The Netherlands-based Rabobank Nederland is one of the 25 largest banking institutions in the world in terms of assets and Tier 1 capital (according to *The Banker* magazine, July 2008 <http://www.thebanker.com>) and is one of Europe's most recognised financial institutions. It has been operating as Rabobank Nederland since 1970 with the merger of the two largest banking cooperative entities in the Netherlands at that time and is the largest financial services provider in the Dutch market. A fuller description of Rabobank Nederland is set out in *Part 3 - Corporate Profile*.

Rabobank Nederland has been a registered bank under the Reserve Bank of New Zealand Act 1989 since April 1996. The Issuer is not a registered bank in New Zealand.

### **Issue price and minimum investment**

The PIE Capital Securities have an issue price of \$1.00.

Subject to the Maximum PIE Holding, there is no limit on the maximum amount of PIE Capital Securities you may apply for.

Applications must be made on the Application Form contained at the back of the Investment Statement. The minimum application amount is \$5,000 of PIE Capital Securities and thereafter in \$1,000 increments. Applications and accompanying cheques must be received by the Registrar, Computershare Investor Services Limited, by 12:00 noon on the Closing Date (being 22 May 2009).

Applicants accepting an allocation from a Primary Market Participant need to lodge their completed Application Form with the offices of that Primary Market Participant in time for it to be forwarded to the Registrar before 12:00 noon on the Closing Date (being 22 May 2009).

### **Status and subordination**

The PIE Capital Securities are direct, unsecured and subordinated obligations of the Issuer, and the Underlying Securities from which the returns on the PIE Capital Securities are sourced are direct, unsecured and subordinated obligations of Rabobank Nederland. The PIE Capital Securities and the Underlying Securities are similarly ranked and subordinated (in any event, the PIE Capital Securities either exchange into Underlying Securities or are redeemed at their Redemption Amount on the insolvency of the Issuer, as further described on pages 10 and 11 of this Prospectus under the heading *Exchange Events*). The subordination of the Underlying Securities means that in the event of Rabobank Nederland's bankruptcy, a Moratorium, or dissolution of Rabobank Nederland, Holders will not be entitled to any payment of the Redemption Amount of their PIE Capital Securities or any Dividend Amounts, or to any payment of the principal amount of the Underlying Securities or any interest, until all Senior Creditors

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indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

(including depositors and holders of unsubordinated debt) have been paid in full as set out in Underlying Securities Condition 4.

The most recent annual audited consolidated financial statements for the Rabobank Group (dated 31 December 2008) show the total value of the assets of the Rabobank Group at EUR 612,120 million (total liabilities EUR 578,661 million). The value of the assets of the Rabobank Group against which Senior Creditors (or other creditors that rank ahead of the PIE Capital Security Holders) will be able to claim in the event of the insolvency of the Rabobank Group will, therefore, be EUR 612,120 million. The value of the remainder of the assets that will be available to all PIE Capital Security Holders (and to holders of equivalent securities that rank equally with the PIE Capital Securities being EUR 4,108 million plus EUR 500 million of Perpetual Non-Cumulative Capital Securities issued in February 2009) in the event of insolvency of the Rabobank Group will be EUR 33,459 million (total assets less total liabilities).<sup>2</sup>

The PIE Conditions do not restrict the amount of unsubordinated debt ranking ahead of the Underlying Securities which Rabobank Nederland may incur.

### **Regulatory treatment of the PIE Capital Securities**

The proceeds of the issue of the PIE Capital Securities will be used by the Issuer to subscribe for Underlying Securities. The PIE Capital Securities, together with the Underlying Securities will constitute, for regulatory purposes, Tier 1 Capital of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland. Tier 1 Capital is the core measure of a bank's financial strength from a regulator's point of view. It consists of the types of capital considered the most reliable and liquid, primarily equity. Examples of Tier 1 Capital are common stock and equivalents thereof, preferred stock and similar instruments that are non-cumulative, and retained earnings.

### **No scheduled repayment date**

The PIE Capital Securities are perpetual securities which have no scheduled repayment date. However, the Issuer has the option to redeem the PIE Capital Securities in certain circumstances (including from the First Call Date (18 June 2019)), and the Issuer has undertaken to exercise its option to redeem the PIE Capital Securities on the first Conditional Call Date (18 June 2039).

### **Dividend Rate used to calculate the Dividend Amount**

The PIE Capital Securities carry the right to quarterly dividends calculated by reference to the Dividend Rate. The Dividend Rate used to calculate the Dividend Amount on the PIE Capital Securities will be as follows:

	<b>First 5 years (to 18 June 2014)</b>	<b>Subsequent 5 years (to 18 June 2019)</b>	<b>Thereafter until redeemed</b>
<b>Annual Dividend Rate</b>	<p>Greater of:</p> <ul style="list-style-type: none"> <li>• 8%; and</li> <li>• Margin + Benchmark Rate on 25 May 2009</li> </ul>	Margin + Benchmark Rate on 18 June 2014	Margin + 3-month Bank Bill Rate, reset quarterly.

The Benchmark Rate and the Bank Bill Rate are described in more detail in the PIE Conditions.

<sup>2</sup> There is uncertainty over the position of some assets upon the insolvency of the Rabobank Group; the figures shown are based on the most recent full annual audited consolidated financial statements for the Rabobank Group and the assumptions contained therein (available at [http://www.rabobank.com/content/investor\\_relations/reports](http://www.rabobank.com/content/investor_relations/reports)).

The Margin will be a percentage rate per annum determined by the Issuer in consultation with the Joint Lead Managers prior to the Issue Date and will not subsequently change. The Margin will be advised by NZX announcement. At this stage, this is intended for 29 April 2009.

The Dividend Rate for the period to 18 June 2014 will be set on 25 May 2009 and separately advised by NZX announcement. Your financial adviser can also notify you of the Margin or Dividend Rate once they have been determined.

### **Dividend Amount**

The Dividend Amount is the amount of cash payable to Holders on the relevant Dividend Payment Date. The Dividend Amount payable in respect of the first Dividend Payment will be calculated using the actual number of days elapsed in the period from the first Issue Date to (but not including) the first Dividend Payment Date divided by 365 (Actual/365 Fixed). Thereafter, the Dividend Amount payable on each PIE Capital Security for each Dividend Period (other than for the first Dividend Payment) up to 18 June 2019 is calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t)}{4}$$

Where "t" is the weighted average basic rate of New Zealand income tax expressed as a percentage applicable to the Issuer (currently 30%) during the period ending on the relevant Dividend Payment Date.

As an example, if the Dividend Rate was 8% per annum the quarterly Dividend Amount for PIE Capital Securities with a face value of \$5,000 would be calculated as follows:

Face Value	\$5,000.00
Multiplied by Dividend Rate	8% per annum
	\$400.00
Multiplied by (1-t) (t being .30)	0.70
	\$280.00
Divided by:	4
<b>Quarterly Cash Dividend:</b>	<b>\$70.00</b>
Maximum Imputation Credits:	\$30.00

The Dividend Amount payable on each PIE Capital Security for each Dividend Period after 18 June 2019 will then be calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t) \times \text{actual number of days in the Dividend Period}}{365}$$

### **Imputation Credits**

The Issuer will attach imputation credits to Dividend Amounts to the extent permitted by the imputation credits that the directors of the Issuer determine are available. It is expected that Dividend Amounts will have imputation credits fully attached to a Dividend Amount (30/70<sup>th</sup> of the Dividend Amount assuming a corporate tax rate of 30%). If the Issuer does not fully impute a Dividend Amount this may trigger an Exchange Event and the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. Alternatively, the Issuer may, at its discretion, put in place an arrangement to reimburse Holders who are adversely affected by the Dividend Amounts not being fully imputed.

### **Dividend Payments**

Dividend Amounts are scheduled to be paid on the PIE Capital Securities quarterly in arrears on each Dividend Payment Date in cash. However, Dividend Amounts may not necessarily be paid on the PIE Capital Securities on each Dividend Payment Date. The Issuer's obligation to pay

Dividend Amounts on the PIE Capital Securities on any Dividend Payment Date will depend on which of the following categories those Dividend Amounts fall:

- (a) *Required Dividends* - Dividend Amounts that the Issuer must pay in full or in part, unless they are Prohibited Dividends;
- (b) *Prohibited Dividends* - Dividend Amounts that the Issuer must not pay under any circumstances; or
- (c) *Discretionary Dividends* - Dividend Amounts that are neither Required Dividends nor Prohibited Dividends which the Issuer may pay at its discretion, subject to the approval of the Dutch Central Bank (if required).

#### *Required Dividends*

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Required Dividends payable in full, as described in Condition 6(a), if Rabobank Nederland or any other member of the Rabobank Group:

- (i) declares or pays a Dividend Amount or distribution or makes any other payment covering an annual or semi-annual period with respect to certain securities which rank junior to the PIE Capital Securities; or
- (ii) exchanges or converts, redeems, repurchases or otherwise acquires certain securities which rank junior to the PIE Capital Securities.

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Required Dividends payable in part or in full if Rabobank Nederland or any other member of the Rabobank Group declares or pays a Dividend Amount or distribution or makes any other payment covering an unspecified period or a period other than an annual or semi-annual period with respect to certain securities which rank junior to the PIE Capital Securities, as described in PIE Condition 6(b).

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Required Dividends payable on a pro rata basis if Rabobank Nederland or any other member of the Rabobank Group declares or pays a Dividend Amount or distribution or makes any other payment with respect to certain securities which rank equally with the PIE Capital Securities, as described in PIE Condition 6(c).

#### *Prohibited Dividends*

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Prohibited Dividends to the extent that applicable Solvency Rules prohibit the Issuer, Rabobank Nederland or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the PIE Capital Securities, the Underlying Securities or other securities ranking equal with, or junior to, the PIE Capital Securities or the Underlying Securities. Full details of the circumstances in which the Issuer is prohibited from paying Dividend Amounts on the PIE Capital Securities (and Rabobank Nederland paying interest on the Underlying Securities) are described in PIE Condition 7(a).

#### *Discretionary Dividends*

Dividend Amounts scheduled for payment on a particular Dividend Payment Date will be Discretionary Dividends if it is neither Required Dividends under PIE Condition 6 nor Prohibited Dividends under PIE Condition 7(a). Full details of the circumstances in which the Issuer has a discretion to pay Dividend Amounts on the PIE Capital Securities is described in PIE Condition 7(b).

#### **Dividend Amounts Generally**

If Dividend Amounts are payable on the PIE Capital Securities, they will be paid to the person registered as the Holder on the relevant Record Date.

If Dividend Amounts are not payable, those Dividend Amounts will not accumulate or compound and Holders of the PIE Capital Securities will have no right to receive those Dividend Amounts at any time, even if Dividend Amounts are subsequently paid in the future.

### **Redemption**

The PIE Capital Securities are perpetual securities which have no scheduled repayment date. However, the Issuer has the option to redeem the PIE Capital Securities in certain circumstances (including from the First Call Date (18 June 2019)), and has undertaken to exercise its option to redeem the PIE Capital Securities on the first Conditional Call Date (18 June 2039).

Any redemption of PIE Capital Securities by the Issuer is subject to Rabobank Nederland:

- (a) obtaining the prior written consent of the Dutch Central Bank (if required);
- (b) giving not less than 30, nor more than 60, calendar days' notice to holders of the Underlying Securities (being the Issuer) and the Registrar; and
- (c) both at the time of, and immediately following, the redemption being in compliance with its capital requirements as provided in the Solvency Rules.

If the Issuer exercises its right to redeem the PIE Capital Securities, it will redeem the PIE Capital Securities at their Redemption Amount (being the aggregate Face Value of the PIE Capital Securities held by any Holder).

The Issuer is entitled to redeem all (but not some only) of the PIE Capital Securities only in the following circumstances:

- (a) **Call option:** If it elects to redeem the PIE Capital Securities on the First Call Date (18 June 2019) or on any Dividend Payment Date thereafter.
- (b) **Redemption due to taxation:** If as a result of a tax law change (as defined in the Underlying Securities Conditions):
  - (i) there is more than an insubstantial risk that the Issuer will be required to pay "additional amounts" (as defined in the Underlying Securities Conditions) with respect to payments on the Underlying Securities; or
  - (ii) interest payable on the Underlying Securities when paid would not be deductible to Rabobank Nederland for Netherlands corporate income tax liability purposes,

and the Issuer delivers to the Registrar 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.

- (c) **Redemption for regulatory purposes:** If the Dutch Central Bank notifies the Issuer that the PIE Capital Securities may not be included in consolidated Tier 1 Capital of the Rabobank Group.
- (d) **Redemption of Underlying Securities:** Where for any reason all, but not some only, of the Underlying Securities are redeemed pursuant to the Underlying Securities Conditions, all, but not some only, of the PIE Capital Securities will also be redeemed.
- (e) **Redemption on an Exchange Event:** Where an Exchange Event (as described below) has occurred and the Issuer elects to redeem in accordance with PIE Condition 10.

Prior to the payment of any Redemption Amount in accordance with (a), (b), (c), (d) or (e) above, any Outstanding Amounts and any surplus amounts (after accounting for any Redemption Amounts and any Outstanding Amounts held by the Issuer) will be paid out pro rata to Holders.

In addition, the Issuer, Rabobank Nederland or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if required) and in compliance with applicable Listing Rules and subject to the Maximum PIE Holding, at any time purchase any or all PIE Capital Securities in any manner and at any price whereupon such PIE Capital Securities will be cancelled.

#### **Redemption on Conditional Call Date**

Unless the PIE Capital Securities have previously been redeemed or purchased, the Issuer undertakes to exercise its option to redeem the PIE Capital Securities on the first Conditional Call Date (18 June 2039), subject to:

- (a) Dividend Amounts on that Conditional Call Date being Required Dividends;
- (b) the prior approval of the Dutch Central Bank; and
- (c) the Issuer having raised (or caused to be raised by the Rabobank Group) the amount (if any) which it determines, in consultation with the Dutch Central Bank, is required to be raised through the issuance of securities that qualify as consolidated Tier 1 Capital of the Rabobank Group under the Solvency Rules to replace the PIE Capital Securities on or prior to their redemption.

#### **Exchange Events**

On the occurrence of certain events (each an "**Exchange Event**") the PIE Capital Securities may, at the option of the Issuer exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. The Exchange Events are:

- (a) if the Dutch Central Bank requires that all PIE Capital Securities must be issued directly by Rabobank Nederland; or
- (b) an Insolvency Event in relation to the Issuer or Rabobank Nederland; or
- (c) a default by the Issuer for more than 30 days in the payment of Dividend Amounts or Redemption Amounts (other than relating to an administrative error) in respect of any of the PIE Capital Securities; or
- (d) any of the following events that the Issuer determines in its absolute discretion is an Exchange Event;
  - (i) an Increased Costs Event; or
  - (ii) any Tax Law Change which has or is expected to have the effect that the anticipated tax outcomes for the Issuer or for Holders as at the Issue Date are adversely affected (as determined by the Issuer); or
  - (iii) the Issuer does not impute a Dividend Amount at the maximum imputation ratio under the Tax Act and an arrangement is not in place, or in the Issuer's opinion is not expected to be in place, within 90 Business Days of the relevant Dividend Payment Date to fully reimburse Holders who are adversely affected; or
  - (iv) the New Zealand Inland Revenue Department has indicated that it will not provide or renew a satisfactory binding ruling or rulings (as determined by the Issuer) confirming the anticipated tax implications of the transaction for the Issuer and the Holders.

Upon the occurrence of an Exchange Event, Holders of the PIE Capital Securities may, at the option of the Issuer, receive Underlying Securities in a principal amount equal to the Redemption Amount of each Holder's PIE Capital Securities at the relevant time or have their PIE Capital Securities redeemed. Prior to the distribution to Holders of the Underlying Securities or redemption, any Outstanding Amounts and any surplus amounts (after accounting for the Outstanding Amounts and the distribution of the Underlying Securities) held by the Issuer will be paid out pro rata to Holders.

The Underlying Securities Conditions are set out in full in Appendix B to this Prospectus and tax information in relation to an Exchange Event, redemption and the Underlying Securities is set out pages 17 to 24 of this Prospectus.

### **Security Trustee**

The Underlying Securities are issued by Rabobank Nederland to the Issuer. In order to secure the Issuer's obligations under the PIE Conditions the Issuer has entered into a Security Trust Deed with the Security Trustee, Public Trust. Under the Security Trust Deed the Issuer grants a security interest over the Underlying Securities (and all associated distributions) in favour of the Security Trustee, who holds that security interest for the benefit of the holders of PIE Capital Securities, and the Security Trustee agrees to act at the direction of the holders of PIE Capital Securities. A copy of the Security Trust Deed is available free of charge from the Registrar and is also filed on a public register at the Companies Office of the Ministry of Economic Development and may be viewed on the Issuer's file on the Companies Office website <http://www.companies.govt.nz>. A fee may be payable.

The rights of the Security Trustee to enforce the security interest under the Security Trust Deed are limited to the Underlying Securities. The Security Trustee is not entitled to enforce payment against, obtain any judgment for payment in respect of any breach of the Security Trust Deed by, or seek recovery against, the Issuer personally or against any other property of the Issuer.

The Security Trustee is not appointed under the Securities Act 1978. Accordingly, the Security Trustee assumes no obligations or responsibilities to the holders of PIE Capital Securities under that legislation.

### **Further issues of PIE Capital Securities**

The Issuer may from time to time without the consent of the Holders create and issue further instruments ranking equally in all respects with the PIE Capital Securities so that such further issue shall be consolidated and form a single series with the outstanding PIE Capital Securities or a new series.

### **NZDX Listing and Quotation**

Application has been made to NZX for permission to list the PIE Capital Securities and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus, have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus.

### **NZX Rulings and Waivers**

Although the PIE Capital Securities are equity securities for the purposes of the Securities Act 1978 and the Tax Act, NZX has given a ruling that the PIE Capital Securities will be listed on the NZDX Market and will be treated as Debt Securities for the purposes of the Listing Rules.

NZX has provided a waiver in respect of the inclusion of provisions in the Constitution restricting the issue, acquisition or transfer of PIE Capital Securities that would result in a holding of less than \$5,000 of PIE Capital Securities.

NZX has also provided a waiver in respect of the inclusion of provisions in the Constitution relating to the Maximum PIE Holding, in particular Condition 3 which relates to transfers of PIE Capital Securities.

The Issuer has been given a Non Standard designation by NZX as a consequence of the Constitution incorporating provisions relating to the Maximum PIE Holding.

### **Form and Title**

The PIE Capital Securities will be issued in registered book entry form. No certificates of title in respect of the PIE Capital Securities will be issued to Holders. Title to the PIE Capital Securities passes by transfer and registration as described in PIE Condition 3. The Issuer and the Registrar will rely on the Register for the purpose of determining entitlements to Dividend Amount payments on each Dividend Payment Date, and for the repayment of the Redemption Amount of the PIE Capital Securities if and when they are redeemed.

Both the Issuer and the Registrar are entitled to rely on the Register as constituting the sole and conclusive record of all PIE Capital Securities and as to the Holders of those PIE Capital Securities. Neither the Issuer nor the Registrar shall be liable to any Holder for relying on the Register or for accepting in good faith as valid any detail recorded in the Register subsequently found to be forged, irregular or not authentic.

### **No Guarantee**

The PIE Capital Securities are obligations of the Issuer and are not guaranteed by Rabobank Nederland, any other member of the Rabobank Group, the Security Trustee or any other person. If an Exchange Event occurs (as described on pages 10 and 11 above), the PIE Capital Securities may exchange into Underlying Securities. The Underlying Securities are obligations of Rabobank Nederland.

### **Transferring PIE Capital Securities**

If Holders transfer any PIE Capital Securities, the price obtained for them may differ from the amount paid to purchase them. This is because changes in market interest rates can affect the market value of the PIE Capital Securities. For instance, if market rates go up, the market value of your PIE Capital Securities may go down and vice versa.

The same situation applies if an investor buys PIE Capital Securities from another person - the price paid for the PIE Capital Securities may differ from their original purchase price.

The proximity of a Dividend Amount payment to the date that a Holder sells their PIE Capital Securities can also affect the price obtained for them.

PIE Capital Securities may not be transferred if it results in the transferor or the transferee holding PIE Capital Securities the principal amount of which is less than \$5,000 in aggregate (unless the lesser amount is zero). The Issuer has broad powers to ensure the Issuer is eligible, or continues to be eligible, as a PIE and a Portfolio Listed Company, including refusing to register the transfer of any PIE Capital Securities (for example, where the transfer would cause the transferee to breach the Maximum PIE Holding).

The Issuer will not compensate Holders for any loss incurred if Holders choose to sell PIE Capital Securities.

Applicants should not attempt to sell PIE Capital Securities until they know whether, and how many, PIE Capital Securities have been issued to them. Each investor's holding will be advised soon after the Issue Date by the Registrar. All queries in the interim should be directed to the Registrar. Neither the Issuer, Rabobank Nederland, the Arranger, the Joint Lead Managers, the Organising Participant nor any of their respective directors or employees or any other person accepts any liability or responsibility should any applicant for PIE Capital Securities attempt to sell

or otherwise deal with any PIE Capital Securities before receiving a statement recording the number of PIE Capital Securities (if any) issued to them.

## Applications

Payments and applications for PIE Capital Securities are to be sent or delivered by 12:00 noon on the Closing Date (being 22 May 2009) to Computershare Investor Services Limited, (by post) Private Bag 92119, Auckland 1142 or (by hand) Level 2, 159 Hurstmere Road, Takapuna, North Shore City.

Application can only be made on the Application Form in the back of the Investment Statement.

Applications for PIE Capital Securities may also be submitted to any of the Joint Lead Managers, Primary Market Participants, the Organising Participant or any other channel approved by NZX in time for the application to be forwarded to the Registrar prior to the 12:00 noon on the Closing Date (being 22 May 2009).

Applications must be for a minimum principal amount of \$5,000 of PIE Capital Securities, and thereafter in \$1,000 increments, and payment of the total application amount in full must accompany the Application Form. Subject to the Maximum PIE Holding, there is no limit on the maximum amount of PIE Capital Securities you may apply for; however, applications for less than \$5,000 of PIE Capital Securities will not be accepted.

## Payments

Applicants who are members of the Austraclear System, or who are able to have payments made on their behalf through the Austraclear System, may settle their applications for PIE Capital Securities on the Issue Date through the Austraclear System. Applicants who are not members of the Austraclear System or Austraclear members who wish to settle their applications prior to the Issue Date, must pay for the PIE Capital Securities applied for by a personal cheque or, if the application is for PIE Capital Securities of an aggregate principal amount of \$500,000 or more, by bank cheque or other method acceptable to the Joint Lead Managers. Cheques should be in New Zealand dollars drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to "Rabo Capital Offer" and crossed "Not Transferable" and must not be post-dated.

### **Where to send the Application Form and payment**

Cheques should be delivered or sent, together with the Application Form, to:

Postal address: Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142

**Physical Address:** Computershare Investor Services Limited  
Level 2  
159 Hurstmere Road  
Takapuna  
North Shore City

Applications for PIE Capital Securities may also be lodged with any Primary Market Participant, the Joint Lead Managers, the Organising Participant or any other channel approved by NZX. Applications must be sent or delivered in time to enable the application to be forwarded to the Registrar for receipt by 12:00 noon Auckland time on the Closing Date (being 22 May 2009).

## Early Bird Interest

Rabobank Nederland will pay interest at the Official Cash Rate on application money received in respect of accepted applications for PIE Capital Securities from (and including) the date the cheque is banked or the application is settled through the Austraclear System until (but excluding)

the Issue Date. Such interest (less any applicable withholding tax) will be paid to successful applicants within five Business Days after the Issue Date and will be paid into the bank account nominated by such applicants on the Application Form.

## Risks

### *Loss of investment and/or expected returns*

There is a risk of you not recovering the sum which you paid for the PIE Capital Securities and/or of you not receiving the returns expected as a result of the risks set out below.

### *Subordination and Insolvency Risk*

The PIE Capital Securities are direct, unsecured and subordinated obligations of the Issuer, and the Underlying Securities from which the returns on the PIE Capital Securities are sourced are direct, unsecured and subordinated obligations of Rabobank Nederland. If the Issuer becomes insolvent, the PIE Capital Securities may, at the option of the Issuer, be exchanged for Underlying Securities or redeemed, as further described on pages 10 and 11 above. The subordination of the Underlying Securities means that in the event of Rabobank Nederland's bankruptcy, a Moratorium, or dissolution of Rabobank Nederland, Holders will not be entitled to any payment of the Redemption Amount of their PIE Capital Securities or any Dividend Amounts, or to any payment of the principal amount of the Underlying Securities or any interest, until all Senior Creditors (including depositors and holders of unsubordinated debt) have been paid in full. The PIE Conditions do not restrict the amount of unsubordinated debt ranking ahead of the Underlying Securities which Rabobank Nederland may incur. The PIE Capital Securities and the Underlying Securities rank equally with the 2007 Capital Securities (in any event, the PIE Capital Securities either exchange into Underlying Securities or are redeemed at their Redemption Amount on insolvency of the Issuer).

### *Dividend Payment Risk*

Dividend Amounts may not necessarily be paid on the PIE Capital Securities on each Dividend Payment Date. Whether or not Dividend Amounts will be payable on a Dividend Payment Date depends on whether, at the relevant time:

- (a) the Issuer is required by the PIE Conditions to pay Dividend Amounts;
- (b) the Issuer is prohibited by the PIE Conditions from paying Dividend Amounts; or
- (c) the Issuer has a discretion under the PIE Conditions as to whether or not to pay Dividend Amounts.

The circumstances in which the Issuer is required to pay Dividend Amounts, is prohibited from paying Dividend Amounts, or has a discretion to pay Dividend Amounts, are described on pages 8 and 9 above.

### *Transfer Risk*

If a Holder transfers their PIE Capital Securities before they are redeemed (as described above), the price at which they are able to sell their PIE Capital Securities may be less than the price paid for them. This is because changes in the market interest rates and other factors can affect the market value of the PIE Capital Securities. For example, if market interest rates go up, the market value of the PIE Capital Securities may go down, and vice versa. The loss or gain is also, in part, a function of the effect of a change in underlying market interest rates on the value of your investment. PIE Capital Securities will 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 PIE Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

### *Profit Risk*

The extent to which Rabobank Nederland makes a profit from its operations (if any) will affect whether the payment of interest on the Underlying Securities is required, prohibited or discretionary and accordingly whether payment of Dividend Amounts on the PIE Capital Securities is required, prohibited or discretionary, as described on pages 7 and 8 above and in PIE Conditions 5, 6 and 7.

### *Dutch Law Risk*

The PIE Capital Securities may in certain circumstances, exchange into Underlying Securities. The Underlying Securities are constituted by the Underlying Securities Conditions under which Rabobank Nederland has submitted to the non-exclusive jurisdiction of the courts of Amsterdam, the Netherlands, in relation to the Underlying Securities. This means that any claim or dispute relating to the Underlying Securities Conditions will be determined in accordance with Netherlands law which will be different to New Zealand law.

### *Enforceability Risk*

The promoter of the PIE Capital Securities and the issuer of the Underlying Securities, Rabobank Nederland, is incorporated under the laws of the Netherlands and has its centre of main interest in the Netherlands. Therefore, it may be more difficult for Holders to pursue their rights in the event of Rabobank Nederland's bankruptcy, a Moratorium or the dissolution of Rabobank Nederland than it would be if the promoter of the PIE Capital Securities were a New Zealand incorporated bank.

### *Liquidity Risk*

The PIE Capital Securities have no scheduled repayment date. This means that Holders of PIE Capital Securities have no ability to cash in their investment except:

- (a) if Rabobank exercises its rights to redeem or purchase the PIE Capital Securities;
- (b) if permitted by the Issuer following an Exchange Event (as set out in PIE Conditions 8 and 10 which provides the Issuer with the ability to either redeem or exchange the PIE Capital Securities in to Underlying Securities at its discretion); or
- (c) by selling their PIE Capital Securities on the NZDX Market.

### *Change of law*

The PIE Conditions and the Underlying Securities Conditions are based on law in effect in the Netherlands and in New Zealand as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice, including any changes to the rules relating to PIEs under the Tax Act, after the date of this Prospectus.

### *Tax risks*

There is a risk that the after-tax returns for Holders may be reduced if the Issuer ceases to be a Portfolio Listed Company. The Issuer has applied for binding rulings from the New Zealand Inland Revenue Department confirming the anticipated tax implications of the transaction for the Issuer and for Holders. If the New Zealand Inland Revenue Department indicates that it will not provide or renew a satisfactory binding ruling or rulings, this may trigger an Exchange Event and the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed.

### *Liquidation*

If Rabobank Nederland, as the promoter of the PIE Capital Securities and the issuer of the Underlying Securities, is placed in liquidation:

- (a) PIE Capital Securities will be exchanged for the Underlying Securities;
- (b) Holders may not recover all their principal investment or receive the expected returns;
- (c) Holders will not be obliged to pay any more than their original investment in the PIE Capital Securities;
- (d) Holders will not be entitled to any payment of principal or Dividend Amounts on their PIE Capital Securities until all Senior Creditors have been paid in full as set out in Condition 4 of both the PIE Conditions and the Underlying Securities Conditions which relate to status and subordination of the Underlying Securities; and
- (e) Holders' claims on the assets of Rabobank Nederland will thereafter rank as set out in Condition 4 of the Underlying Securities Conditions.

### *Risks to Rabobank Group's operations*

At the date of this Prospectus Rabobank Nederland has a long-term credit rating in respect of its senior indebtedness of AAA from Standard & Poor's and Aaa from Moody's and the PIE Capital Securities are expected to be assigned long-term credit ratings of AA- by Standard & Poor's and Aa2 by Moody's. A description of the credit ratings assigned to the PIE Capital Securities is available from the credit rating agencies' websites: [www.moodys.com](http://www.moodys.com) and [www.standardandpoors.com](http://www.standardandpoors.com). Credit ratings are not a recommendation to purchase, sell, or hold an investment. Rabobank Nederland, the promoter of this offer and parent company of Rabo Capital Securities Limited, is part of the Rabobank Group which has the highest credit ratings awarded by international rating agencies Moody's (Aaa since 1986, last confirmed in 2008) and Standard & Poor's (AAA since 1985, last confirmed in 2008).

Two important risk components to the Rabobank Group operations which will also, therefore, be risks to Holders are credit risk and interest rate risk.

#### *Credit Risk*

Rabobank Group pursues a prudent screening policy for new customers, characterised by careful assessment of clients and their ability to make repayments. Rabobank Group grants loans only if it expects that a client can fully meet its payment commitments. Rabobank Group's portfolio is divided across a large number of business sectors. This creates a large and balanced risk spread, so that the quality of the financing portfolio does not significantly deteriorate if one or more business sectors go through a difficult period or in the event of an economic recession. Approval of larger financing applications is decided on by various committees, the level of the applicable committee depending on the amount of the requested financing. The Executive Board itself decides on the largest financing applications.

#### *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 the liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of the assets, such as mortgages, which have longer interest rate fixation periods.

## **Taxation consequences for New Zealand investors**

This section provides an overview of the taxation consequences generally for New Zealand resident holders of the PIE Capital Securities and, where an Exchange Event occurs, the Underlying Securities.

The information in this section is of a summary nature and is based on independent advice the Issuer has received. It is based on tax legislation and interpretations current at the date this Prospectus was prepared. The comments are not exhaustive and, in particular, may not deal with the position of certain classes of Holders or with all the considerations that may apply to particular investors. In particular, this section assumes New Zealand tax residency of all Holders and except to the extent expressly stated does not apply to prospective investors who are not tax resident in New Zealand.

Regardless of your tax residency, you are advised to consult your own professional advisers in relation to the New Zealand taxation implications in your own particular circumstances of acquiring, holding or disposing of the PIE Capital Securities.

### **A. TAXATION CONSEQUENCES OF HOLDING PIE CAPITAL SECURITIES**

#### **New Zealand residency**

The Issuer will assume that all Holders are New Zealand tax residents unless it is satisfied to the contrary.

#### **PIE tax treatment**

The Issuer will be a PIE under the portfolio investment entity, or PIE, regime contained in the Tax Act. A Portfolio Listed Company differs from other types of PIE entities, called portfolio tax rate entities, because:

- a Portfolio Listed Company is taxed at the corporate tax rate (currently 30%) and is required to attach imputation credits to the dividends paid to its shareholders to the extent those imputation credits are available; whereas
- a portfolio tax rate entity is taxed on the basis of each investor's prescribed investor rate.

A key taxation benefit of investing in a PIE is the tax saving for investors whose marginal tax rate exceeds the corporate tax rate — which at the date of this Prospectus would apply to investors in the 33% and 38% tax brackets.

Investors who are natural persons or trustees (other than trustees of a unit trust) do not need to include dividends from a Portfolio Listed Company in their tax returns, although they may choose to do so. No further tax is imposed on those dividends.

For example, if the gross return (cash plus imputation credits) on Portfolio Listed Company dividends was 8% per annum, an investor on a 38% marginal tax rate would need to receive a gross return of 9.03% per annum on a non-PIE investment in order to achieve the same after-tax return. On the same basis, an investor on a 33% marginal tax rate would need to receive a gross return of 8.36% per annum on a non-PIE investment in order to achieve the same after-tax return.

Because the Issuer will be liable to pay New Zealand taxation at the 30% corporate tax rate on its income (in the form of interest paid on the Underlying Securities by Rabobank Nederland), it is expected that all dividends on the PIE Capital Securities will be fully imputed.

## **Tax treatment of Holders**

### *Individual holders*

Because the Issuer is a Portfolio Listed Company, Holders can treat the dividends as excluded income. This means Holders are not required to include the dividends from the PIE Capital Securities in their income tax returns. Holders in effective tax brackets above the corporate tax rate when the dividend is paid (currently those in the 33% and 38% marginal tax brackets and those receiving "working for families" or certain other benefits from the Government) may benefit by treating the dividends as excluded income. If the dividends are treated as excluded income, no further tax is payable on the dividend, and no adjustment is made to entitlements to certain benefits received from the Government. For example, if the Issuer pays a dividend of \$70 cash with \$30 of imputation credits attached, a Holder with a marginal tax rate of 38% should return no income in relation to the dividend in their tax return. Given that dividends from a Portfolio Listed Company are excluded from tax, this will mean that the Holders will effectively have their tax capped at the corporate tax rate of 30%.

Holders in effective tax brackets below the corporate tax rate when the dividend is paid (currently investors in the 21% and 12.5% marginal tax brackets, excluding those receiving certain benefits from the Government) can elect to include dividends in their income tax return. This allows excess imputation credits received from the Issuer to be offset against other taxable income (if any).

For example, if the Issuer pays a dividend of \$70 cash with \$30 of imputation credits attached, a Holder with an effective marginal tax rate of 21% would return the following as income in their tax return:

Taxable dividend income	\$100.00
Tax at 21%	\$21.00
Less: Imputation credits	\$30.00
Excess imputation credits to offset tax on other income	\$9.00

A Holder with a marginal tax rate of 12.5% would return the following as income in their tax return:

Taxable dividend income	\$100.00
Tax at 12.5%	\$12.50
Less: Imputation credits	\$30.00
Excess imputation credits to offset tax on other income	\$17.50

If the Issuer does not fully impute the dividends, this may trigger an Exchange Event and the PIE Capital Securities may, at the Issuer's option, exchange into the Underlying Securities issued by Rabobank Nederland or be redeemed. Alternatively, the Issuer may, at its discretion, put in place an arrangement to reimburse Holders who are adversely affected by the dividends not being fully imputed.

### *Corporate Holders and trustees of unit trusts*

Corporate Holders (including trustees of unit trusts) are required to include dividends received on the PIE Capital Securities in their tax return, except to the extent that the dividend is not fully imputed. No further tax is payable by such Holders on the dividends. Imputation credits attached to dividends will give rise to a credit in the imputation credit account of a corporate Holder.

### *Trustee Holders (other than unit trust trustees)*

Trustees (other than unit trust trustees) will need to consider whether or not to include the dividends in the trust tax return. If the dividends are included in the trust tax return, the dividends will either be trustee income or beneficiary income. If the dividends are trustee income, the trustee will have to pay additional tax in respect of the dividends, since trustee income is taxed at the rate of 33% and the imputation credits attached to the dividend will be insufficient to cover all the tax payable on the dividend. If the dividends are trustee income and are not included in the trust tax return, the dividends will be excluded income, in which case no further tax is payable on the dividend. If the dividends are included in the trust tax return and are beneficiary income, the dividends will be included in the beneficiary's income tax return, along with their share of the trust's imputation credits. The dividends will be taxed at the beneficiary's marginal tax rate. Beneficiaries on a 33% or 38% marginal tax rate will benefit by not including the dividends in their tax return.

### *Non-New Zealand tax resident Holders*

To the extent required by law, the Issuer will withhold non-resident withholding tax at the maximum rate from time to time applicable from payments made to Holders that are not tax resident in New Zealand. The rate of withholding tax will be 15% of the Dividend Amount assuming that dividends are fully imputed. The Issuer will not pay supplementary dividends under the foreign investor tax credit regime contained in the Tax Act.

### **Loss of Portfolio Listed Company status**

The Issuer intends to maintain its status as a Portfolio Listed Company under the PIE tax rules. In the event that the Issuer loses its status as a Portfolio Listed Company, all Holders will be taxed on the aggregate of Dividend Amounts and any imputation credits received at their marginal tax rate, with a credit for any imputation credits attached. No compensation will be made to Holders in the event that Portfolio Listed Company status is lost.

### **Tax consequences on redemption**

If the Issuer is a Portfolio Listed Company when the PIE Capital Securities are redeemed, the tax treatment of the amounts paid to Holders on redemption will be as outlined in the *Tax treatment of Holders* section above. In general terms the amounts paid on redemption will be excluded income for Holders, except for Holders in tax brackets below the corporate tax rate, who may choose to be subject to tax to the extent necessary to access excess imputation credits.

If the Issuer is not a Portfolio Listed Company when the PIE Capital Securities are redeemed, then amounts paid to Holders should not be taxable dividends to the extent of the Redemption Amounts paid to them. Any Outstanding Amounts and surplus amounts (after accounting for any Redemption Amounts and any Outstanding Amounts held by the Issuer) paid to Holders will be taxable dividends on which tax will be payable at the Holder's marginal tax rate. Imputation credits may be attached to any taxable dividend amount.

### **Tax consequences on disposal**

Holders who hold their PIE Capital Securities on capital account should not be subject to tax on any gain on the disposal (including on the NZDX Market) of their PIE Capital Securities. Holders who do not hold their PIE Capital Securities on capital account will generally be subject to tax on such gains (including on redemption). Holders generally will not hold their PIE Capital Securities on capital account if:

- (a) they acquire the PIE Capital Securities with the dominant purpose of disposing of them; or
- (b) they carry on a business that comprises dealing in shares; or

- (c) they derive the disposal proceeds from the carrying on or carrying out an undertaking or scheme entered into for the purpose of making a profit.

## **B. TAXATION CONSEQUENCES OF EXCHANGE EVENT**

In certain circumstances described on pages 10 and 11 under the heading *Exchange Events* the PIE Capital Securities may be exchanged for Underlying Securities issued by Rabobank Nederland to the Issuer. The principal amount of the Underlying Securities transferred to each Holder will be equal to the Redemption Amount of that Holder's PIE Capital Securities at the relevant time.

Prior to the distribution to Holders of the Underlying Securities, any Outstanding Amounts and any surplus amounts (after accounting for the Outstanding Amounts and the distribution of the Underlying Securities) held by the Issuer will be paid out pro rata to Holders.

If the Issuer is a Portfolio Listed Company when the Exchange Event occurs, the principal amount of the Underlying Securities will be considered to have been distributed to Holders on the redemption of the PIE Capital Securities and the tax treatment of that principal amount will be as outlined in the *Tax treatment of Holders* section above. In general terms the principal amount will be excluded income for Holders, except for Holders in tax brackets below the corporate tax rate, who may choose to be subject to tax to the extent necessary to access excess imputation credits (if any).

If the Issuer is not a Portfolio Listed Company when the Exchange Event occurs, then Holders should not be subject to tax on the distribution to them of the Underlying Securities to the extent that the market value of the Underlying Securities distributed to them does not exceed the Face Value of their PIE Capital Securities. To the extent that the market value of the Underlying Securities distributed to Holders exceeds the Face Value of their PIE Capital Securities, this will constitute a dividend and Holders will be taxed on the dividend at their marginal tax rate. Imputation credits may be attached to the extent any dividend arises.

## **C. TAXATION CONSEQUENCES FOLLOWING AN EXCHANGE EVENT**

This section of the Prospectus provides an overview of the taxation consequences for holders of the Underlying Securities where an Exchange Event occurs.

The following is a summary of the tax position that would be applicable principally to New Zealand tax resident holders of the Underlying Securities, where an Exchange Event has occurred.

New Zealand withholding tax and New Zealand non-resident withholding tax potentially applies to interest paid on the Underlying Securities. Neither the Issuer, Rabobank Nederland nor the Registrar will make any additional payment to holders of Underlying Securities on account of the deduction of such withholding tax or any approved issuer levy (see further below).

Under Underlying Securities Condition 9(e), each holder of Underlying Securities indemnifies Rabobank Nederland or the Registrar (as the case may be) in respect of any payment which Rabobank Nederland or the Registrar becomes liable to make of or on account of tax payable by that holder in relation to any Underlying Security. Rabobank Nederland or the Registrar (as the case may be) may deduct any indemnity payment from future amounts payable to that holder.

### **1. Resident withholding tax**

Resident withholding tax potentially applies to interest paid to a holder who:

- (a) is resident in New Zealand for New Zealand income tax purposes; or
- (b) is not resident in New Zealand for New Zealand income tax purposes but who is engaged in business in New Zealand through a fixed establishment in New Zealand.

Resident withholding tax is not applicable if the holder is the holder of a valid certificate of exemption or is a registered bank for the purposes of the Reserve Bank of New Zealand Act 1989. Where appropriate, the holder should provide a copy of their certificate of exemption to the Registrar (or, as applicable, the custodian/nominee) before the first Interest Payment Date on which they hold Underlying Securities.

If the holder has provided a copy of their certificate of exemption, and the certificate of exemption is subsequently cancelled, the holder is required by New Zealand law to notify the Registrar (or, as applicable, the custodian/nominee) of the cancellation within five working days of receipt of the notice of cancellation.

If applicable, resident withholding tax will be deducted from a payment of interest on the Underlying Securities at a rate (under current law) of 19.5%, 33% or 39%, at the holder's election, if the holder's IRD Number is supplied to the Registrar. A "non-declaration" 39% rate (under current law) applies if the holder's IRD Number is not supplied. Where interest is paid in the 2009-10 tax year, resident withholding tax may be deducted at a rate of 38% where a 39% rate would otherwise apply, corresponding to a reduction in the highest personal marginal tax rate.

Neither Rabobank Nederland nor the Registrar will make any additional payments to holders on account of the deduction of New Zealand resident withholding tax.

## ***2. Non-resident withholding tax***

Non-resident withholding tax potentially applies to interest that is paid in respect of the Underlying Securities to a holder who:

- (a) is not resident in New Zealand for New Zealand income tax purposes; and
- (b) is not engaged in business in New Zealand through a fixed establishment in New Zealand.

Where applicable, non-resident withholding tax will be deducted from interest paid in respect of the Underlying Securities at a rate of 15%. However, double tax agreements to which New Zealand is a party may operate to prevent or reduce the imposition of non-resident withholding tax in respect of interest paid on the Underlying Securities.

A holder who believes that a double tax agreement has that effect should provide the Registrar with satisfactory evidence supporting that position (including, but not limited to, evidence of their country of residence for taxation purposes).

### *Approved issuer levy*

Approved issuer levy may apply instead of non-resident withholding tax.

If Rabobank Nederland (at its discretion) makes appropriate elections, the Underlying Securities may become "registered securities" subject to the approved issuer levy taxation regime. If so, and if Rabobank Nederland is lawfully able to pay the levy in respect of the payment of interest to a holder, the interest otherwise payable to the holder will be reduced by an appropriate amount of approved issuer levy, in lieu of the deduction of non-resident withholding tax as described above.

### *Election regarding deduction of non-resident withholding tax / approved issuer levy*

If a holder makes a request to the Registrar in writing no later than 5 Business Days prior to the record date in respect of an interest payment date pursuant to the Underlying Securities, the Registrar will deduct non-resident withholding tax, instead of the approved issuer levy, from the interest payable to that holder on such interest payment date (and, if stipulated in the request, all subsequent interest payment dates until the request is revoked in writing by the holder no later than 5 Business Days prior to the record date (in respect of a particular interest payment date) on and from which the revocation is to take effect).

If such a request is not made or has been revoked, then the Registrar will deduct approved issuer levy as described above. In other words, if Rabobank Nederland has registered the Underlying Securities for approved issuer levy purposes as described above, the default position is for the levy to be deducted.

*No gross-up for New Zealand taxes*

If any deduction or withholding of any amount (including in respect of the approved issuer levy) is made from any payment made in relation to an Underlying Security, the holder agrees that the net payment becomes the interest payable to the holder and that no further payment is required to be made by Rabobank Nederland to compensate the holder for the deduction or withholding.

**3. Income tax**

The "financial arrangements rules" may apply to the holder of an Underlying Security who:

- (a) is resident in New Zealand for New Zealand income tax purposes; or
- (b) is not resident in New Zealand for New Zealand income tax purposes but who holds the Underlying Securities for the purposes of a business carried on in New Zealand through a fixed establishment in New Zealand.

If applicable, the financial arrangements rules may require the holder to adopt a spreading method to recognise the holder's annual interest income from the Underlying Securities. The adoption of a spreading method is not required for a holder able to be classified as a "cash basis person".

The financial arrangements rules require all holders subject to the rules, including a cash basis person, to perform a "base price adjustment" calculation upon sale, transfer, redemption or repurchase of the Underlying Securities. The calculation may bring to account any previously unrecognised gain on the Underlying Securities, including any gain from the sale, transfer, maturity or redemption. In calculating a base price adjustment, the consideration paid by a holder for an Underlying Security on an Exchange Event will be equal to the market value of an Underlying Security immediately prior to the exchange (but after the payment of Outstanding Amounts and any surplus). This may be more or less than the principal amount of the Underlying Security.

**D. 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 PIE 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.

*Residency*

Subject to the exceptions below, 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 Underlying Securities.

### *Withholding Tax*

Any payments made under the Underlying 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 Underlying Securities or on any capital gain made by the Holder from the disposal, or deemed disposal, or redemption of, the Underlying 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 Underlying 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 Underlying 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 Underlying Securities are attributable.

### *Gift tax or inheritance tax*

No Dutch Taxes are due in respect of any gift of the Underlying Securities by, or inheritance of the Underlying 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 Underlying 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 Underlying 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 Underlying 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 Underlying Securities.

***EC Council Directive***

As of 1 July 2005, based on Directive 2003/48/EC, the tax authorities of the EU Member States provide each other with details of payments of interest and similar income made to individuals who are the beneficial owner of those payments, but permits Austria, Belgium and Luxembourg instead to impose a withholding tax on the payments concerned for a "transitional period". The Directive also provides that no such withholding tax should be levied where the beneficial owner of the payment authorises an exchange of information and/or where the beneficial owner presents a certificate from the tax authority of the EU Member State in which the beneficial owner is resident. A number of non-EU countries and certain dependent or associated territories have agreed to adopt similar measures (in certain cases on a reciprocal basis). The Directive does not preclude EU Member States from levying other types of withholding tax.

### 3. CORPORATE PROFILE

#### THE ISSUER AND RABOBANK NEDERLAND

The Issuer of the PIE Capital Securities is Rabo Capital Securities Limited, a New Zealand incorporated company and wholly-owned subsidiary of Rabobank Nederland. Rabobank Nederland is the issuer of the Underlying Securities to be held by Rabo Capital Securities Limited and is the promoter of the Offer.

The Issuer will be a Portfolio Listed Company under the PIE tax rules (please refer to Part 5 of this Investment Statement for more information about the tax treatment of the PIE Capital Securities). The Issuer has no activities other than those necessary or incidental to issuing the PIE Capital Securities, holding the Underlying Securities and otherwise complying with its obligations at law and under the transaction documents in relation to the offer of PIE Capital Securities.

#### RABOBANK NEDERLAND AND THE RABOBANK GROUP STRUCTURE

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 Dutch law 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 July 1, 2008, after amendment of the articles of association approved by the General Meeting on 19 June 2008, the total number of outstanding shares is 2,004,015 of € 1,000 each, thus increasing the fully paid up share capital of Rabobank Nederland from € 638 million to more than € 2 billion. On the basis of a prescribed allocation formula, which included taking into account the total balance sheet position, Tier I capital and commercial profits of each local Rabobank, these shares were distributed to the members.

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% 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).

Traditionally, an important task of Rabobank Nederland has always been its function as bankers' bank. Another major 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 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*) (Netherlands). 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.

The local Rabobanks are organised as cooperative entities under Dutch law and draw all of their members from their customers. Through mergers, the number of local Rabobanks has decreased from 188 at December 31, 2006, to 174 at December 31, 2007, to 153 at December 31, 2008. At December 31, 2008, the local Rabobanks had approximately 1,707,000 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.

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

Through their mutual financial association, various legal entities within the 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 (Netherlands). 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. Participating entities within the Rabobank Group are:

Rabobank Nederland  
Local Rabobanks  
De Lage Landen International B.V.  
De Lage Landen Financiering B.V.  
De Lage Landen Trade Finance B.V.  
De Lage Landen Financial Services B.V.  
Schretlen & Co. N.V.  
Rabohypotheekbank N.V.  
Raiffeisenhypothekbank 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 'central bank' activities

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

The cross-guarantee system operates in concert with the regulatory and administrative oversight 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*) on a consolidated basis, based on article 3:111 of the Financial Supervision Act (Netherlands), Rabobank Nederland has the 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 the 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 (Netherlands), 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 (Netherlands) 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.

## RABOBANK NEW ZEALAND BRANCH

In April 1996, Rabobank Nederland was granted a banking authority to engage in banking on a branch basis in New Zealand. The branch Rabobank Nederland established is generally referred to as Rabobank New Zealand Branch. The Reserve Bank of New Zealand is responsible for the registration and supervision of banks in New Zealand. These powers and responsibilities are set out in Part 5 of the Reserve Bank of New Zealand Act 1989. As a registered bank, Rabobank Nederland falls under the Reserve Bank of New Zealand's supervision and, amongst other obligations, must prepare the General Disclosure Statements (which are referenced in this Investment Statement) in accordance with section 81 of the Reserve Bank of New Zealand Act 1989 and the accompanying Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2007 and Registered Bank Disclosure Statement (Full and Half-Year - Overseas Incorporated Registered Banks) Order 2008 Amendment Order 2008.

The main focus of Rabobank New Zealand Branch was the food and agribusiness corporate sector. This was, and remains, in line with Rabobank Nederland's international strategy, which is primarily targeted at establishing Rabobank Nederland as a global leader in the financing of international food and agribusiness.

A related area of interest for the Rabobank Group is servicing the trade finance requirements of its existing clients and significant growth potential is also identified in agri-trade finance through expansion of the group's client base.

Rabobank New Zealand Branch is not a stand-alone, or separately incorporated, legal entity and it does not have any share capital.

## **DESCRIPTION OF BUSINESS OF THE RABOBANK GROUP**

### **General**

The Rabobank Group is an international financial service provider operating on the basis of cooperative principles. It comprises 153 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 45 countries. Its operations include retail banking, wholesale banking, asset management, leasing and real estate. It serves approximately 9.5 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food and agriculture. The Rabobank Group entities have strong relationships due to its cooperative roots.

Rabobank Group has the highest credit rating awarded by the international rating agencies Standard & Poor's (AAA since 1981; obligors rated AAA are judged to have an extremely strong capacity to meet their financial commitments) and Moody's (Aaa since 1981; obligations rated Aaa are judged to have the smallest degree of risk). In terms of Tier I capital, Rabobank Group is among the world's twenty largest financial institutions.

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 approximately 1,100 branches and nearly 3,100 cash dispensing machines, the local Rabobanks form a dense banking network in the Netherlands. In the Netherlands, the local Rabobanks serve approximately 7.5 million clients, both private and corporate, offering a comprehensive package of financial services.

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 be 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 comprised primarily of 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 December 31, 2008, the Rabobank Group had total assets of € 612.1 billion (total liabilities of € 578.7 billion), private sector loan portfolio of € 408.6 billion (appearing as an asset on the consolidated balance sheet), amounts due to customers of € 304.2 billion and saving deposits of € 114.7 billion (appearing as an liabilities on the consolidated balance sheet) and equity of € 33.5 billion. Of the private sector loan portfolio, € 194.0 billion, virtually all of which are mortgages, consists of loans to private individuals, € 146.3 billion of loans to the trade, industry and services sector and € 68.3 billion of loans to the food and agriculture sector. At December 31, 2008, the Tier I ratio, which is the ratio between core capital and total risk-weighted assets, was 12.7%. For the year ended December 31, 2008, the efficiency ratio was 65.3%, the return on equity, or net profit expressed as a percentage of core capital, was 9.7%. For the year ended December 31, 2008, the Rabobank Group realised a 2% rise in net profit to € 2.8 billion and a RAROC or the

risk-weighted return on capital, of 12.5% after tax. At December 31, 2008, the Rabobank Group had 60,568 full-time employees.

### **Recent developments**

#### ***Rabobank and Rothschild establish global food and agriculture co-operation***

As from 1 January 2009 Rabobank International Holding B.V. and Rothschild entered into a co-operation agreement in the field of Mergers and Acquisitions and Equity Capital Markets advisory in the food and agriculture sectors on a global basis. Rothschild and the Rabobank Group both have strong global food and agriculture advisory franchises in mergers and acquisitions. Under the agreement both firms will pool their respective industry knowledge, resources and relationships while expanding their respective geographic reach and client base through an enhanced breadth of services. In order to strengthen the relationship between the two parties, the Rabobank Group also acquired a 7.5% stake in Rothschild's Continuation Holdings (RCH) and a Rabobank representative joined the RCH Board.

### ***Eureko***

On February 16, 2009, Eureko (refer description under the heading *Participations* on page 36) announced that, following consultations with its shareholders the Rabobank Group and Achmea Association, it will increase its capital by € 1 billion. This measure is intended to increase Eureko's solvency to more prudent levels. Rabobank is contributing € 400 million to the capital injection, however this will not increase the Rabobank Group's relative ownership stake in Eureko.

### ***Issue of Capital Securities***

On July 14, 2008, Rabobank Nederland issued ILS 323 million Perpetual Non-Cumulative Capital Securities. On September 24, 2008, Rabobank Nederland issued USD 225 million Perpetual Non-Cumulative Capital Securities. On 27 February, 2009, Rabobank Nederland issued € 500 million Perpetual Non-Cumulative Capital Securities.

### **Strategy of Rabobank Group**

The Rabobank Group'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, which took place in 2008, and the turbulent developments in the international financial markets, the 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 will be refocused and reprioritized in several areas. In the Central Delegates Assembly the Rabobank Group approved the new Strategic Framework on 18 March 2009.

### ***Strategy principles***

In order to ensure its distinguishing cooperative identity, the Rabobank Group, as a large, independent bank, aims to play a part in the European process of consolidation that is expected for the future. To the Rabobank Group as a cooperative, the client's interest is a guiding principle, and the Rabobank Group's structure and way of working 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. The diversification within the Group benefits its financial stability. Its broad range of knowledge and expertise results in innovation and synergy benefits. Market leadership remains important to Rabobank Group, but not at the expense of unhealthy margins, for it must never lose sight of its cooperative mandate.

International growth is necessary because opportunities for growth in the domestic market are set to gradually level out. Moreover, food and agriculture is an attractive niche because of the

Rabobank Group's global knowledge on food and agriculture, which it owes to its agricultural roots. Rabobank International will expand its activities in sustainable energy and clean technology.

Under the present economic conditions a high credit rating is even more important. A healthy balance sheet, stable profit growth and a high Tier I ratio are prerequisites for a high credit rating. Corporate Social Responsibility ("CSR") policy within Rabobank Group, including its core banking processes, must meet high standards.

### ***Strategy adjustment***

At the end of 2008 and in connection with the change in circumstances, adjustment proposals for a revised Strategic Framework covering the period 2009-2012 were brought up for discussion within Rabobank Group.

As a result of the change in market conditions, Rabobank Group is putting greater emphasis on sound balance sheet ratios. Growth in lending largely depends on growth in amounts due to customers. It is important that both the local Rabobanks and Rabobank International 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.

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

Rabobank Group wishes to develop further as a cooperative. The Rabobank 2010 programme will enable local Rabobanks to respond to the changing clients' wishes. 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 the ambition to be the largest corporate bank. Abroad, Rabobank International is to focus more on food and agriculture. In addition, Rabobank International will expand its activities in the areas of sustainable energy and clean technology. The business entity Global Financial Markets will confine itself to client-related activities and liquidity management; other activities will be phased out. Rabo Development will gradually increase the number of minority interests in partner banks having a food and agriculture focus in developing countries. Abroad, the Rabobank Foundation will focus on countries where Rabobank International and/or Rabo Development operate.

The subsidiaries likewise will focus more on supporting the realisation of Rabobank Group's core objectives, i.e. all-finance market leadership in the domestic market and building up a distinct position as the world's pre-eminent food and agriculture bank. Other important main functions of the subsidiaries and participations of the Rabobank Group continue to be the leveraging of specialisations and the achievement of sound financial returns.

### ***Strategic core objectives***

The strategic core objectives of the Rabobank Group are:

- to achieve all-finance market leadership in the Netherlands;
- to strengthen its position as the leading international food and agriculture bank;
- further growth of, and greater synergies with, its subsidiaries.

### **Strategy domestic retail banking**

The adjustment of the Strategic Framework confirms that Rabobank Group pursues market leadership in the Netherlands as an all-finance service provider. This market leadership strategy also includes roles for mortgage provider Obvion as well as for Bizner (both described under the heading *Domestic Retail Banking* on page 31), the corporate Internet bank. By increasing its focus on the corporate market, Rabobank Group aims to be the largest corporate bank. In addition, it has expressed its ambitions for growth in the market for private banking. As a result of a stronger focus on sound balance sheet ratios, the local Rabobanks will be financing a large proportion of their growth in lending from amounts due to customers. The implementation of the Rabobank 2010 programme is another important element in the adjusted strategy.

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

Rabobank Group aims to be the pre-eminent global food and agriculture bank, with a focus on renewable energy and clean technology. Rabobank International intends to address this further and to broaden and deepen its product range for the food and agriculture market. Global Financial Markets will focus on client-related activities and liquidity management. Other activities will be phased out and its services will be tailored more to core clients. Rabobank International intends to strengthen the international retail banking activities further, while giving priority to existing major agricultural focus areas in Australia, Brazil, California and Poland. Renewable energy and clean technology will receive greater attention through project finance and venture capital.

### **Strategy asset management and investment**

Asset managers Robeco, Sarasin and Schretlen & Co offer high-quality services to investors of every kind. The range of innovative products and services will be broadened and deepened further. 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.

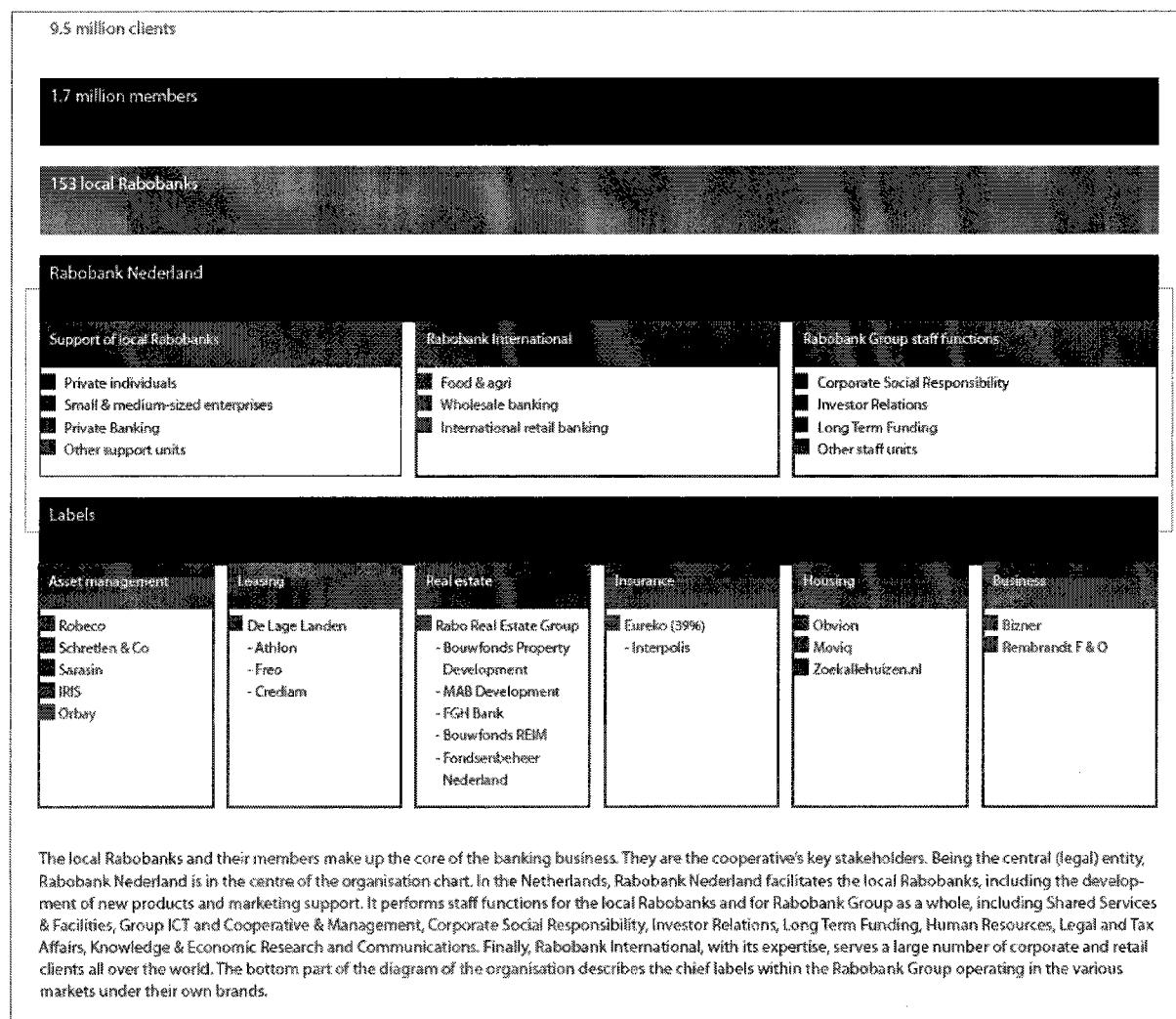
### **Strategy leasing**

De Lage Landen (refer description under the heading *Leasing, De Lage Landen International B.V.* on page 36) offers finance solutions world-wide for producers and distributors of capital assets. Athlon Car Lease is looking into opportunities for up scaling in Europe. De Lage Landen serves Rabobank clients with a broad package of lease and factoring products. De Lage Landen aims to strengthen Rabobank Group's position in the Dutch market for consumer credits by granting consumer credits through the local Rabobanks and the Freo label.

### **Strategy real estate**

Rabo Real Estate Group operates in three core businesses: developing, finance and investing. Its target is to maintain and strengthen its leading position in the Dutch market for owner-occupied houses and commercial real estate. In addition, Rabo Real Estate Group intends to maintain and, where possible, expand its solid position in the Dutch real estate finance market. Within Rabobank Group, Rabo Real Estate Group is the centre of expertise on real estate investments. Leveraging Rabobank Group's distribution power and growing its knowledge of real estate management will contribute to growth in assets under management. The development of owner-occupied houses and of real estate development, as well as real estate finance and investment will be defined further in selected countries.

## Rabobank Group



## Business Activities of the Rabobank Group

Through Rabobank Nederland, the local Rabobanks and its subsidiaries, the 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 and Bizner. The 153 independent local Rabobanks have over 1,100 branches and operate more than 3,100 cash dispensing machines. In the Netherlands Rabobank Group is the largest mortgage bank, savings bank and insurance agent. 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 and it is the largest mortgage lender in this field in the Netherlands. Bizner is an internet bank where businesses can handle their own banking transactions online. At December 31, 2008, Rabobank Group's domestic retail banking operations had total assets of € 309.7 billion, private sector loan portfolio of € 268.3 billion, amounts due to customers of € 175.6 billion and saving deposits of € 101.5 billion. For the year ended December 31, 2008, domestic retail banking operations accounted for 55%, or € 6,401 million, of Rabobank Group's total income and 59%, or € 1,617 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's domestic retail banking operations employed 28,953 FTEs.

### ***Local Rabobanks***

The local Rabobanks serve approximately 7.5 million Dutch clients, both private and corporate, with a comprehensive package of financial services. Many private individuals have current,

savings and/or investment accounts and/or mortgages with Rabobank Group. Traditionally, the local Rabobanks have close ties with the agricultural sector. In addition, they finance a broad range of enterprises, from small companies to listed enterprises. Together, the local Rabobanks are the largest insurance broker in the Netherlands.

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

Obvion is a joint venture of Rabobank Group and ABP (the Dutch civil service pension fund). It is a provider of mortgages and several service products, including guarantees and bridging loans. Obvion focuses exclusively on collaboration with independent brokers. Obvion is the largest mortgage lender in this field in the Netherlands. Rabobank Group has a 50% shareholding in Obvion and a voting share of 70%.

### ***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% by Rabobank Nederland.

Rabohypotheekbank also served as a supplementary financing vehicle for the local Rabobanks in the event that they chose 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 December 31, 2008, Rabohypotheekbank had assets of € 11.9 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 agriculture sector. Rabobank International is a division of Rabobank Nederland and has branches in 27 countries. Its activities are subdivided into the following regions: 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. Besides customer-focused activities, Global Financial Markets handles 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. It is a major player 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 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 Group'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% 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. In 2008, Rabobank International increased its 46% stake in the Polish Bank BGZ to a majority interest of 59%. Smaller acquisitions of retail banking activities were made in Chile and Indonesia in 2007.

In addition, Rabobank International also has some interests in private equity. Under the Rabo Participates and Rabo Capital labels, 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 December 31, 2008, Rabobank Group's wholesale and international retail banking operations had total assets, including internal assets of € 420.2 billion and private sector loan portfolio of € 100.7 billion. For the year ended December 31, 2008, Rabobank Group's wholesale and international retail banking operations accounted for 17%, or € 1,997 million, of Rabobank Group's total income and 1%, or € 27 million, of Rabobank Group's net profit. For the year ended December 31, 2008, Rabobank International's retail activities accounted for 43% of total wholesale and international retail banking operations income. At December 31, 2008, Rabobank Group's wholesale and international retail banking operations had 15,223 full-time employees.

### ***Asset Management and Investment***

Rabobank Group's asset management business is handled by Robeco, an asset manager with global operations, as well as by the Swiss private bank Sarasin and by Schretlen & Co, the Dutch private bank. Rabobank Group has a 46% stake in Sarasin and a voting share of 69%.

At December 31, 2008, the assets managed and held in custody of Rabobank Group's asset management and investment operations amounted € 184 billion. For the year ended December 31, 2008, Rabobank Group's asset management and investment operations accounted for 14%, or € 1,618 million, of Rabobank Group's total income and 16%, or € 438 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's asset management and investment operations had 3,620 full-time employees.

### ***Robeco Group N.V.***

Robeco was founded in Rotterdam in 1929. It provides investment products and services to approximately 700 institutional and approximately 1.5 million 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, money market and real estate funds, sustainable and socially responsible investments, as well as alternative investments, including private equity, hedge funds and structured products. In addition to its home markets in the Netherlands and the United States, Robeco operates in Europe, Asia and the Middle East.

Rabobank Nederland owns a 100% equity interest in Robeco. Robeco has its statutory seat in Rotterdam, the Netherlands. 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 December 31, 2008.

For the year ended December 31, 2008, Robeco's net result was € 159 million, corresponding to € 35.15 per share. At December 31, 2008, Rabobank Nederland's liabilities to Robeco amounted to € 252 million (bonds), € 1,287 million (current account) and € 271 million (loans and deposits). At December 31, 2008 Rabobank Nederland's claims on Robeco amounted to € 243 million (loans) and € 200 million (current account).

At December 31, 2008, Robeco managed € 110.7 billion in assets.

### ***Schretlen & Co. N.V.***

Schretlen & Co is the private banking specialist within Rabobank Group. Its activities include asset management and advice, combined with asset planning, which are focused on high net-worth individuals and medium-sized institutional investors in the Netherlands. In addition to its head office in Amsterdam, Schretlen & Co has branches in Apeldoorn, Heerenveen, Rotterdam and Waalre. Collaboration with local Rabobanks has resulted in, among other things, Rabobank Beheerd Beleggen and the Rabobank Effecten Advies Desk. Rabobank Nederland owns a 100% equity interest in Schretlen & Co.

At December 31, 2008, Schretlen & Co managed € 6.8 billion in assets.

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

Sarasin, a Swiss private bank was founded in 1841. Its shares are listed at the Swiss stock exchange SWX. Rabobank Group has, by holding 'normal' shares and shares with voting rights, a 46% shareholding in Sarasin and a voting share of 69%. The Sarasin Group is an international service provider, with a focus on sustainability. It is represented in 13 countries in Europe, the Middle East and Asia. Sarasin offers a high level of services and expertise as an investment advisor and asset manager for high net-worth private individuals and institutional.

At December 31, 2008, Sarasin managed € 46.9 billion in assets.

***Leasing, De Lage Landen International B.V.***

De Lage Landen is responsible for Rabobank Group's leasing business. Asset financing products help manufacturers, vendors and distributors to promote sales in more than 30 countries all over the world. In addition, De Lage Landen operates its international car lease business Athlon Car Lease in eight European countries. In the Dutch home market, De Lage Landen offers a broad range of leasing and trade financing products. Through the Freo brand, among others, it supports Rabobank Group's efforts to be the Dutch market leader in consumer credits.

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 December 31, 2008, Rabobank Nederland's liabilities to De Lage Landen amounted to € 2,007 million. At December 31, 2008 Rabobank Nederland's claims on De Lage Landen amounted to € 21,768 million (loans and current account). All liabilities of De Lage Landen are guaranteed (via the cross guarantee system) by Rabobank Nederland and the other participants of this system.

At December 31, 2008, De Lage Landen had a loan portfolio of € 23.3 billion. For the year ended December 31, 2008, De Lage Landen accounted for 9%, or € 1,015 million, of Rabobank Group's total income and 9%, or € 235 million, of Rabobank Group's net profit. At December 31, 2008 the Rabobank Group's Leasing operations employed 4,667 FTEs.

***Real Estate, Rabo Vastgoedgroep N.V.***

Rabobank Group's private and corporate Real Estate activities are performed by Rabo Real Estate Group (Rabo Vastgoedgroep). This real estate enterprise focuses on three core businesses: the development of owner occupied houses and commercial real estate, finance and asset management. In these markets, Rabo Real Estate Group operates under the brands Bouwfonds Property Development, MAB Development, FGH Bank and Bouwfonds REIM. Rabo Real Estate Group operates mainly in the Benelux countries, Germany and France. Rabobank Nederland owns a 100% equity interest in Rabo Real Estate Group.

For the year ended December 31, 2008, the Rabo Real Estate Group sold 8,746 houses and managed € 6.8 billion of real estate assets and the loan portfolio amounted € 16.5 billion. For the year ended December 31, 2008, the Real Estate operations accounted for 4%, or € 427 million, of Rabobank Group's total income and 1%, or € 24 million, of Rabobank Group's net profit. At December 31, 2008, Rabobank Group's Real Estate operations had 1,743 full-time employees.

***Participations***

***Eureko B.V.***

Rabobank Group has a 39% interest in Eureko, an international provider of financial services in the area of insurance with some 25,000 full-time employees. Achmea, which is part of Eureko, is the largest insurance group in the Dutch domestic market, with brands including Centraal Beheer Achmea, Interpolis, Avéro Achmea, FBTO, Agis Zorgverzekeringen and Zilveren Kruis Achmea. In the Netherlands, Eureko serves a broad customer base of private individuals as well as government and corporate clients. Abroad, Eureko operates in twelve European countries. Rabobank Group and Eureko work closely together in the area of insurance. The greater part of

the insurance products sold by local Rabobanks is from Interpolis. It concerns a broad range of non-life, health and life insurance policies for both private individuals and enterprises. With more than a million private individuals and several hundreds of thousands of enterprises as clients, Interpolis is one of the major players in the Dutch insurance market. Interpolis is market leader in the agricultural sector.

### Competition

The 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, increased competition among banks in the Netherlands significantly. In addition, life insurance companies and pension funds in the Netherlands have become major competitors in the markets for residential mortgage loans and private savings.

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. Rabobank Group has a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 60%. Historically, mortgage lending has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in the 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 the Rabobank Group.

In 2008 several large commercial banks and financial institutions in the Netherlands, such as ABN AMRO, Fortis Nederland, ING Group and SNS Reaal, received financial support from the Dutch government. This may influence the competition in the Netherlands. For 2009 we expect the fierce competition in the Dutch savings market to continue.

### Employees

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

For the year ended December 31, 2008, the rate of absenteeism was 3.8% and Rabobank Group's employee satisfaction score was 86%. At December 31, 2008, the Rabobank Group employed 60,568 FTEs.

### Market shares in the Netherlands

*Residential mortgages:* For the year ended December 31, 2008, the Rabobank Group had a market share of 30% of new home mortgages in the Dutch mortgage market (23.6% by local Rabobanks and 6.0% by Obvion; source: Dutch Land Registry Office (*Kadaster*)). The Rabobank Group is the largest mortgage lending institution in the Netherlands.

*Saving deposits of individuals:* At December 31, 2008, the Rabobank Group had a 43% market share in the Dutch savings market (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). The 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, 40.9% are held by the local Rabobanks and 2.2% is held by Robeco's savings bank Roparco.

*Lending to small and medium-sized enterprises:* At December 31, 2008, the Rabobank Group had a 39% market share of domestic loans to the trade, industry and services sector (i.e. small enterprises with less than 100 employees; measured by the Rabobank Group's own surveys). The Rabobank Group is the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector.

*Agricultural loans:* At December 31, 2008, the Rabobank Group had an 84% market share of loans and advances made by banks to the Dutch primary agricultural sector (measured by the Rabobank Group's own surveys).

The foregoing percentages in this paragraph should be read as percentages of the relevant Dutch market as a whole.

### **Properties**

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

### **Corporate Social Responsibility**

One of the cornerstones of the Rabobank Group Strategic Framework is a high quality policy for corporate social responsibility. Within this scope, Rabobank Group continued to develop their CSR policy and activities in 2008. Four central themes were defined for the CSR activities of the Rabobank Group that come with specific performance indicators. Making clear CSR choices, defining themes and all such related matters bolster Rabobank Group's stability and boost their cooperative profile.

### **Legal proceedings**

The 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 the Rabobank Group which arise in the ordinary course of the Rabobank Group's 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, management believes that the ultimate outcome of the various proceedings and litigation already commenced, and/or any future 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.

### **Insurance**

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

### **Selected Financial Information**

The following selected financial data are derived from the audited consolidated financial statements of the Rabobank Group, which have been audited by Ernst & Young Accountants LLP, independent auditors. The data should be read in conjunction with the consolidated financial statements, related notes and the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' included in this Offering Circular. The Rabobank Group audited consolidated financial statements for the year ended December 31, 2008 and 2007 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

### Consolidated balance sheet

	At December 31,	
(in millions of euros)	2008	2007
<b>ASSETS</b>		
Cash and cash equivalents.....	7,105	2,129
Due from other banks.....	33,776	43,218
Trading financial assets.....	11,576	29,179
Other financial assets at fair value through profit and loss .....	7,896	18,133
Derivative financial instruments .....	66,759	26,089
Loans to customers.....	426,283	372,968
Available-for-sale financial assets.....	31,665	50,355
Held-to-maturity financial assets .....	497	859
Investments in associates .....	3,455	4,558
Intangible assets .....	3,728	3,183
Property and equipment .....	5,870	5,572
Investment properties.....	1,038	1,105
Current tax credits.....	298	419
Deferred tax assets .....	1,619	1,577
Other assets .....	10,555	11,159
<b>Total assets</b> .....	<b>612,120</b>	<b>570,491</b>
As at December 31,		
(in millions of euros)	2008	2007
<b>LIABILITIES</b>		
Due to other banks .....	23,891	46,332
Due to customers.....	304,214	276,610
Debt securities in issue.....	135,779	141,812
Derivative financial instruments and other trading liabilities .....	77,230	31,097
Other debts .....	8,644	10,518
Other financial liabilities at fair value through profit and loss.....	24,797	27,303
Provisions.....	875	1,167
Current tax liabilities.....	227	202
Deferred tax liabilities.....	474	851
Employee benefits.....	371	896
Subordinated debt .....	2,159	2,294
<b>Total liabilities</b> .....	<b>578,661</b>	<b>539,082</b>
<b>EQUITY</b>		
Equity of Rabobank Nederland and local Rabobanks .....	20,074	19,684
Rabobank Membership Certificates issued by group companies .....	6,236	6,233

	As at December 31,	
(in millions of euros)	2008	2007
	26,310	25,917
Capital Securities and Trust Preferred Securities III-VI .....	3,510	2,779
Minority interests .....	3,639	2,713
<b>Total equity</b> .....	<b>33,459</b>	<b>31,409</b>
<b>Total equity and liabilities</b> .....	<b>612,120</b>	<b>570,491</b>

### Consolidated profit and loss account

	Year ended December 31,	
(in millions of euros)	2008	2007
Interest income.....	27,245	29,356
Interest expense.....	18,728	22,585
<b>Interest</b> .....	<b>8,517</b>	<b>6,771</b>
Fee and commission income .....	3,400	3,394
Fee and commission expense .....	511	537
<b>Fees and commission</b> .....	<b>2,889</b>	<b>2,857</b>
Income from associates .....	(26)	753
Net income from non-trading financial assets and liabilities at fair value through profit and loss .....	(1,155)	(515)
Gains on available-for-sale financial assets .....	(51)	64
Other .....	1,478	1,092
<b>Income</b> .....	<b>11,652</b>	<b>11,022</b>
Staff costs .....	4,290	4,400
Other administrative expenses .....	2,796	2,779
Depreciation and amortisation .....	525	484
<b>Operating expenses</b> .....	<b>7,611</b>	<b>7,663</b>
Value adjustments .....	1,189	266
<b>Operating profit before taxation</b> .....	<b>2,852</b>	<b>3,093</b>
Taxation.....	98	397
<b>Net profit for the year</b> .....	<b>2,754</b>	<b>2,696</b>
Of which attributable to Rabobank Nederland and local Rabobanks.....	2,089	1,971
Of which attributable to holders of Rabobank Member Certificates.....	316	299
Of which attributable to Capital Securities .....	94	17
Of which attributable to Trust Preferred Securities III to VI.....	100	106
Of which attributable to minority interests .....	155	303
<b>Net profit for the year</b> .....	<b>2,754</b>	<b>2,696</b>

**Additional financial ratios:**

	<b>2008</b>	<b>2007</b>
BIS ratio <sup>1</sup> .....	13.0%	10.9%
Tier I ratio .....	12.7%	10.7%
(Impairment losses in basis points of average lending).....	31	8

Note:

<sup>1</sup> These figures have been based on the Basel II requirements with effect from 2008.

## GOVERNANCE OF THE RABOBANK GROUP

### Corporate governance

In recent years the corporate governance of organisations has been of particular public interest. Rabobank Group uses a system of checks and balances at all its corporate levels. A unique element 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 Rabobank Nederland's strategic decisions. Rabobank Group's corporate governance is broadly consistent with the Dutch corporate governance code introduced a few years ago. Additionally, it will take into account any outcomes from the Frijns committee's (a committee monitoring compliance with the Dutch corporate governance code) review of this code that may be relevant to the bank. The following pages discuss all aspects, thus demonstrating Rabobank Group's balanced corporate governance.

### 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 Section 3:111 of the Financial Supervision Act (Netherlands). This relationship is formalised in an internal 'cross-guarantee' system, 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.

### 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 of this task, the achievement of the Group's objectives, the strategy, business risks, the design and operation of the internal risk management and control systems, the financial reporting process and compliance with laws and regulations are discussed at length and tested regularly. In addition, the Supervisory Board has an advisory role in respect of the Executive Board.

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 on the recommendation of the Supervisory Board. The independence of the individual members is an important consideration in this respect. The Confidentiality Committee of the Central Delegates

Assembly determines the remuneration of the members of the Supervisory Board and has a say in the profile of the members of the Supervisory Board.

The Supervisory Board annually assesses its own performance, in terms of the collective body's performance and that of its individual members. Initiatives are developed regularly in order to keep the members of the Supervisory Board up-to-date on developments in the institutional and legal environment in which the bank operates and on risk management systems. The Supervisory Board has five committees: the Cooperative Issues Committee, the Audit & Compliance Committee, the Appointment Committee, the Remuneration Committee and the Appeals Committee.

### **Executive Board**

The Executive Board (*raad van bestuur*) of Rabobank Nederland is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities. This includes responsibility for the achievement of the objectives of Rabobank Group as a whole, its strategic policy, its results, 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 (the organisation's 'parliament', which is authorised to take decisions on behalf of the local Rabobanks) and the General Meeting of Rabobank Nederland, which is formed by the members, i.e. the local Rabobanks.

The management of Rabobank Group is based in part on the interrelationship between risk, return and capital. The Financial Supervision Act (Netherlands) and the subordinate legislation based thereon, as well as regulations imposed by the supervisory authorities – i.e. DNB and the AFM – have formulated standards for financial institutions. The supervision on the bank's solvency and stability – i.e. prudential supervision – is performed by DNB, while the AFM has the supervision of the bank's conduct. 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. They 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 Confidentiality Committee 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 of Rabobank Nederland

Name	Born	Year Appointed <sup>1</sup>	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndsen	1942	2002	2009	Dutch
Bernard (B.) Bijvoet	1940	2002	2008	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2008	Dutch
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2011	Dutch
Paul (P.F.M.) Overmars	1945	2005	2008	Dutch
Herman (H.C.) Scheffer	1948	2002	2010	Dutch
Martin (M.J.M.) Tielen	1942	2002	2009	Dutch
Aad (A.W.) Veenman	1947	2002	2010	Dutch
Cees (C.P. ) Veerman	1949	2007	2011	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	2010	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2011	Dutch

Note:

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

Lense (L.) Koopmans: Emeritus Professor of Economics at the University of Groningen. Chairman of the Board of Directors of the KIWA (certification) Stichting TBI, which wholly owns TBI Holdings (building and engineering). Chairman of the Supervisory Board of Cordares N.V. (social security). Chairman of the Supervisory Board of Siers Group B.V. (infrastructure). Chairman of the Supervisory Board of Arriva Nederland B.V. (regional transport). Member of the Supervisory Board of Nuon N.V. (electricity). Member of the Supervisory Board of Huntsman Holland B.V. (chemical industry). Member of the Supervisory Board of Stichting TNO (Research). Member of the Board of the Stichting Administratiekantoor Unilever N.V. Member of the Supervisory Board of Eureko B.V. (financial services). Member of the Board of Supervision of University Medical Centre, Groningen. Chairman of the Board of Supervision of Fries Museum and Princessehof.

Leo (L.J.M.) Berndsen: Member of the Supervisory Board of AON Nederland (insurance). Member of the Board of Stichting TBI, which owns TBI Holdings (building and engineering). Member of the Board Stichting Administratiekantoor VION.

Bernard (B.) Bijvoet: Chairman of the Supervisory Board of De Eik B.V. (grocery). Chairman of the Supervisory Board of AH Kaascentrale B.V. (dairy). Member of the Supervisory Board of Essent N.V. (electricity). Acting member of the Board of Directors of Vereniging Achmea.

Sjoerd (S.E.) Eisma: Member of the bar in The Hague, partner at De Brauw Blackstone Westbroek N.V. Deputy Judge at the court of law in The Hague. Chairman of the Supervisory Board of HAL Holding N.V. (investment company). Vice Chairman of the Supervisory Board of Grontmij N.V. Member of the Board of Directors of Directors of HAL pension fund. Member of the Board of Directors of the Anton Philips Fund. Member of the Board of Stichting Steve Reich. Member of the Capital Market Committee of the Netherlands Authority for the Financial Markets. Member of the Board of the Securities Law Association. Professor in the University of Amsterdam. Staff Member of the Dutch Lawyer's Magazine. Member of the Advisory Council of Sunsmile Trading/Sunsmile de Mozambique. Member of the Board of the Stichting Willem-Alexander Kinderfonds. Member of the Board of Stichting Haags Kinderatelier. Member of the Board of Stichting of Holland Financial Centre. Chairman of the Board of Supervision of the School of Expressive Art, Music and Dance.

Louise (L.O.) Fresco: Distinguished Professor University of Wageningen. Professor of the University of Amsterdam. Member Committee of Recommendation University Asylumfund. Member of the Spanish Academy of Engineer Sciences. Member of the Swedish Academy of Agricultural and Forestry Sciences. University in Tokyo. Member of the Deira Committee. Member of the Board of Supervision of the United Nations.

Marinus (M.) Minderhoud: Chairman of the Board of Directors of Vodafone International Holdings B.V. (telecom). Chairman of Vodafone Europe B.V. Member of the Supervisory Board of Heembouw Groep B.V. Vice Chairman of the Supervisory Board of Eureko B.V. Chairman of the Supervisory Board of Agis Zorgverzekeringen N.V.

Paul (P F.M.) Overmars: Member of the Supervisory Board of Eureko B.V. Member of the Board of Directors of Vereniging Achmea. Chairman of the Board of Supervision of the Stichting Cultuurhistorisch Genootschap Duin- en Bollenstreek.

Herman (H.C.) Scheffer: Senior Counsel Boer & Croon (strategy and management). Member of the Supervisory Board of the Coöperatieve Cehave Landbouwbelang U.A. (agriculture). Member of the Supervisory Board of Joint Services International N.V. (clothing). Chairman of the Supervisory Board of De Drie Mollen (coffee and tea). Member of the Advisory Board of De Telefoongids B.V. (yellow pages). Chairman of the Supervisory Board of GBI Holding. Member of the Supervisory Board of the Heerema Group. Member of the Advisory Board of Gilde.

Martin (M.J.M.) Tielen: Emeritus Professor at the University of Utrecht. Member of the Executive Board and Treasurer of the International Society for Animal Hygiene (ISAH). Chairman of the Stichting Stimulering Agrarisch Onderwijs en Praktijk. Chairman of the Stichting Professor Tielen Fonds. Member of the Board of Directors of Vereniging Achmea.

Aad (A.W.) Veenman: Chairman of the Supervisory Board of N.V. Nederlandse Spoorwegen N.V. (Dutch railways). Chairman of the Supervisory Board of Koninklijke Ten Cate N.V. (textile). Member of the Supervisory Board of Tennet B.V. (electricity). Chairman of the Board of Supervision of ICT Regie. Chairman of the Advisory Board of the National Aviation & Space Travel Laboratory. Member of the Supervisory Board of the ECN (Dutch Energy Research Centre).

Cees (C.P.) Veerman: Chief Executive Officer 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. Member of the Supervisory Board of Stichting STAK and MERITA, Chairman of the Board of Knowledge for Climate (research project). Chairman of the Delta Committee. Chairman of the Society for the Preservation of Nature Reserves in the Netherlands.

Antoon (A.J.A.M.) Vermeer: Chairman of the Board of Directors of the Southern Agriculture and Horticulture Organisation (ZLTO). Member of the Maatschap Melkveehouderijbedrijf (dairy farming partnership). Member of the Board of Governors of the ZLTO Food, Farming and Agri Business Chair, Tilburg University. Member Supervisory Board Eureka B.V. Chairman of the Agricultural Innovation Agency (Landbouw Innovatie Bureau, LIB) for the Province of North Brabant. Chairman of the Board of Supervision of the Historische en Archeologische Stichting (HAS), Vice-Chairman of the Federation Committee of LTO Nederland. Chairman of the Supervisory Board of VION N.V.

Arnold (A.H.C.M.) Walravens: Chairman of the Supervisory Board of Eureko B.V. Chairman of the Supervisory Board of Achmea Re Luxembourg. Member of the Supervisory Board of OWM Molestrisico W.A. (insurance). Vice Chairman of Executive Committee of Vereniging Achmea. Chairman of the Supervisory Board of Sneep Industries B.V. (applied technology). Member of the Supervisory Board of Tauw (infrastructure consultancy). Director of MBA Studies and Member of the Senate of International Executive Development Center, Bled, Slovenia. Chairman of the Supervisory Board of Wolters Kluwer Nederland B.V. (multi-media publisher). Chairman of the Board of Directors of MBA Studies, Slovenia. Director/Owner "Aan de Oude Delft", Art and Auction Services.

#### Executive Board of Rabobank Nederland

Name	Born	Year Appointed	Nationality
Bert (H.) Heemskerk, Chairman	1943	2002	Dutch
Bert (A.) Bruggink	1963	2004	Dutch
Piet (P.W.) Moerland	1949	2003	Dutch
Sipko (S.N.) Schat	1960	2006	Dutch
Piet (P.J.A.) van Schijndel	1950	2002	Dutch

Bert (H.) Heemskerk: Mr. Heemskerk was appointed Chairman of the Executive Board of Rabobank Nederland as of 1 December 2002. As per 18 June 2009 Mr. Heemskerk's position of chairman will be filled by Mr. Moerland. Mr. Heemskerk was previously the Chairman of the Executive Board of F. van Lanschot Bankiers N.V. from 1991 to 2002. Before moving to F. van Lanschot Bankiers N.V., Mr. Heemskerk worked at AMRO Bank/ABN AMRO for more than 20 years, serving as Director General Netherlands for ABN AMRO Netherlands from 1988 to 1991. Mr. Heemskerk holds several positions outside of Rabobank Nederland's Executive Board, including, among others, member of the Board of the Stock Exchange Association, member of the Advisory and Recommending Committee Leaders for Nature Initiative, member of the Board of Supervisory Directors Koninklijke Boskalis Westminster N.V. and member of the Board of Supervisory Directors of VADO Beheer B.V.

Bert (A.) Bruggink: Mr. Bruggink was appointed Chief Financial Officer of the Executive Board of Rabobank Nederland as of 15 November 2004. Mr. Bruggink joined the 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 and of the Board of Supervisory Directors ROVA. Member of the Dutch Banking Association Policy Committee of Supervision & Monetary Affairs and Member of the Policy Committee of the DNB/Dutch Banking Association Mixed Working Group.

Piet (P W.) Moerland: Mr. Moerland was appointed to Rabobank Nederland's Executive Board as of 1 January 2003. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. Moerland is responsible for Medium and Small scale Business, Shared Services and Facilities and the department that operationally supports the local banks. 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 an unsponsored chair as a professor of corporate governance at the University of Tilburg. Within the Rabobank Group Mr. Moerland serves as a member of the Supervisory Board of Rabobank International Advisory Services B.V. and as a member of the Board of Directors of Rabobank Foundation and as a Member of the Supervisory Board of Bank Sarasin & Cie AG. Outside Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Netherlands Order of Accountants and Administration Consultants, Member of the Board of Directors of the NVB (Association of Dutch Banks), member of the Executive Committee European Association of Co-operative Banks (Groupement) and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten.

Sipko (S.N.) Schat: Mr. Schat was appointed to Rabobank Nederland's Executive Board as per 1 July 2006. As one of the two members of the Executive Board responsible for the international business, Mr. Schat is primarily responsible for Corporate Clients 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. He was appointed as a member of the management board of Rabobank International as of April 2002 responsible for North and South America and as of September 2004 responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also Member of the Supervisory Board of De Lage Landen International and Member of the Supervisory Board of Bouwfonds N.V.

Piet (P J.A.) van Schijndel: Mr. van Schijndel was appointed to Rabobank Nederland's Executive Board as of 1 December 2002. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. van Schijndel has responsibility for marketing, product development, market support for the local banks, private banking and Group ICT. 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 and Rabohypotheekbank, Chairman of the Supervisory Board of De Lage Landen International and Chairman of the Supervisory Board of Rabo Mobiell. Furthermore, Mr. van Schijndel is a Member of the Board of Directors of the NVB (Association of Dutch Banks). Member of the Board of the Nederlandse Rode Kruis. Member of the Supervisory Board of St. Elisabeth Ziekenhuis Tilburg. Chairman of the Supervisory Board of Orbay.

Rabobank Nederland's Executive Board is to have two additional members from 1 July 2009: Gerlinde Silvis and Berry Martin. Their appointment is conditional on screening by the supervisory authorities and advice of Rabobank Nederland's works council. Their respective portfolio's are not yet known.

### **Member influence**

An important precondition for good corporate governance at Rabobank Nederland is an open culture with clear accountability for the management and supervision. Without transparency, Rabobank Nederland cannot render account to the local Rabobanks on its management and supervision, nor can this be assessed. The local Rabobanks are members of the Rabobank Nederland cooperative. This membership entails rights and obligations. The influence and control of the local Rabobanks are manifested through their representation in two bodies: the Central Delegates Assembly and the General Meeting. In addition, the local Rabobanks are Rabobank Nederland's shareholders.

### **Central Delegates Assembly**

As from 1 January 2007, the local Rabobanks are organised geographically in 12 regions. The Boards of the Regional Delegates Assemblies form the Central Delegates Assembly (*centrale kringvergadering*) (CKV). Through the representation of the local management and supervisory bodies in the Regional Delegates Assemblies, the members/clients of the local Rabobanks.

### **The 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 Central Delegates Assembly 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. The local Rabobanks have voting rights in the General Meeting in proportion to their size. Because of the special relationship between Rabobank Nederland and its members, the General Meeting enjoys almost full attendance.

### **Employee influence**

A few years ago, the Group Works Council of Member Banks (GOR AB) was created as an employee representative body. It acts as a discussion partner to the manager on issues that concern the social policy of all local Rabobanks. The creation of the GOR AB does not affect the position of Rabobank Nederland's Works Council or the existing Works Councils of the local Rabobanks. As a result, they continue to act in full as employee representative bodies within the meaning of the Works Councils Act.

### **Corporate governance of the local Rabobanks**

Only banks that have a cooperative structure and whose Articles of Association have been approved by Rabobank Nederland can be members 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.

Pursuant to the prudential supervision part of the Financial Supervision Act (Netherlands) 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 integrity of ) their operations, solvency and liquidity. In addition, under the conduct supervision part of the Financial Supervision Act (Netherlands), Rabobank Nederland has been appointed by the Dutch Finance Ministry as the holder of a collective license that also includes the local Rabobanks. Thus, the supervision of conduct by the AFM is exercised through Rabobank Nederland.

### **Management and supervision of the local Rabobanks**

Two governance models are possible for the local Rabobanks. The introduction of a second governance model – the executive model – besides the existing partnership model was prompted at the time by the wish to respond to internal and external changes, for example, the ongoing scaling up process, a changing market, and increasing legislation and regulations. Both governance models focus on ensuring effective management as well as professional and independent supervision. The effectiveness of both models will be reviewed in 2009.

Since both governance models provide assurance of effective member influence and control, the governance of the local Rabobanks will continue to be carried out both adequately and professionally in the future, but also in a way that befits their cooperative character. 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. In addition, account is rendered to the members in respect of the bank'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. 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.

#### **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.

### **Corporate governance information on the Internet**

Rabobank Group has placed information on its corporate governance and activities on its public Internet site, including a full explanation of the areas in which Rabobank Group deviates from the Dutch Corporate Governance Code. While Rabobank Group endorses the Code's principles and implements the majority of its elements, it does not implement a number of principles and best practice provisions on account of its cooperative structure.

### **Controls over financial reporting**

Rabobank Group constantly seeks to improve its corporate governance and overall internal controls, for example, by endorsing the principles of the Dutch Corporate Governance Code. Rabobank Group

seeks an open culture and transparent accountability in respect of policies and supervision, and to remain in line with the leading risk management practices in the world.

Rabobank Group voluntarily assessed the internal controls over financial reporting in a manner similar to what US-registered companies have done pursuant to Section 404 of the United States Sarbanes-Oxley Act of 2002, 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 the review of its internal controls over financial reporting has increased the effectiveness of those controls, including the ability to identify and to remediate any deficiencies at an earlier stage. This results in greater transparency for all stakeholders in the quality of Rabobank Group's financial reporting process. As a result of Rabobank Group's review, Rabobank Group has identified areas to improve, simplify and standardise specific business processes.

Rabobank Group has established and maintains a comprehensive system of internal control measures designed to ensure transactions are executed as authorised, financial reporting is accurate and reliable, and assets are safeguarded.

Rabobank Group has implemented a process whereby finance and business executives throughout the Group assess and attest to the accuracy of financial information as well as the adequacy and effectiveness of internal control over financial reporting. Rabobank Group has adopted policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and that receipts and expenditures are made only in accordance with authorizations of management;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

The internal control framework for the organisation and control of Rabobank Group's activities 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 Rabobank Group's internal control over financial reporting is adequate and effective, consistent with the criteria established by COSO.

### **Risk management**

The management of Rabobank Group is based on its strategic principles and, by extension, on the interrelationship between risk, return and reserves. Both DNB and the bank itself have formulated standards concerning Rabobank's organisation and control.

Rabobank's organisation and control are subject to the Dutch Financial Supervision Act, including subordinate legislation based thereon, and regulations imposed by both DNB and the AFM as supervisory authorities. These legal requirements and supervisors' regulations form Rabobank Group's framework for the organisation and control of its activities. For further information, please refer to the relevant sections in this Offering Circular, and in particular to the section above on 'Controls over financial reporting', which addresses risks relating to financial reporting, and the 'Risk Management' chapter, which includes a description of control systems relating to the most important other risks identified by Rabobank Group.

## **Administrative, Management and Supervisory Bodies - conflicts of interests**

The members of the Supervisory Board and of the Executive Board are unaware of any conflicts of interest or potential conflicts of interest between their duties to Rabobank Nederland and their private interests or other duties.

## **Administrative, Management and Supervisory Bodies - business address**

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

## **REGULATION OF THE 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*) (Netherlands), which entered into force on January 1, 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank (*De Nederlandsche Bank*), 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') directives which have a significant impact on the regulation of the Rabobank Group's banking, asset management and broker-dealer businesses in the EU and the regulation and control of local supervisory authorities of the various countries in which the 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 July 15, 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 January 1, 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 judgment and has reserved adequate capital for these risks. Pillar 3 uses market discipline to motivate prudent management by increasing transparency in banks' public reporting.

Instead of the previous 'one size fits all' approach, under Basel II banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility to select approaches that are

most appropriate for their operations and their financial market infrastructure.

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

### **European Union standards**

The European Community 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 April 17, 1989 on the 'own funds' of credit institutions (the 'Own Funds Directive'), defining qualifying capital ('own funds'), and the Council Directive of December 18, 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 requirements, but not more lenient requirements. In 1993, the EC adopted the Directive of March 15, 1995 on the capital adequacy of investment firms and credit institutions ('EEC Directive 1993/6') and in 2000 the Directive of March 20, 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, 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.

On December 16, 2002, the European Union 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:

- I ensure that a financial conglomerate has adequate capital;
- II introduce methods for calculating a conglomerate's overall solvency position;
- III deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- IV 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 provides that EU Member States have to provide that the provisions of this directive shall first apply to the supervision of accounts for the financial year beginning on January 1, 2007. This directive was implemented in the Netherlands in the Financial Supervision Act that came into

effect on January 1, 2007.

### **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 (Netherlands), the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of the 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 (Netherlands).

#### ***Scope of the Financial Supervision Act (Netherlands)***

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 (Netherlands), 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 equity (*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 balance sheet and a profit and loss statement 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.

The Rabobank Group's independent auditors audit 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 % 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 (Netherlands), 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 approach. For operational risk Rabobank uses the most refined approach, the Advanced Measurement Approach.

### ***Liquidity supervision***

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

### ***Structure supervision***

The Financial Supervision Act (Netherlands) 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% of the bank's consolidated balance sheet total, (iii) acquiring or increasing a 'qualified holding' in another enterprise 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% of the consolidated own funds (*eigen vermogen*) of the bank, (iv) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution if this amounts to more than 1% 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% of the bank's consolidated balance sheet total or (vi) proceeding to financial or corporate reorganisation. For purposes of the Financial Supervision Act (Netherlands), 'qualified holding' is defined to mean the holding, directly or indirectly, of an interest of at least 10% 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 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 (Netherlands) 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 organs of the bank. A bank can also be declared in a state of bankruptcy by the court.

## CAPITALISATION OF THE RABOBANK GROUP

The following table sets forth in summary form the Group's consolidated own funds and consolidated medium and long-term debt securities at December 31, 2008 and at December 31, 2007:

	<b>At December 31,</b>	
<i>(in millions of euros)</i>	<b>2008</b>	<b>2007</b>
<b>Equity of Rabobank Nederland and local Rabobanks</b>		
Retained earnings and other reserves .....	20,074	19,650
Rabobank Member Certificates issued by a group company .....	6,236	6,233
Capital Securities and Trust Preferred Securities III to VI .....	3,510	2,779
Minority interests .....	3,639	2,713
<b>Total equity</b> .....	<b>33,459</b>	<b>31,375</b>
Subordinated debt .....	2,159	2,294
Debt securities in issue* .....	135,779	141,812
<b>Total capitalisation</b> .....	<b>171,397</b>	<b>175,481</b>
<b>Breakdown of reserves and retained earnings</b>		
Revaluation reserves for available-for-sale financial assets .....	(898)	489
Other reserves .....	(332)	38
Retained earnings .....	21,304	19,157
<b>Total reserves and retained earnings</b> .....	<b>20,074</b>	<b>19,684</b>

Note:

\* Debt securities in issue includes short-term debt and long-term debt. At December 31, 2008, and at December 31, 2007, The Rabobank Group had short-term debt amounting to € 55,385 million respectively € 58,440 million. At December 31, 2008, and at December 31, 2007, The Rabobank Group had long-term debt amounting to € 80,394 million respectively € 83,372 million.

There has been no material change in the capitalisation of the Rabobank Group since December 31, 2008.

## 4. SUMMARY OF PIE CONDITIONS AND UNDERLYING SECURITIES CONDITIONS

### 4.1 SUMMARY OF PIE CONDITIONS

The PIE Capital Securities are issued under and constituted by the Constitution of Rabo Capital Securities Limited. The offer of the PIE Capital Securities complies with the relevant provisions of the Constitution.

The Constitution sets out the rights attaching to PIE Capital Securities (being the PIE Conditions contained in the appendix thereto and more fully described in Part 2 of this Prospectus) and the Ordinary Shares of the Issuer (no right to receive dividends or distributions), the procedure for transfer of Ordinary Shares in the Issuer, the limitations on the business the Issuer is able to conduct (limited to matters incidental with issuing the PIE Capital Securities) and other sundry company governance matters including arrangements for meetings, insurance, directors' powers and interests and proceedings of the board of directors.

Investors requiring further information should refer to the Constitution which is set out in its entirety in Appendix A to this Prospectus.

### 4.2 SUMMARY OF UNDERLYING SECURITIES

The funds raised by the offer of the PIE Capital Securities will be used by the Issuer to subscribe for Underlying Securities issued by Rabobank Nederland. In certain circumstances described on pages 10 and 11 the PIE Capital Securities may become exchangeable for the Underlying Securities. The Underlying Securities will be denominated in New Zealand dollars and will have terms conforming substantially to the terms of the PIE Capital Securities, other than that:

- the Underlying Securities will be bonds paying interest rather than shares paying imputed dividends (which interest may be suspended in the same circumstances as for suspension of Dividend Amounts on the PIE Capital Securities);
- the Underlying Securities are not exchangeable for any other securities;
- the Underlying Securities are issued to Rabo Capital Securities Limited and may not be transferred to any person other than to, or at the order of, the Security Trustee after the occurrence of an Exchange Event as described in Part 2 above (there are no exchange events for the Underlying Securities);
- the terms of the Underlying Securities are set out in the Schedule to the Agency Agreement, while the terms of the PIE Capital Securities are contained in the Issuer's Constitution; and
- the PIE Capital Securities will be issued by Rabo Capital Securities Limited so that New Zealand resident investors will be able to obtain the benefits of the PIE tax regime, as described on pages 17 to 24 of this Prospectus. If any of the Exchange Events occur, the PIE Capital Securities will be exchanged for the Underlying Securities. The PIE tax treatment described in Part 2 above applies only to the PIE Capital Securities and will not apply to any holding of the Underlying Securities.

Other than for differences in terminology and other mechanical differences noted above, the PIE Conditions and the Underlying Securities Conditions are substantially the same:

- the returns (Dividend Amount and interest, respectively) will be set by reference to the same Minimum Initial Rate, Margin and base rates, but the PIE Capital Securities have a

Dividend Amount defined according to the taxation of the Issuer, as described in Part 4 of the Investment Statement under "*What returns do I get?*".

- the periods by which the relevant returns will be calculated and the dates on which those returns are to be paid are the same.
- the conditions as to resetting of the fixed rate base rate and switching from fixed to floating rates are substantially the same.
- the circumstances in which the payment of the relevant returns are required, discretionary or prohibited are determined in accordance with the same criteria, as described in Part 4 of the Investment Statement under "*What returns do I get?*".
- the PIE Capital Securities and the Underlying Securities are similarly ranked and subordinated (the PIE Capital Securities exchange into Underlying Securities on the insolvency of the Issuer).

The Underlying Securities Conditions are set out in full in Appendix B to this Prospectus.

## 5. STATUTORY INFORMATION – PIE CAPITAL SECURITIES

The information in this Part 5 includes, but is not limited to, the information required by the First Schedule of the Securities Regulations.

### 5.1 MAIN TERMS OF OFFER

**Issuer of PIE Capital Securities:** The Issuer of the PIE Capital Securities is Rabo Capital Securities Limited, a special purpose company incorporated by Rabobank Nederland in order to issue the PIE Capital Securities. Rabo Capital Securities Limited has its registered office at Level 12, 80 The Terrace, Wellington and may be contacted through Computershare Investor Services Limited (by post) Private Bag 92119, Auckland 1142 or (by hand) Level 2, 159 Hurstmere Road, Takapuna, North Shore City.

**Brief description of PIE Capital Securities:** The PIE Capital Securities are perpetual non-cumulative non-voting preference shares to be issued by Rabo Capital Securities Limited. The PIE Capital Securities are direct, unsecured and subordinated obligations of the Issuer. The funds raised by the offer of the PIE Capital Securities will be used by the Issuer to subscribe for interest-bearing unsecured perpetual, non-cumulative subordinated bonds to be issued by Rabobank Nederland ("**Underlying Securities**"). Proceeds will be used in the Rabobank Group. The Underlying Securities will constitute Tier 1 Capital of Rabobank Nederland for the purposes of the Dutch Central Bank, which is the home prudential authority for Rabobank Nederland, and the proceeds of their issue will be used for the general corporate purposes of the Rabobank Group. The PIE Capital Securities confer no right to receive notice of, attend, participate in or vote at meetings of shareholders of Rabo Capital Securities Limited, except at meetings to consider amendments relating to the terms of the PIE Capital Securities, meetings convened in relation to the exercise of certain rights under the Security Trust Deed and meetings convened in relation to the commencement of the liquidation of Rabo Capital Securities Limited in certain circumstances. They carry the right to dividend payments, but the payment of dividends is subject to the dividend payment conditions applying on the relevant Dividend Payment Date. Further details of the terms of the shares are set out in part 2 of this Prospectus.

**Maximum number of PIE Capital Securities:** Up to NZ\$200 million of PIE Capital Securities are being offered, with the ability to accept oversubscriptions for additional PIE Capital Securities. The maximum amount of oversubscriptions which may be accepted by the Issuer is unlimited and will be determined at the Issuer's discretion. The maximum number of PIE Capital Securities that applicants can apply for is limited by the requirements of the PIE regime ("**Maximum PIE Holding**") so as to ensure that Rabo Capital Securities Limited retains its status as a Portfolio Investment Entity and qualifies as a Portfolio Listed Company. Generally, no Holder (together with associates of that Holder who hold 5% or more of the PIE Capital Securities) may hold more than 20% of the PIE Capital Securities that are issued (although Holders who are other PIEs or fall within a narrow class of other specified entities may hold a greater percentage (but not 40% or more) of the PIE Capital Securities that are issued).

**Issue Price:** The issue price for each PIE Capital Security is \$1.00, with a minimum application amount of \$5,000 and thereafter in \$1,000 increments. The main terms of PIE Capital Securities are described in greater detail in Part 2 of this Prospectus.

### 5.2 DETAILS OF INCORPORATION OF ISSUER

Rabo Capital Securities Limited is a limited company incorporated on 15 April 2009 in New Zealand under the Companies Act. Rabo Capital Securities Limited has its registered office at Level 12, 80 The Terrace, Wellington. A public file relating to the incorporation or registration of Rabo Capital Securities Limited is kept at the Companies Office, Business and Registries Branch, Ministry of Economic Development on its website ([www.companies.govt.nz](http://www.companies.govt.nz)). A request for documents not available on the website may be made by telephoning the Companies Office on 0508 266 726.

### 5.3 PRINCIPAL SUBSIDIARIES OF THE ISSUER

As at the date of registration of this Prospectus, there are no subsidiaries of Rabo Capital Securities Limited.

### 5.4 DIRECTORS AND ADVISORS

The directors of the Issuer, their principal place of residence and their technical or professional qualifications as of the date of this Prospectus are set out below:

Name, given name, business address and number of shares held*	Qualifications	Date first appointed	Main office within the company
Patrick Mitchell, 201 Sussex Street, Sydney NSW, 2000, Australia,	BCom (UNSW) MCom (UNSW)	15 April 2009	Chairman
John McLean, 80 The Terrace, Wellington, 6001,	LLB (Hons) (VUW) BCA (VUW)	15 April 2009	Director
Ben Russell, 80 The Terrace, Wellington, 6001,	BSc (Hons) (UNSW) PhD (UNSW)	15 April 2009	Director

The Directors may be contacted through the registered office of Rabo Capital Securities Limited at Level 12, 80 The Terrace, Wellington or through Computershare Investor Services Limited at Level 2, 159 Hurstmere Road, Takapuna, North Shore City or Private Bag 92119, Auckland 1142. No director has been adjudged bankrupt during the 5 years preceding the date of registration of this Prospectus.

The name and addresses of the Arranger, Organising Participant, Joint Lead Managers, Registrar, the Security Trustee, the auditors of the Issuer and the solicitors who have been involved in the preparation of this Prospectus are set out in Part 7 of this Prospectus.

### 5.5 RESTRICTIONS ON DIRECTORS POWERS

**Constitution of Rabo Capital Securities Limited:** The Constitution provides that the Board may not authorise any payment or other benefit of the kind referred to in section 161 of the Companies Act (including the payment of remuneration, compensation for loss of office, Rabo Capital Securities Limited making loans to the Directors or Rabo Capital Securities Limited guaranteeing debts incurred by the Directors) without the prior approval of the holder of the ordinary shares in Rabo Capital Securities Limited.

**Companies Act:** The Companies Act contains a number of other provisions which could have the effect or consequence, in certain circumstances, of restricting the powers of the Directors. For example, the Directors must not allow Rabo Capital Securities Limited to enter into any major transactions without the prior approval by a majority of 75% of the votes of shareholders of Rabo Capital Securities Limited entitled to vote and voting. These provisions are common for any company registered in New Zealand.

### 5.6 SUBSTANTIAL EQUITY SECURITY HOLDERS OF ISSUER

As at the date of registration of this Prospectus, Rabobank Nederland is the registered holder of all of the ordinary shares in Rabo Capital Securities Limited. There are no other holders of equity securities of Rabo Capital Securities Limited as at the date of registration of this Prospectus.

Rabobank Nederland undertakes no liability in relation to, nor guarantees, the PIE Capital Securities or any obligations in respect of the PIE Capital Securities.

### **5.7 DESCRIPTION OF ACTIVITIES OF ISSUER**

Rabo Capital Securities Limited was incorporated on 15 April 2009. From the date of its incorporation to the date of registration of this Prospectus, Rabo Capital Securities Limited has not undertaken any activities other than activities in relation to the offer as outlined in this Prospectus.

Rabo Capital Securities Limited does not own or lease any fixed assets.

### **5.8 SUMMARY OF FINANCIAL STATEMENTS**

Rabo Capital Securities Limited has not undertaken any business or activity other than activities in relation to the Offer as outlined in this Prospectus. No financial statements for Rabo Capital Securities Limited have been prepared.

### **5.9 PROSPECTS AND FORECASTS**

Rabo Capital Securities Limited has been incorporated for the purpose of issuing perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities). Rabo Capital Securities Limited will invest the proceeds of any issue of perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities) in subscribing for Underlying Securities. The Directors anticipate that Rabo Capital Securities Limited will carry on no business or activity other than issuing perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), subscribing for the Underlying Securities from Rabobank Nederland, receiving interest on the Underlying Securities and paying dividends on the perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), paying other operating expenses and income and other tax payments, holding associated assets, such as cash balances and prepaid provisional tax, and activities related to maintaining its status as a Portfolio Listed Company for the purposes of the PIE Rules. For the principal risks, see Part 4 of the Investment Statement under "*What are my risks?*".

### **5.10 PROVISIONS RELATING TO INITIAL FLOTATIONS**

This offer is the first offer to the public of equity securities in Rabo Capital Securities Limited.

The Directors anticipate that Rabo Capital Securities Limited will carry on no business or activity other than issuing perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), subscribing for the Underlying Securities from Rabobank Nederland, receiving interest on the Underlying Securities and paying dividends on the perpetual non-cumulative non-voting preference shares (including the PIE Capital Securities), paying other operating expenses and income and other tax payments, holding associated assets, such as cash balances with Rabobank Nederland and prepaid provisional tax, and activities related to maintaining its status as a Portfolio Listed Company for the purposes of the PIE Rules. The proceeds of the Offer may not be used for any other purpose other than as described above.

### **5.11 PROSPECTIVE FINANCIAL INFORMATION**

The prospective statement of cash flows for Rabo Capital Securities Limited showing the anticipated receipt and proposed use of the proceeds of the offer of PIE Capital Securities, and the assumptions on which it is based is set below.

Assumes the gross dividend rate is 8.00%pa and issue size is \$200m

12 month period from 17 April 2009  
NZ\$million

**Cash Flows From Operating Activities**

Interest Received	12.971
Other Revenue	0.095
Payment of dividends on PIE Capital Securities	(9.075)
Interest Paid	(0.001)
Other Expenses (inclusive of GST)*	(0.213)
Taxation Paid	(3.889)

**Net Cash flows from Operating Activities** (0.112)

**Cash Flows from Investment Activities**

Purchase of Underlying Securities	(200.000)
<b>Net Cash flows from Investing Activities</b>	<b><u>(200.000)</u></b>

**Cash Flows from Financing Activities**

Proceeds from issue of PIE Capital Securities	200.000
<b>Net Cash flows from Financing Activities</b>	<b><u>200.000</u></b>

<b>Net Increase / (Decrease) in Cash Held</b>	<b>(0.112)</b>
Cash at the beginning of the period	0
<b>Cash at end of the period</b>	<b>(0.112)</b>

\* Other Expenses relate to ongoing administration costs, such as NZX, Trustee and Registry fees. To the extent required, Rabo Capital Securities Limited will be reimbursed for these by Rabobank Nederland. Rabo Capital Securities Limited is fully funded, but the cash balance throughout the year will vary between positive and negative due to timing differences between payments and receipts.

**General assumptions**

The prospective financial information is based on events and conditions as at the date of this Prospectus and assumes that:

1. There will be no material change in the general economic or fiscal environment in the Netherlands and New Zealand;
2. The ultimate parent company of Rabo Capital Securities Limited will continue to be Rabobank Nederland;
3. The Offer is subscribed to 200 million PIE Capital Securities of NZ\$1:00 each; and
4. A gross dividend of 8.00% per annum.

**Principal assumptions**

The principal assumptions underlying the above statements of cash flows are:

1. A Prospectus registration date of 17 April 2009;
2. An issue date of 27 May 2009;
3. All dividends are fully imputed at the ratio of 30/70; This means the assumed cash component of dividends is 5.60% per annum and the imputation component is 2.40% per annum;
4. Dividends paid in arrears in even quarterly amounts, with the exception of the first dividend;
5. The period relating to the first dividend payment has been shortened by 70 days and the dividend payment has been decreased accordingly. The first dividend payment relates to the period from 27 May 2009 to (but not including) 18 June 2009 and is assumed to be paid on 18 June 2009;
6. Rabo Capital Securities Limited will not pay any supplementary dividends for the purposes of subpart LP of the Tax Act;

7. The proceeds of the offer are used to subscribe for interest bearing securities issued by Rabobank Nederland (the Underlying Securities), which will pay a gross interest rate equivalent to the gross dividend rate payable under the PIE Capital Securities (8.00% pa);
8. All issue costs are paid by Rabobank Nederland or a member of the Rabobank Nederland Group; and
9. Ongoing administrative costs are paid by Rabo Capital Securities Limited. In consideration of Rabo Capital Securities Limited agreeing to subscribe for the Underlying Securities, Rabobank Nederland will reimburse Rabo Capital Securities Limited should it require additional funds to meet ongoing administration costs.

#### **5.12 MINIMUM AMOUNT**

There is no minimum amount that, in the opinion of the Directors of Rabo Capital Securities Limited, must be raised by the issue of PIE Capital Securities in order to provide for the matters specified in clause 10(4) of the First Schedule to the Securities Regulations.

#### **5.13 ACQUISITION OF BUSINESS OR SUBSIDIARY**

Rabo Capital Securities Limited has not acquired any business between the date of its incorporation and the date of registration of this Prospectus. Rabo Capital Securities Limited does not have any subsidiaries.

#### **5.14 SECURITIES PAID UP OTHERWISE THAN IN CASH**

Rabo Capital Securities Limited, since the date on which it was incorporated, has not allotted any equity or participatory securities as fully or partly paid up otherwise than in cash.

#### **5.15 OPTIONS TO SUBSCRIBE FOR SECURITIES OF THE ISSUER**

There are no options to subscribe for securities of Rabo Capital Securities Limited that have been granted to, or are proposed to be granted to, anyone by or on behalf of Rabo Capital Securities Limited. However, Rabo Capital Securities Limited may issue further ordinary shares to Rabobank Nederland to fund expenses.

#### **5.16 APPOINTMENT AND RETIREMENT OF DIRECTORS**

Directors may be appointed by the holder of the ordinary shares of Rabo Capital Securities Limited by written notice to Rabo Capital Securities Limited. Two or more persons may be appointed as directors by a single notice. The existing Directors of Rabo Capital Securities Limited were appointed by Rabobank Nederland, the ordinary shareholder of Rabo Capital Securities Limited, on the incorporation of Rabo Capital Securities Limited. Rabo Capital Securities Limited has no rules regarding the retirement age of directors.

#### **5.17 DIRECTORS' INTERESTS**

**Remuneration:** Directors are not entitled to remuneration from Rabo Capital Securities Limited other than by way of directors' fees.

**Retirement:** There are no contracts or other provisions relating to retirement benefits or compensation for loss of office for Directors of Rabo Capital Securities Limited.

**Material transactions involving Directors:** During the five years preceding the date of registration of this Prospectus, no "material transactions" (as defined in the Securities Regulations) have been entered into (and no such material transactions are to be entered into after the date of this Prospectus between Rabo Capital Securities Limited or any of its subsidiaries and any Director or any other persons named in clause 15(4) to the Securities Regulations).

## 5.18 PROMOTERS' INTERESTS

Rabobank Nederland is the promoter of the PIE Capital Securities being offered. Because Rabobank Nederland is the promoter, each of the Directors of Rabobank Nederland is also a promoter. The full names of the members of the Executive Board of Rabobank Nederland are set out below:

Bert (H.) Heemskerk  
 Bert (A.) Bruggink  
 Piet (P.W.) Moerland  
 Sipko (S.N.) Schat  
 Piet (P.J.A.) van Schijndel

The members of the Executive Board of Rabobank Nederland can be contacted at Croeselaan 18, 3521 CB, Utrecht, The Netherlands.

**Material transactions involving promoters:** During the five years preceding the date of registration of this Prospectus, no "material transactions" (as defined in the Securities Regulations) have been entered into between Rabo Capital Securities Limited or any of its subsidiaries and any promoter or other persons named in clause 16(2) of the First Schedule to the Securities Regulations (and no such material transactions are to be entered into after the date of this Prospectus) other than:

## 5.19 MATERIAL CONTRACTS

During the five years preceding the date of registration of this Prospectus, Rabo Capital Securities Limited has entered into the following material contracts (not being contracts entered into in the ordinary course of business):

- a Subscription Agreement dated on or around 16 April 2009 between Rabo Capital Securities Limited and Rabobank Nederland under which Rabo Capital Securities Limited will subscribe for Underlying Securities in an aggregate amount equal to the amount of PIE Capital Securities issued;
- a Security Trust Deed dated on or around 16 April 2009 between Rabo Capital Securities Limited and the Security Trustee, which is described under the heading *Security Trustee* on page 11;
- a Listing Agreement dated on or around 16 April 2009 entered into between Rabo Capital Securities Limited and NZX, the PIE Capital Securities will be quoted on the NZDX Market operated by NZX and Rabo Capital Securities Limited agrees to be bound by and comply with the NZDX Listing Rules which will govern, amongst other matters, its reporting and disclosure requirements in relation to the PIE Capital Securities going forward;
- an Agency Agreement dated on or around 16 April 2009 between Rabo Capital Securities Limited and Computershare Investor Services Limited; and
- the Constitution of Rabo Capital Securities Limited dated on or around 16 April 2009.

## 5.20 PENDING PROCEEDINGS

There are no legal proceedings or arbitrations pending at the date of registration of this Prospectus that may have a material adverse effect on Rabo Capital Securities Limited.

## 5.21 PRELIMINARY AND ISSUE EXPENSES

**Issue expenses:** Issue expenses associated with the offer of PIE Capital Securities including accounting and auditing fees, legal fees, listing fees, registry expenses, ratings agency fees, Security Trustee fees, financial advisory fees, Joint Lead Manager fees, Organising Participant

fees, advertising, printing and distribution of the Investment Statement and Prospectus are estimated to be \$5m and will be paid by Rabobank Nederland. This estimate is based on the assumption that Rabo Capital Securities Limited accepts subscriptions for \$200m of PIE Capital Securities.

**Brokerage fees:** Other than the amount payable on application on account of the issue price, applicants pay no fees or charges to invest in the PIE Capital Securities. However, Primary Market Participants and approved financial intermediaries will receive a firm brokerage fee from Rabobank Nederland of 1.25% of the issue price in respect of PIE Capital Securities allotted pursuant to firm applications submitted by applicants bearing their stamp. Primary Market Participants and approved financial intermediaries will also receive a brokerage fee from Rabobank Nederland of 0.75% of the Issue Price in respect of PIE Capital Securities allotted other than pursuant to firm allocations submitted by applicants bearing their stamp.

Applicants may have to pay a brokerage fee or commission to the person who recommends the investment or arranges the application. Brokerage is also likely to be payable on the transfer of any PIE Capital Securities effected through a Primary Market Participant.

## 5.22 RESTRICTIONS ON ISSUER

The Constitution provides that the only business or activity which Rabo Capital Securities Limited may carry on is to:

- issue and maintain in existence perpetual non-cumulative preference shares, including listing (and maintaining a listing of) those shares on any stock or securities exchange in New Zealand or elsewhere;
- use the proceeds of perpetual non-cumulative preference shares to subscribe for perpetual Tier 1 bonds issued by Rabobank Nederland, or a Related Company of that company;
- enter into the Agency Agreement and the Security Trust Deed (and any other administration agreements, security trust deeds, registration agreements and/or deed polls in connection with the issue of PIE Capital Securities); and
- do all other things reasonably incidental to the activities referred to above and in the Constitution.

Rabo Capital Securities Limited has no power to:

- carry on any other business or activity; or
- apply amounts received by way of interest on, or repayment of, the bonds referred to above for any purpose other than in payments to the holders of the perpetual non-cumulative preference shares, meeting costs and expenses incurred in connection with the issuance and maintenance in existence of perpetual non-cumulative preference shares and making income and other tax payments to the New Zealand Inland Revenue Department.

## **5.23 OTHER TERMS OF OFFER AND SECURITIES**

All the terms of the offer, and all the terms of the PIE Capital Securities, are set out in this Prospectus, including the PIE Conditions set out in Appendix A, except for those implied by law or set out in a document that is registered with a public official, is available for public inspection, and is referred to in this Prospectus.

## **5.24 CLAUSES 23-38 OF THE FIRST SCHEDULE OF SECURITIES REGULATIONS**

As at the date of registration of this Prospectus, Rabo Capital Securities Limited has not commenced business and acquired an asset or incurred a debt. Accordingly, no financial statements of Rabo Capital Securities Limited are included in this Prospectus.

## **5.23 PLACES OF INSPECTION OF DOCUMENTS**

The Constitution and the material contracts referred to in section 5.19, may be inspected at the Companies Office, Business and Registries Branch, Ministry of Economic Development for a fee on its website ([www.companies.govt.nz](http://www.companies.govt.nz)). A request for documents not available on the website may be made by telephoning the Companies Office on 0508 266 726. The documents may also be inspected at the offices of Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City for free, during normal business hours.

## **5.25 OTHER MATERIAL MATTERS**

Other than the matters set out elsewhere in this Prospectus and below, and in contracts entered into in the ordinary course of business of Rabo Capital Securities Limited, there are no material matters relating to this offer of PIE Capital Securities.

Although the PIE Capital Securities are equity securities for the purposes of the Securities Act 1978 and the Tax Act, NZX has given a ruling that the PIE Capital Securities will be listed on the NZDX Market and will be treated as Debt Securities for the purposes of the Listing Rules.

NZX has provided a waiver in respect of the inclusion of provisions in the Constitution restricting the issue, acquisition or transfer of PIE Capital Securities that would result in a holding PIE Capital Securities, the principal amount of which is less than \$5,000.

NZX has also provided a waiver in respect of the inclusion of provisions in the Constitution relating to the Maximum PIE Holding, in particular Condition 3 which relates to the transfer of PIE Capital Securities, the principal amount of which is less than \$5,000.

The Issuer has been given a Non Standard designation by NZX as a consequence of the Constitution incorporating provisions relating to the Maximum PIE Holding.

## **5.26 DIRECTORS' STATEMENT**

As a balance sheet is not required by the Securities Regulations to be contained or referred to in this Prospectus, a directors' statement is not required.

## **5.27 AUDITOR'S REPORT**

A copy of the auditor's report as required by clause 42 of the First Schedule of the Securities Regulations is set out in Appendix C. Ernst & Young has given and not withdrawn their consent to the report appearing in this Prospectus in the form in which it appears. Ernst & Young takes no responsibility for, nor has authorised the issue of any part of this Prospectus, except for the New Zealand auditor's report. While Ernst & Young is a professional adviser to Rabo Capital Securities Limited, neither Ernst & Young nor any employee of Ernst & Young is intended to be a director, officer or employee of Rabo Capital Securities Limited.

## 6. GLOSSARY

In this Prospectus, unless the context otherwise requires:

**2007 Capital Securities** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public on 8 October 2007 (NZDX Code RBOHA).

**Agency Agreement** means the agency agreement dated on or about 16 April 2009 between the Issuer and the Registrar relating to the PIE Capital Securities to which the Underlying Securities Conditions are attached as Schedule 1.

**Application Form** means the application form contained in Part 7 of the Investment Statement.

**Arranger** means ASB Bank Limited.

**Closing Date** means 22 May 2009.

**Companies Act** means the Companies Act 1993.

**Constitution** means the current constitution of Rabo Capital Securities Limited.

**Director** means, when used in relation to Rabobank Nederland, the members of the Executive Board of Rabobank Nederland, which is responsible for the management of Rabobank Nederland and, indirectly, its affiliated entities.

**Dividend Amount** means the amount of the cash dividend payable on the PIE Capital Securities.

**Dollars** or **\$** means New Zealand dollars.

**Exchange Event** means the occurrence of certain events, as described on pages 10 and 11, under which the PIE Capital Securities may exchange into the Underlying Securities issued by Rabobank Nederland.

**EUR, euro or €** 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, as amended by the Treaty on European Union.

**General Disclosure Statement** or **General Short Form Disclosure Statement** means the disclosure statements required to be filed by the Rabobank Nederland pursuant to the Reserve Bank of New Zealand Act 1989 and associated regulations.

**Holder** means a holder of PIE Capital Securities.

**IFRS** means the International Financial Reporting Standards issued by the International Accounting Standards Board.

**Increased Costs Event** means if there is a reduction in the rate of return from the Underlying Securities or an additional or increased cost is incurred or suffered by the Issuer that it is attributable to the Issuer having issued the PIE Capital Securities.

**Insolvency Event** means (a) in respect of the Issuer, the dissolution, bankruptcy, the inability to pay debts as they fall due, or if an effective resolution is passed for the winding-up, liquidation or administration (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders and any equivalent or analogous procedure), or (b) in respect of Rabobank Nederland means bankruptcy, a Moratorium, or dissolution or an effective resolution is passed for the winding-up, liquidation or administration.

**Investment Statement** means the investment statement for the offer of PIE Capital Securities dated 17 April 2009.

**IRD Number** means the individual identification number issued to each person by the New Zealand Inland Revenue Department, also known as a 'tax file number'.

**Issuer** means Rabo Capital Securities Limited.

**Joint Lead Managers** means the ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited.

**Margin** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date.

**Maximum PIE Holding** means, at any time, the maximum holding that an investor may, at that time, hold in a Portfolio Listed Company in order for the Portfolio Listed Company to meet the PIE eligibility requirements in the Tax Act, taking into account any requirement under the Tax Act to include the holdings of persons that are associated with that investor.

**Minimum Initial Rate** means the minimum dividend rate of 8% per annum applicable in respect of the Offer until 18 June 2014.

**Moody's** means Moody's Investors Services, Inc.

**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*) (Netherlands), as modified or re-enacted from time to time, is applicable to Rabobank Nederland.

**NZX** means NZX Limited.

**NZDX Market** means the market for debt securities of that name operated by NZX.

**Offer** means the offer of PIE Capital Securities by Rabo Capital Securities Limited under this Prospectus and the Investment Statement.

**Official Cash Rate** means Official Cash Rate most recently announced by the Reserve Bank of New Zealand.

**Organising Participant** means ASB Securities Limited.

**Outstanding Amounts** means, in relation to any amounts payable on redemption of the PIE Capital Securities, an amount representing the accrued and unpaid Dividend Amount for the Dividend Period during which redemption occurs to the date of redemption.

**PIE** means a portfolio investment entity, and has the meaning given to that term in section YA 1 of the Tax Act.

**PIE Capital Securities** means the \$1.00 Face Value perpetual non-cumulative non-voting preference shares issued pursuant to the PIE Conditions.

**PIE Conditions** means the terms and conditions of the PIE Capital Securities, as they may be amended from time to time in accordance with the provisions thereof.

**Portfolio Listed Company** has the meaning given to that term in section YA 1 of the Tax Act or any defined term enacted in lieu thereof.

**Primary Market Participant** has the same meaning as in the Participant Rules of NZX Limited.

**Prospectus** means this prospectus, registered in respect of the offer of the PIE Capital Securities dated 17 April 2009.

**Rabobank Group** or **Group** means Rabobank Nederland together with its branches and consolidated subsidiaries and the Local Rabobanks and shall include the Issuer.

**Rabobank Nederland** means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., the promoter of the offer of the PIE Capital Securities and the issuer of the Underlying Securities.

**Redemption Amount** means, in relation to any Holder, the Face Value of the PIE Capital Securities held by that Holder.

**Registrar** means Computershare Investor Services Limited.

**Securities Regulations** means the Securities Regulations 1983.

**Security Trustee** means Public Trust.

**Security Trust Deed** means the deed entitled "Security Trust Deed" entered into by the Issuer and the Security Trustee on or about 16 April 2009.

**Senior Creditors** means indebtedness of Rabobank Nederland other than Rabobank Nederland's obligations under any guarantee or contractual right that effectively ranks equally with, or junior to, Rabobank Nederland's obligations under the Underlying Securities. Those obligations that rank equally with the Underlying Securities are Rabobank Nederland's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI and, the 2007 Capital Securities effectively, the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland including the PIE Capital Securities.

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

**Standard & Poor's** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

**Tax Act** means the Income Tax Act 2007.

**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 New Zealand 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.

**Terms and Conditions** or **Conditions** means the Terms and Conditions of the PIE Capital Securities unless the context otherwise requires.

**Underlying Securities** means the \$1.00 Perpetual Non-Cumulative Capital Securities issued by Rabobank Nederland to the Issuer.

**Underlying Securities Conditions** means the terms and conditions of the Underlying Securities, as they may be amended from time to time in accordance with the provisions thereof.

## 7. DIRECTORY

### ISSUER

**Rabo Capital Securities Limited**  
Level 12  
80 The Terrace  
Wellington

### PROMOTER

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)**  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**Directors of Rabobank Nederland**  
Bert (H.) Heemskerk (Chairman)  
Bert (A.) Bruggink  
Piet (P.W.) Moerland  
Spiko (S.N.) Schat  
Piet (P.J.A) van Schijndel

### AUDITORS

**Ernst & Young**  
41 Shortland Street  
Auckland 1010

### ARRANGER AND JOINT LEAD MANAGER

**ASB Bank Limited**  
135 Albert Street  
PO Box 35  
Auckland  
Telephone: +64 (9) 374 8052  
Facsimile: +64(9) 374 8716  
[www.asb.co.nz](http://www.asb.co.nz)

### JOINT LEAD MANAGERS

**ANZ, part of ANZ National Bank Limited**  
Level 7, 1 Victoria Street  
PO Box 540  
Wellington  
Telephone: 0800 269 476  
[www.anz.co.nz](http://www.anz.co.nz)

**Forsyth Barr Limited**  
Level 21, Vodafone on the Quay  
157 Lambton Quay  
PO Box 5266  
Wellington  
Telephone: 0800 367 227  
[www.forbar.co.nz](http://www.forbar.co.nz)

**ORGANISING PARTICIPANT**

**ASB Securities Limited**  
135 Albert Street  
PO Box 35  
Auckland  
Telephone: 0800 ASB OFFER (272 633)  
[www.asbsecurities.co.nz](http://www.asbsecurities.co.nz)

**REGISTRAR**

**Computershare Investor Services Limited**  
Level 2, 159 Hurstmere Road  
Takapuna, North Shore City  
Private Bag 92119  
Auckland 1142  
Telephone: +64 (9) 488 8777  
[www.computershare.co.nz](http://www.computershare.co.nz)

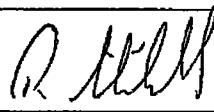
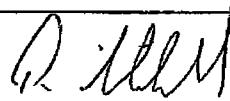
**LEGAL ADVISORS TO THE ISSUER**

**Russell McVeagh**  
Vero Centre  
Shortland Street  
PO Box 8  
Auckland 1140  
Telephone: +64 (9) 367 8000  
[www.russellmcveagh.com](http://www.russellmcveagh.com)

**SECURITY TRUSTEE**

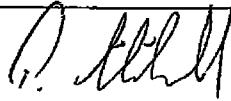
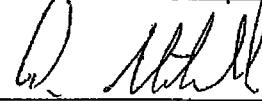
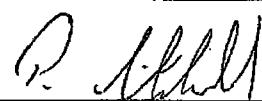
**Public Trust**  
Level 10  
141 Willis Street  
Wellington  
Freephone: 0800 371 471  
[www.publictrust.co.nz](http://www.publictrust.co.nz)

Signed by the directors of the Issuer or by their authorised agent duly authorised in writing

Patrick Mitchell	
John McLean	
Ben Russell	

✓  
✓

Signed on behalf of Rabobank Nederland and its directors (as promoters of the offer) or by their agents authorised in writing

Bert (H.) Heemskerk	
Bert (A.) Bruggink	
Piet (P.W.) Moerland	
Sipko (S.N.) Schat	
Piet (P.J.A.) van Schijndel	

✓  
✓  
✓  
✓  
✓

THE SECURITIES ACT 1978

AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)

I, John McLean, a Director of Rabo Capital Securities Limited, hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 17 April 2009



John McLean

THE SECURITIES ACT 1978

AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)

I, Ben Russell, a Director of Rabo Capital Securities Limited, hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated:



15 April 2009

---

Ben Russell



**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Bert (H.) Heemskerk, Chairman of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Bert (H.) Heemskerk



**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Bert (A.) Bruggink, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Bert (A.) Bruggink



**Rabobank**

THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Piet (P.W.) Moerland, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell, Keenan Bunning, Jai Anderson or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Piet (P.W.) Moerland



**Rabobank**

THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Sipko (S.N.) Schat, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Sipko (S.N.) Schat



**Rabobank**  
THE SECURITIES ACT 1978

**AUTHORITY FOR AGENT TO SIGN PROSPECTUS IN RELATION TO THE PROSPECTUS  
OFFERING PIE CAPITAL SECURITIES OF RABO CAPITAL SECURITIES LIMITED  
Pursuant to Section 41(b)**

I, Piet (P.J.A.) van Schijndel, a member of the Executive Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), hereby appoint Patrick Mitchell and/or Keenan Bunning and/or Jai Anderson and/or John McLean to sign on my behalf as my agent:

- (a) A prospectus to be dated on or about 17 April 2009 ("Prospectus") relating to an offering by Rabo Capital Securities Limited of PIE Capital Securities; and
- (b) Any memorandum of amendments to the Prospectus.

Dated: 15 April 2009

Flinder  
Piet (P.J.A.) van Schijndel

**APPENDIX A: CONSTITUTION OF RABO CAPITAL SECURITIES  
LIMITED**

**CONSTITUTION  
OF  
RABO CAPITAL SECURITIES LIMITED**

**Electronic Incorporation** - This constitution has been registered electronically and does not require separate certification by a director.

**RUSSELL MCVEAGH**

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CONSTITUTION  
OF  
RABO CAPITAL SECURITIES LIMITED

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions:** In this Constitution, unless the context otherwise requires:

“Act” means the Companies Act 1993.

“Agency Agreement” means the agency agreement dated on or about 16 April 2009 between the Company, Rabobank Nederland and the Registrar relating to the PIE Capital Securities.

“Alternate Director” means a person appointed by a Director as his or her alternate under section 8.

“Board” means Directors who number not less than the required quorum acting together as the board of directors of the Company.

“Company” means Rabo Capital Securities Limited.

“Constitution” means this constitution, as altered from time to time.

“Director” means a person appointed as a director of the Company in accordance with this Constitution, and where appropriate includes an Alternate Director.

“Distribution” has the meaning set out in section 2(1) of the Act.

“Holder” means the person in whose name a PIE Capital Security is registered in the Register.

“Holding Company” means the person whose name is entered in the Share Register as the holder for the time being of all the Ordinary Shares.

“Interested”, in relation to a Director, has the meaning set out in section 139 of the Act.

“month” means calendar month.

“Ordinary Share” means an ordinary voting share issued, or to be issued, by the Company that provides the holder with the entitlement to vote, and for the avoidance of doubt does not include a PIE Capital Security.

“Ordinary Resolution” means a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question.

“person” includes an individual, partnership, firm, company, body corporate, corporation, association, organisation, trust, a state or government or any agency thereof, a municipal, local or regional authority, and any other entity or organisation, whether incorporated or not (in each case whether or not having a separate legal personality).

**"PIE"** means a "portfolio investment entity", as that term is defined in section YA 1 of the Tax Act.

**"PIE Capital Securities"** means the \$1.00 face value perpetual non-cumulative non-voting preference shares, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to the PIE Conditions and forming a single series with the PIE Capital Securities.

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities, such terms being in the form set out in the Appendix as from time to time modified in accordance with this Constitution.

**"Portfolio Listed Company"** has the meaning given to that term in section YA 1 of the Tax Act.

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

**"Records"** means the documents required to be kept by the Company under section 189(1) of the Act.

**"Register"** means the register in relation to the PIE Capital Securities maintained by the Registrar in accordance with the Agency Agreement and the PIE Conditions.

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time.

**"Representative"** means:

- (a) a person appointed as a proxy under section 124;
- (b) a Personal Representative; or
- (c) a representative appointed by a corporation under section 125.

**"Security Trust Deed"** means the deed entitled "Security Trust Deed" to be entered into by the Company and the Trustee on or about 16 April 2009.

**"Share"** means a share issued, or to be issued, by the Company, as the case may require and includes an Ordinary Share and a PIE Capital Security or any class of share in the capital of the Company.

**"Shareholder"** means a person whose is the registered holder of a Share.

**"Share Register"** means the share register for the Company kept in accordance with the Act.

**"Share Registrar"** means an agent appointed by the Company to maintain the Share Register.

**"Special Resolution"** means a resolution approved by a majority of (75)% or more of the votes of those Shareholders entitled to vote and voting on the question.

**"Tax Act"** means the Income Tax Act 2007.

**"Trustee"** means Public Trust, acting in its capacity as security trustee for the Company under the Security Trust Deed.

**"Working Day"** has the meaning set out in section 2(1) of the Act.

**1.2 Interpretation:** In this Constitution, unless the context otherwise requires:

- (a) the table of contents, headings, and descriptions relating to sections of the Act, are inserted for convenience only and shall be ignored in construing this Constitution;
- (b) the singular includes the plural and vice versa;
- (c) one gender includes the other genders;
- (d) a reference to a statute (or to a provision or defined term of a statute) means the statute, provision or defined term as modified or amended and in operation for the time being, or any statute, provision or defined term enacted in lieu thereof and includes any by-law, order, regulation, rule or other statutory instrument for the time being in force under the statute, provision or defined term;
- (e) "written" and "in writing" include any means of representing or reproducing words, figures and symbols in a tangible and visible form;
- (f) references to clauses and sections (other than sections of the Act) are references to clauses and sections in this Constitution, unless stated otherwise;
- (g) where any word or expression is defined in this Constitution, any other grammatical form of that word or expression has a corresponding meaning;
- (h) words and expressions defined or explained in the Act have the same meaning in this Constitution.

**1.3 Constitution to prevail over Act:** If there is any conflict between:

- (a) a provision in this Constitution and a provision in the Act which is expressly permitted to be altered by this Constitution; or
- (b) a word or expression defined or explained in the Act and a word or expression defined or explained in this Constitution,

the provision, word or expression in this Constitution prevails.

**2. GENERAL**

**2.1 Companies Act 1993:** The Company, the Board, each Director and each Shareholder have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified by this Constitution.

**2.2 Alteration of Constitution:** Subject to the Act and the provisions of the PIE Conditions, this Constitution may be altered at any time by way of a Special Resolution.

**2.3 Change of Name of Company:** An application to change the name of the Company is not an amendment of this Constitution for the purposes of clause 2.2. The Board shall

not authorise a change of name of the Company without the prior written approval of the Holding Company.

### 3. SHARES

3.1 **Rights and powers attaching to Ordinary Shares:** Subject to any special rights or restrictions for the time being attached to any Ordinary Share, and to the rights and restrictions set out elsewhere in this Constitution, holders of Ordinary Shares:

- (a) are not entitled to receive or participate in any dividend or distribution (as defined in the Act) made by the Company;
- (b) are not entitled to receive any payment, or participate in any distribution, in a liquidation of the Company.

3.2 **Rights and powers attaching to PIE Capital Securities:** Without limiting any other provision of this Constitution, PIE Capital Securities may be issued from time to time by the Directors in different tranches. The rights, privileges, limitations and conditions attaching to each tranche of PIE Capital Securities shall be as set out in the PIE Conditions and (insofar as the PIE Conditions provide for the Directors to determine matters affecting those rights, privileges, limitations and conditions) in the resolution of the Directors resolving to issue the PIE Capital Securities of that tranche. If there is any conflict between a provision in the PIE Conditions and any other provision of this Constitution, the provision in the PIE Conditions shall prevail.

3.3 **Board may issue Shares and other securities:** The Board may issue further Shares which rank equally with any existing Shares on the same terms and conditions as the any existing Shares provided that the Company continues to be eligible as a PIE and a Portfolio Listed Company and to comply with the rules relating to PIEs in the Tax Act. Such an issue is deemed not to be an action affecting the rights attaching to the existing Shares and shall give no rights to the holders of such existing Shares to participate in the issue of any such further Shares.

### 4. TRANSFER OF ORDINARY SHARES

4.1 **Instrument of transfer:** Subject to the terms of this Constitution:

- (a) an Ordinary Share in the Company is transferable.
- (b) an Ordinary Share may be transferred by entry of the name of the transferee on the Share Register.

4.2 For the purposes of transferring Ordinary Shares, a form of transfer signed by the present holder of the Ordinary Shares or by the personal representative of the present holder must be delivered to:

- (a) the Company; or
- (b) an agent of the Company designated by the Board who maintains the share register.

4.3 The form of transfer must be signed by the transferee if registration as holder of the Ordinary Shares imposes a liability to the Company on the transferee.

4.4 **Registration procedure:** On receipt of a form of transfer in accordance with clause 4.2(b), the Company must forthwith enter or cause to be entered the name of the transferee on the Share Register as holder of the Ordinary Shares, unless:

- (a) the Board resolves within 30 working days of receipt of the transfer to refuse or delay the registration of the transfer, and the resolution sets out in full the reasons for doing so;
- (b) notice of the resolution, including those reasons, is sent to the transferor and to the transferee within 5 Working Days of the approval of the resolution by the Board; and
- (c) the refusal or delay in the registration is permitted by clause 4.8.

4.5 A transferor of Ordinary Shares remains the holder of the Ordinary Shares transferred until the transfer is registered and the name of the transferee is entered in the Share Register and a transfer of Ordinary Shares shall not pass the right to any dividends declared on those shares until registration.

4.6 On registration of a transfer of Ordinary Shares, the Company shall cancel the certificate (if any) and, if so requested by the transferee or the transferor if retaining Ordinary Shares, issue a new certificate in the name of the transferee for the Ordinary Shares transferred and in the name of the transferor for the balance of Ordinary Shares retained (if any).

4.7 The Company shall retain every instrument or other record of transfer which is registered for such period as the directors determine.

4.8 **Directors power to decline to register:** The directors may refuse or delay the registration of any transfer of Ordinary Shares:

- (a) which has not been approved in writing by the Holding Company; or
- (b) if it is not accompanied by the certificate for the Ordinary Shares to which it relates, if a certificate has been issued.

## 5. LIMITATION ON BUSINESS

5.1 **Limitation on Business:** The only business or activity which the Company may carry on is to:

- (a) issue and maintain in existence PIE Capital Securities, including listing (and maintaining a listing of) those shares on any stock or securities exchange in New Zealand or elsewhere;
- (b) use the proceeds of PIE Capital Securities to subscribe for perpetual Tier 1 bonds issued by Rabobank Nederland, or a related company of Rabobank Nederland;
- (c) enter into the Agency Agreement and the Security Trust Deed (and any other administration agreements, security trust deeds, registration agreements and/or deed polls in connection with the issue of PIE Capital Securities); and
- (d) do all other things reasonably incidental to the activities referred to in sub-paragraphs (a), (b), (c) above and this Constitution.

The Company has no power to:

- (e) carry on any other business or activity; or
- (f) apply amounts received by way of interest on, or repayment of, the bonds referred to in sub-paragraph (b) above for any purpose other than in payments to Holders, meeting costs and expenses incurred in connection with the issuance and maintenance in existence of PIE Capital Securities and making income and other tax payments to the New Zealand Inland Revenue Department.

## 6. MEETINGS AND RESOLUTIONS

- 6.1 **Exercise of powers:** A power reserved to holders of Ordinary Shares by the Act, or to the Holding Company by this Constitution, may be exercised either at a meeting or by a resolution in writing signed in accordance with section 122 of the Act and, unless otherwise specified in the Act or this Constitution, may be exercised by ordinary resolution.
- 6.2 **Annual meetings:** The Company shall hold annual meetings in accordance with section 120 of the Act unless, in the case of any annual meeting, everything required to be done at that meeting (by resolution or otherwise) is done by resolution in writing signed in accordance with section 122 of the Act.
- 6.3 **Special meetings:** A special meeting of the Holding Company (as holder of Ordinary Shares) may be called by the Board at any time, and shall be called by the Board on the written request of the Holding Company.
- 6.4 **Proceedings at meetings:** The provisions of the first schedule to the Act govern proceedings at all meetings of holders of Ordinary Shares of the Company.
- 6.5 **Entitlement to vote:** Subject to any rights or restrictions for the time being attached to any class of Shares, the Holding Company is entitled on any resolution to one vote in respect of each Ordinary Share.

## 7. DIRECTORS

- 7.1 **Number of Directors:** The number of Directors shall not at any time be less than two.
- 7.2 **Appointment:** A person may be appointed as a Director at any time by the Holding Company by written notice to the Company. Two or more persons may be appointed as Directors by a single notice.
- 7.3 **Existing Directors to continue:** The persons holding office as Directors on the date of adoption of this Constitution continue in office and are deemed to have been appointed as Directors pursuant to this Constitution.
- 7.4 **Removal:** A Director may at any time be removed from office by the Holding Company by written notice to the company.
- 7.5 **Vacation of office:** A Director ceases to be a Director if he or she:
  - (a) dies, or becomes mentally disordered or subject to a property order or personal order made under the Protection of Personal and Property Rights Act 1988; or

- (b) resigns by written notice delivered to the Company at its address for service or at its registered office (such notice to be effective at the time when it is so received unless a later time is specified in the notice); or
- (c) becomes disqualified from being a Director pursuant to the Act; or
- (d) becomes bankrupt or makes an arrangement or composition with his or her creditors generally.

**7.6 Timing of retirement and appointment:** If:

- (a) a Director retires at a meeting of Shareholders and is not re-elected or deemed to be re-elected at that meeting, the Director shall remain in office until, and his or her retirement shall take effect at, the conclusion of the meeting;
- (b) a Director is removed from office at a meeting of Shareholders by Ordinary Resolution, the Director shall remain in office until, and his or her removal shall take effect at, the conclusion of the meeting;
- (c) a person who is not already a Director is appointed or elected as a Director at a meeting of shareholders, that person shall take office as a Director immediately after the conclusion of the meeting.

**8. ALTERNATE DIRECTORS**

**8.1 Power to appoint:** The Holding Company may from time to time by written notice to the Company appoint any person, who is not already a Director and who is approved by a majority of the other Directors, to be that Director's alternate. No Director may appoint a deputy or agent except by way of appointment of an Alternate Director under this clause 8.

**8.2 Rights of Alternate Director:** Unless otherwise specified by the terms of his or her appointment, an Alternate Director:

- (a) is entitled, in the absence or unavailability of the Director who appointed him or her (the "Appointor"), to exercise the same rights, powers and privileges (other than the power to appoint an Alternate Director) as the Appointor;
- (b) when acting as an Alternate Director is subject to the same duties and obligations as the Appointor;
- (c) is not entitled to be given notice of a meeting of the Directors unless the Appointor has given written notice to the Company requesting that notice be given to the Alternate Director.

**8.3 Remuneration and expenses:** An Alternate Director is not entitled to any remuneration from the Company in his or her capacity as an Alternate Director but is entitled to be reimbursed by the Company for all expenses incurred in attending meetings of the Directors and in the discharge of his or her duties, to the same extent as if he or she were a Director.

**8.4 Cessation of appointment:** An Alternate Director ceases to be an Alternate Director:

- (a) if the Appointor ceases to be a Director, or revokes the appointment by written notice to the Company; or

- (b) on the occurrence of any event which would disqualify the Alternate Director if he or she were a Director; or
- (c) if a majority of the other Directors resolve to revoke the Alternate Director's appointment.

## 9. MANAGING DIRECTORS

9.1 **Appointment:** The Holding Company may from time to time appoint one or more Directors to the office of Managing Director for such period not exceeding five years, and on such terms, as the Holding Company thinks fit and, subject to the terms of any agreement entered into in any particular case, may at any time revoke such appointment.

## 10. REMUNERATION AND OTHER BENEFITS OF DIRECTORS

10.1 **Power to authorise:** The Board may not exercise the power conferred by section 161 of the Act to authorise any payment or other benefit of the kind referred to in that section to or in respect of a Director in his or her capacity as such, without the prior approval of the Holding Company.

## 11. INDEMNITY AND INSURANCE

11.1 **Indemnity of Directors:** Subject to clause 11.3, every Director shall be indemnified by the Company:

- (a) for any costs incurred by him or her in any proceeding that relates to liability for any act or omission in his or her capacity as a Director or a director of a subsidiary of the Company and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- (b) in respect of liability to any person other than the Company or a related company for any act or omission by him or her in his or her capacity as a Director or a director of a subsidiary of the Company, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability,

and this indemnity shall continue in force, despite any subsequent revocation or amendment of this clause, in relation to any liability which arises out of any act or omission by a Director prior to the date of such revocation or amendment, but shall be subject to any limitations contained in any deed or agreement from time to time in force between the Company and the Director relating to indemnities.

11.2 **Other indemnities:** Subject to clause 11.3, the Company may, with the prior approval of the Board, indemnify a director of a related company, or an employee of the Company or a related company:

- (a) for any costs incurred by him or her in any proceeding that relates to liability for any act or omission by him or her in such capacity and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- (b) in respect of liability to any person other than the Company or a related company for any act or omission by him or her in such capacity, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability.

11.3 **Exceptions:** An indemnity conferred by clause 11.1(b), or given pursuant to clause 11.2(b), shall not apply in respect of:

- (a) any criminal liability; or
- (b) in the case of an employee of the Company or a related company, any liability in respect of a breach of any fiduciary duty owed to the Company or related company; or
- (c) in the case of a Director or a director of a related company, any liability in respect of a breach of the duty specified in section 131 of the Act; or
- (d) any other liability in respect of which an indemnity is prohibited by any legislation.

11.4 **Express indemnity:** Without limiting the indemnity conferred by clause 11.1, the Company may, with the prior approval of the Board, by deed or agreement grant in favour of any Director an express indemnity to the same effect as that conferred by clause 11.1, but subject (insofar as that indemnity relates to the matters referred to in clause 11.1(b)) to the exceptions in clause 11.3.

11.5 **Insurance:** The Company may, with the prior approval of the Board, effect insurance for a Director or employee of the Company or a director or employee of a related company, in respect of:

- (a) liability, not being criminal liability, for any act or omission by him or her in such capacity; or
- (b) costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability; or
- (c) costs incurred by him or her in defending any criminal proceedings that have been brought against the Director or employee in relation to any act or omission in his or her capacity as a Director or employee and in which he or she is acquitted.

11.6 **Definitions:** In this clause 11:

- (a) "Director" includes a former Director and "director" includes a former director; and
- (b) other words given extended meanings in section 162(9) of the Act have those extended meanings.

## 12. POWERS OF DIRECTORS

12.1 **Management of Company:** Subject to the provisions of clause 14.2, the business and affairs of the Company shall be managed by, or under the direction or supervision of, the Board, which may exercise all the powers of the Company that are not required, either by the Act or this Constitution, to be exercised by the Holding Company.

12.2 **Ratification by Holding Company:** Subject to the provisions of section 177 of the Act (relating to ratification of directors' actions) the Holding Company, or any other person in whom a power is vested by this Constitution or the Act, may ratify the purported exercise of that power by a Director or the Board in the same manner as the power may be

exercised. The purported exercise of a power that is ratified under this clause is deemed to be, and always to have been, a proper and valid exercise of that power.

12.3 **Delegation of powers:** The Board may delegate to a committee of Directors, a Director, an employee of the Company, or to any other person, any one or more of its powers, other than a power set out in the second schedule to the Act.

12.4 **Appointment of attorney:** The Company may exercise the power conferred by section 181 of the Act to appoint a person as its attorney, either generally or in relation to a specified matter. Any such power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board thinks fit, and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

### 13. INTERESTS OF DIRECTORS

13.1 **Disclosure of Interests:** A Director shall comply with the provisions of section 140 of the Act (relating to disclosure of interest of directors) but failure to comply with that section does not affect the operation of clause 13.2.

13.2 **Personal involvement of Directors:** Notwithstanding any rule of law or equity to the contrary, but subject to sections 107(3) and 141 of the Act (relating to avoidance of transactions in which a Director is interested) and section 199(2) of the Act (prohibiting a director from acting as auditor of a company), a Director may:

- (a) contract with the Company in any capacity;
- (b) be a party to any transaction with the Company;
- (c) have any direct or indirect personal involvement or Interest in any transaction or arrangement to which the Company is a party or in which it is otherwise directly or indirectly interested or involved;
- (d) become a director or other officer of, or otherwise Interested in, any corporation promoted by the Company or in which the Company may be directly or indirectly interested as a shareholder or otherwise; and
- (e) retain any remuneration, profit or benefits in relation to any of the foregoing,

and no contract or arrangement of any kind referred to in this clause may be avoided by reason of a Director's Interest.

13.3 **Interested Directors may vote, etc:** A Director who is Interested in a transaction entered into, or to be entered into, by the Company may:

- (a) vote on any matter relating to the transaction;
- (b) attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his or her capacity as a Director in relation to the transaction,

as if the Director were not interested in the transaction.

#### **14. PROCEEDINGS OF BOARD**

14.1 **Third schedule of Act not to apply:** The provisions of the third schedule to the Act (relating to proceedings of a board) do not apply to the Company, except to the extent expressly incorporated in this Constitution.

14.2 **Alternative forms of meeting:** A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

14.3 **Procedure:** Except as provided in this Constitution, the Board may regulate its own procedure.

14.4 **Convening of meetings:** A Director, or an employee of the Company at the request of a Director, may convene a meeting of the Board by giving notice in accordance with clause 14.5.

14.5 **Notice of meeting:** The following provisions apply in relation to meetings of the Board (except where otherwise agreed by all Directors in relation to any particular meeting or meetings):

- (a) Not less than two clear days' notice of a meeting shall be sent to each Director, unless the Director waives that right.
- (b) Notice to a Director of a meeting may be:
  - (i) given to the Director in person by telephone or other oral communication;
  - (ii) delivered to the Director;
  - (iii) posted to the address given by the Director to the Company for such purpose;
  - (iv) sent by facsimile transmission to the facsimile telephone number given by the Director to the Company for such purpose; or
  - (v) sent by electronic means in accordance with any request made by the Director from time to time for such purpose.
- (c) A notice of meeting shall:
  - (i) specify the date, time and place of the meeting;
  - (ii) in the case of a meeting by means of audio, or audio and visual, communication, specify the manner in which each Director may participate in the proceedings of the meeting; and

- (iii) give an indication of the matters to be discussed, in sufficient detail to enable a reasonable Director to appreciate the general import of the matters, unless this is already known to all the Directors or is impracticable in any particular circumstances.
- (d) A notice of meeting given to a Director pursuant to this clause is deemed to be given:
  - (i) in the case of oral communication, at the time of notification;
  - (ii) in the case of delivery, by handing the notice to the Director or by delivery of the notice to the address of the Director;
  - (iii) in the case of posting, three days after it is posted;
  - (iv) in the case of facsimile transmission, when the Company receives a transmission report by the sending machine which indicates that the facsimile was sent in its entirety to the facsimile telephone number given by the Director;
  - (v) in the case of electronic means, at the time of transmission.
- (e) If all reasonable efforts have been made to give notice of a meeting to a Director in accordance with this clause 14.5 but the Director cannot be contacted, notice of the meeting shall be deemed to have been duly given to that Director.

14.6 **Waiver of notice irregularity:** An irregularity in the giving of notice of a meeting is waived if each of the Directors either attends the meeting without protest as to the irregularity or agrees (whether before, during, or after the meeting) to the waiver.

14.7 **Quorum:** A quorum for consideration of any matter at a meeting of the Board is two Directors present and entitled to vote on the matter, or such greater number as the Board may from time to time determine. No matter may be considered at a meeting of the Board if a quorum for the purposes of the matter is not present.

14.8 **Insufficient number of Directors:** The Directors may act notwithstanding any vacancy in their body, but if and so long as the number of Directors holding office is less than the minimum number fixed by clause 7.1, the continuing Directors may act only for the purposes of increasing the number of Directors to that number or calling a meeting of the Shareholders.

14.9 **Election of chairperson:** The Directors may from time to time elect a chairperson of their meetings, and determine the period for which they respectively are to hold office. The chairperson shall chair all meetings of the Directors. If at any time there is no such chairperson or if at any meeting the chairperson is not present within 10 minutes after the time appointed for holding the meeting, or is present but not entitled to vote on a particular matter, the Directors present may choose one of their number to be chairperson of the meeting, or for consideration of the particular matter, as the case may be.

14.10 **Voting:** Every Director has one vote. In the case of an equality of votes, the chairperson has a casting vote. A resolution of the Board is passed if it is agreed to without dissent by all Directors present and entitled to vote on the resolution, or if a majority of the votes cast on it are in favour of the resolution. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he or she expressly dissents from, or votes against, or expressly abstains from voting on, the resolution at the meeting.

14.11 **Written resolution:** A resolution in writing, signed or assented to by all the Directors entitled to vote on the resolution is as valid and effective as if passed at a meeting of the Board duly convened and held provided those Directors would constitute a quorum for consideration of the resolution at a meeting of the Board. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in similar form, each signed or assented to by one or more Directors. A copy of any such resolution shall be entered in the Records.

14.12 **Committees:** A committee of Directors shall, in the exercise of the powers delegated to it, comply with any procedural or other requirements imposed on it by the Board. Subject to any such requirements, the provisions of this Constitution relating to proceedings of Directors apply, with appropriate modification, to meetings of a committee of Directors.

14.13 **Validity of actions:** The acts of a person as a Director are valid even though the person's appointment was defective or the person is not qualified for appointment.

14.14 **Minutes:** The Board shall ensure that minutes are kept of all proceedings at meetings of the Shareholders and of the Board. Minutes which have been signed correct by the chairperson of the meeting are *prima facie* evidence of the proceedings.

## 15. METHOD OF CONTRACTING

15.1 **Deeds:** A deed which is to be entered into by the Company may be signed on behalf of the Company, by:

- (a) two or more Directors; or
- (b) any Director, together with any other person authorised by the Board whose signature must be witnessed; or
- (c) one or more attorneys appointed by the Company.

15.2 **Other written contracts:** An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the express or implied authority of the Company.

15.3 **Other obligations:** Any other obligation or contract may be entered into on behalf of the Company in writing or orally by a person acting under the express or implied authority of the Company.

## 16. INSPECTION OF RECORDS

16.1 **Inspection by Directors:** Subject to section 191(2) of the Act (which relates to the power of a court to limit inspection), all accounting and other records of the Company shall be open to the inspection of any Director.

16.2 **Inspection by Shareholders:** No Shareholder who is not also a Director is entitled to inspect any accounting or other records of the Company except as expressly authorised by law or permitted by the Board. Subject to the provisions of section 216 of the Act (which permits inspection of certain records by Shareholders) the Board may from time to time determine whether, to what extent, at what times and places, and under what conditions, the accounting or other records of the Company or any of them are open to the inspection of Shareholders (who are not also Directors).

## 17. NOTICES

17.1 **Method of service:** All notices, reports, accounts and other documents required to be sent to a Shareholder, shall be sent in the manner provided in section 391 of the Act.

17.2 **Service of notices overseas:** If a Shareholder has not given to the Company or the Share Registrar an address within New Zealand for the giving of notices, but has supplied an address outside New Zealand, then notices shall be posted to that holder at such address and shall be deemed to have been received by that holder 24 hours after the time of posting.

17.3 **Accidental omissions:** The failure to send an annual report, notice, or other document to a Shareholder in accordance with the Act or this Constitution does not invalidate the proceedings at a meeting of Shareholders if the failure to do so was accidental.

17.4 **Joint Shareholders:** A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder named first in the register in respect of that Share.

17.5 **Shareholder deceased or bankrupt:** If the holder of a Share dies or is adjudicated bankrupt, notice may be given in any manner in which notice might have been given if the death or bankruptcy had not occurred, or by giving notice in the manner provided in section 391 of the Act to the Personal Representative of the holder at the address supplied to the Company for that purpose.

17.6 **Waiver by Shareholders:** Subject to section 210 of the Act (which requires financial statements to be sent to Shareholders who elect not to receive annual reports), a Shareholder may from time to time, by written notice to the Company, waive the right to receive all or any documents from the Company and may at any time thereafter revoke the waiver in the same manner. While any waiver is in effect, the Company need not send to the Shareholder the documents to which the waiver relates.

## 18. AUDITOR

18.1 **Appointment:** Subject to section 196(2) of the Act (permitting waiver of appointment of an auditor by unanimous resolution) an auditor shall be appointed and the auditor's duties regulated in accordance with the provisions of the Act.

**APPENDIX**

## TERMS AND CONDITIONS OF THE PIE CAPITAL SECURITIES

### 1 Definitions

In these Conditions:

**"2007 Capital Securities"** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public in or around October 2007.

**"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 agency agreement dated on or about April 16, 2009 between the Issuer and the Registrar relating to the PIE Capital Securities to which these Conditions are attached as Schedule 1;

**"Austraclear System"** means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System;

**"Bank Instrument"** means any share capital or other instrument of Rabobank Nederland;

**"Bank Bill Rate"**, in respect of any Floating Rate Dividend Period, means the FRA settlement rate for New Zealand dollar bills of exchange for a period of three months, commencing on the first day of such Floating Rate Dividend Period, which appears on the Reuters Page on or around 10.45 a.m., New Zealand time, on the first day of such Floating Rate Dividend Period.

If such rate does not appear on the Reuters Page, the rate for such relevant Floating Rate Dividend Period will mean the rate determined on the basis of the average of the mid-point of the bid and offer rates quoted by three Reference Banks selected by the Calculation Agent for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Dividend Period and in a representative amount at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Dividend Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the rate for such Floating Rate Dividend Period will be the Bank Bill Rate as determined by the Calculation Agent in respect of the immediately previous Floating Rate Dividend Period. If there was no such immediately previous Floating Rate Dividend Period, the rate for such Floating Rate Dividend Period will be the average of the mid-point of the bid and offer rates quoted by major banks in New Zealand, selected by the Calculation Agent, for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Dividend Period and in a representative amount, at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Dividend Period;

**"Benchmark Rate"** means, in respect of any Initial Rate Dividend Period, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest four decimal places, which is determined by the Calculation Agent to be the average of the bid and offer swap rate displayed at or around 3.00 p.m., New Zealand time, on the Calculation Date in relation to the Calculation Period in which such Initial Rate Dividend Period falls on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with term equal to the Calculation Period.

If such rate does not appear on page FISSWAP, or if the Calculation Agent forms the view that the rate so determined is not an accurate reflection of market rates, the relevant Benchmark Rate shall be the average of the mid-point of the bid and offer swap rates quoted by three Reference Banks selected by the Calculation Agent at or around 3.00 p.m., New Zealand time, on the relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period. The Calculation Agent will request the principal New Zealand office of

each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the relevant Benchmark Rate for such Initial Rate Dividend Period will be the average of the mid-point of the bid and offer swap rates quoted by major banks in New Zealand selected by the Calculation Agent, at or around 3.00 p.m., New Zealand time, on such relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period;

**"Board"** means the board of directors of the Issuer;

**"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 Wellington and Auckland;

**"Calculation Agent"** means initially, Rabobank Nederland, or any other person appointed by Rabobank Nederland from time to time;

**"Calculation Date"** means May 25, 2009 and June 18, 2014;

**"Calculation Period"** means each of the periods from (and including) the Issue Date to (but excluding) June 18, 2014 and the period commencing on (and including) June 18, 2014 to (but excluding) the First Call Date;

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

A **"Capital Event A"** is deemed to have occurred if Rabobank Nederland is notified in writing by the Dutch Central Bank to the effect that the PIE Capital Securities or the Underlying Securities may not be included in the consolidated Tier 1 Capital of the Rabobank Group;

A **"Capital Event B"** is deemed to have occurred if the Dutch Central Bank requires that all PIE Capital Securities must be issued directly by Rabobank Nederland;

**"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 for the Rabobank Group and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

**"Conditional Call Date"** means the first Floating Rate Dividend Payment Date falling on or after June 18, 2039 on which all of the Conditional Call Restrictions are satisfied;

**"Conditional Call Restrictions"** shall be deemed to be satisfied as at a Floating Rate Dividend Payment Date falling on or after June 18, 2039 if (a) Dividend Amounts on such Floating Rate Dividend Payment Date are Required Dividends and (b) the Rabobank Group has raised the Replacement Capital Amount, if any, on or before such Floating Rate Dividend Payment Date;

**"Day-count Fraction"** means (i) in respect of the first Dividend Payment Date an amount calculated using the actual number of days elapsed in the period from the Issue Date to (but excluding) the first Dividend Payment Date divided by 365 (Actual/365 Fixed); (ii) in respect of an Dividend Amount payable on or prior to the First Call Date on a scheduled Initial Rate Dividend Payment Date (other than the first Dividend Payment Date), one-quarter; and (iii) in respect of an Dividend Amount payable after the First Call Date and any Outstanding Amounts, the actual number of days elapsed in the Dividend Period divided by 365 (Actual/365 Fixed);

**"Discretionary Dividends"** means Dividend Amounts that the Issuer may pay at its discretion in accordance with Condition 7(b);

**"Discretionary Exchange Events"** means any of the following events:

(i) an Increased Costs Event; or

- (ii) any Tax Law Change has or is expected to have the effect that the anticipated tax outcomes for the Issuer or for Holders as at the Issue Date are adversely affected (as determined by the Issuer); or
- (iii) the Issuer does not impute a Dividend Amount at the maximum imputation ratio under the Tax Act and an arrangement is not in place, or in the Issuer's opinion is not expected to be in place, within 90 Business Days of the relevant Dividend Payment Date to fully reimburse Holders who are adversely affected; or
- (iv) the New Zealand Inland Revenue Department has indicated that it will not provide a satisfactory binding ruling or rulings (as determined by the Issuer) confirming the anticipated tax implications of the transaction for the Issuer and the Holders;

**"Dividend Amount"** means the amount of cash payable to Holders on the relevant Dividend Payment Date. The Dividend Amount payable in respect of the first Dividend Payment will be calculated using the actual number of days elapsed in the period from the first Issue Date to (but not including) the first Dividend Payment Date divided by 365 (Actual/365 Fixed). Thereafter, the Dividend Amount payable on each PIE Capital Security for each Dividend Period (other than for the first Dividend Payment) up to 18 June 2019 is calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t)}{4}$$

Where "t" is the weighted average basic rate of New Zealand corporate income tax expressed as a percentage applicable to the Issuer (currently 30%) during the Dividend Period ending on the relevant Dividend Payment Date

The Dividend Amount payable on each PIE Capital Security for each Dividend Period after 18 June 2019 will then be calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t) \times \text{actual number of dates in the Dividend Period}}{365}$$

**"Dividend Payment Date"** means any Initial Rate Dividend Payment Date and/or Floating Rate Dividend Payment Date;

**"Dividend Period"** means any Initial Rate Dividend Period and/or Floating Rate Dividend Period;

**"Dividend Rate"** means the Initial Rate and/or, as appropriate, the Floating Rate;

**"Dollar"** or **"\$"** means New Zealand dollars;

**"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 Group;

**"Exchange Event"** means any of the following events:

- (i) a Capital Event B; or
- (ii) an Insolvency Event in relation to the Issuer or Rabobank Nederland; or
- (iii) a default by the Issuer for more than 30 days in the payment of Dividend Amounts or Redemption Amount (other than relating to an administrative error) in respect of any of the PIE Capital Securities; or
- (iv) any Discretionary Exchange Event that the Issuer determines in its absolute discretion is an Exchange Event;

**"Executive Board"** means the executive board of the Rabobank Nederland;

**"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;

**"Face Value"** means, in respect of each PIE Capital Security, \$1.00;

**"FASTER"** means the Fully Automated Screen Trading and Electronic Registration System operated by NZX;

**"First Call Date"** means June 18, 2019;

**"Floating Rate"** means, in respect of a Floating Rate Dividend Period, Bank Bill Rate for such Floating Rate Dividend Period, plus the Margin;

**"Floating Rate Dividend Payment Date"** means March 18, June 18, September 18 and December 18 of each year commencing after the First Call Date, in each case subject to adjustment as provided herein;

**"Floating Rate Dividend Period"** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Dividend Payment Date and each successive period beginning on (and including) a Floating Rate Dividend Payment Date and ending on (but excluding) the next succeeding Floating Rate Dividend Payment Date;

**"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 person in whose name a PIE Capital Security is registered in the Register;

An **"Increased Cost Event"** is deemed to have occurred if there is a reduction in the rate of return from the Underlying Securities or an additional or increased cost is incurred or suffered by the Issuer that it is attributable to the Issuer having issued the PIE Capital Securities;

**"Initial Rate"** means, in respect of a Calculation Period and each Initial Rate Dividend Period falling therein, the Benchmark Rate on the Calculation Date applicable to such Calculation Period plus the Margin; or, in the case of the period from Issue Date to (but excluding) 18 June, 2014, the greater of this amount and 8.00% p.a.

**"Initial Rate Dividend Payment Date"** means March 18, June 18, September 18 and December 18 of each year, commencing on June 18, 2009 and ending on the First Call Date;

**"Initial Rate Dividend Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Initial Rate Dividend Payment Date and the period beginning on (and including) an Initial Rate Dividend Payment Date and ending on (but excluding) the First Call Date and the period between any two Initial Rate Dividend Payment Dates;

**"Insolvency Event"** means (a) in respect of the Issuer, the dissolution, bankruptcy, the inability to pay debts as they fall due, or if an effective resolution is passed for the winding-up, liquidation or administration (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of Holders and any equivalent or analogous procedure), or (b) in respect of Rabobank Nederland means bankruptcy, a Moratorium, or dissolution or an effective resolution is passed for the winding-up, liquidation or administration;

**"Issue Date"** means May 27, 2009, being the date of the initial issue of the PIE Capital Securities;

**"Issuer"** means Rabo Capital Securities Limited, a company incorporated in New Zealand;

**"Joint Lead Managers"** means ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited;

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

**"Junior Member Certificates Related Agreements"** means the junior subordinated loan agreements between Rabobank Nederland and Rabobank Ledencertificaten N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (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 Rabobank Nederland between Rabobank Nederland and Stichting Buffer Rabobank Ledencertificaten and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

**"Listing Rules"** means the listing rules of NZX in force from time to time;

**"Local Rabobank"** means any of Rabobank Nederland'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 for the Rabobank Group;

**"Margin"** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date;

**"Market Disruption Event"** means the occurrence or existence of any of the following events or circumstances:

- (i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of Rabobank Nederland which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;
- (ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or
- (iii) Rabobank Nederland would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and Rabobank Nederland fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

provided that, a "Market Disruption Event" will not have occurred nor be deemed to have occurred if Rabobank Nederland determines not to pursue or complete the issuance of Qualifying Securities due to pricing, distribution rate or dilution considerations;

"Maximum PIE Holding" means, at any time, the maximum holding that an investor may, at that time, hold in a Portfolio Listed Company in order for the Portfolio Listed Company to meet the PIE eligibility requirements in the Tax Act, taking into account any requirement under the Tax Act to include the holdings of persons that are associated with that investor;

"Minimum Initial Rate" means the minimum dividend rate of 8% per annum applicable in respect of the Offer until 18 June 2014.

"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 Rabobank Nederland;

"NZDX Market" means the market for debt securities of that name operated by NZX;

"NZX" means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited;

"Outstanding Amounts" means, in relation to any amounts payable on redemption of the PIE Capital Securities, an amount representing the accrued and unpaid Dividend Amount for the Dividend Period during which redemption occurs to the date of redemption;

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

- (i) subordinate and junior to indebtedness of Rabobank Nederland (other than Rabobank Nederland's obligations under (a) any guarantee or contractual right effectively ranking *pari passu* with Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, for the avoidance of doubt, the guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI) and (b) any guarantee or contractual right effectively ranking junior to Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));
- (ii) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland (if and when existing); and
- (iii) senior to any other share capital of Rabobank Nederland 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 Rabobank Nederland (if and when existing);
- (B) any Bank Instrument which effectively ranks:
  - (aa) subordinate and junior to indebtedness of Rabobank Nederland (other than Rabobank Nederland's obligations under (a) any guarantee or contractual right effectively ranking *pari passu* with Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, for the avoidance of doubt, the guarantees and contingent guarantees in relation to (i) the

Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI); and (b) any guarantee or contractual right effectively ranking junior to Rabobank Nederland's obligations under the Underlying Securities and the Issuer's obligations under the PIE Capital Securities (including, without limitation, the Junior Member Certificates Related Agreements));

- (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of Rabobank Nederland (if and when existing); and
- (cc) senior to any other share capital of Rabobank Nederland not described in paragraph (A) or (B)(bb) of this definition; and,

(C) any Parity Bank Guarantee;

(ii) any preferred equity securities or preferred or preference shares issued by any member of the Rabobank Group which are guaranteed by Rabobank Nederland 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 for the Rabobank Group 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:
  - (aa) subordinate and junior to indebtedness of such Local Rabobank;
  - (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
  - (cc) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(bb) 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 is held by, or on which payments are made to, any member of the Rabobank Group;

**"PIE"** means a "portfolio investment entity" as that term is defined in section YA 1 of the Tax Act or any defined term enacted in lieu thereof;

**"PIE Capital Securities"** means the \$1.00 Face Value perpetual non-cumulative non-voting preference shares, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 4(c) and forming a single series with the PIE Capital Securities;

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

**"Portfolio Listed Company"** has the meaning given to that term in section YA 1 of the Tax Act or any defined term enacted in lieu thereof;

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

**"Prohibited Dividends"** means Dividend Amounts that the Issuer is prohibited from paying in accordance with Condition 7(a);

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

**"Rabobank Group"** means Rabobank Nederland together with its branches and consolidated subsidiaries and the Local Rabobanks and shall for the purposes of these conditions include the Issuer;

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

**"Record Date"** means, in relation to any payment due on the PIE Capital Securities, the date 10 calendar days prior to the date on which such payment is due;

**"Redemption Amount"** means, in respect of a Holder, the aggregate Face Value of PIE Capital Securities held by that Holder;

**"Reference Banks"** means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation, or any other bank selected by the Calculation Agent as being a leading bank in the New Zealand interbank market;

**"Register"** means the register in relation to the PIE Capital Securities maintained by the Registrar in accordance with the Agency Agreement and these Conditions;

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time;

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

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

**"Replacement Capital Amount"** means the amount of net proceeds, between zero and the aggregate Redemption Amount of the PIE Capital Securities (both inclusive), which Rabobank Nederland or any member of the Rabobank Group determines (at any time prior to a Conditional Call 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 PIE Capital Securities on or prior to their redemption;

**"Required Dividends"** means Dividend Amount to the extent it is required to be paid by the Issuer in accordance with Condition 6;

**"Reuters Page"** means Reuters Screen BKBM Page opposite the caption "FRA" or its successor page;

**"Security Trustee"** means Public Trust;

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

**"Statement"** means a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the PIE Capital Securities held by that Holder, if applicable, in compliance with the Listing Rules;

**"Tax Act"** means the Income Tax Act 2007 (NZ);

**"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 New Zealand 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"** has the meaning given to such term from time to time by the Dutch Central Bank;

**"Underlying Securities"** means the \$1.00 Perpetual Non-Cumulative Capital Securities issued by Rabobank Nederland to the Issuer, which expression shall, unless the context otherwise requires, include any further instruments issued and forming a single series with those Capital Securities; and

**"Underlying Securities Conditions"** means the terms and conditions of the Underlying Securities, as they may be amended from time to time in accordance with the provisions thereof.

## 2 Form, Denomination and Title

### (a) Form and Denomination

The PIE Capital Securities are in registered book entry form in an amount equal to the Face Value per PIE Capital Security with a minimum subscription of \$5,000 in aggregate Face Value.

### (b) Title

No certificates of title in respect of a PIE Capital Security will be issued to the Holders. Title to the PIE Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any PIE Capital Security will (except as otherwise required by law) be treated as its absolute beneficial owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any PIE Capital Securities, whether or not either of them is aware of the same. In the event of any conflict between the Register and any certificate or any Statement issued relating to a PIE Capital Security, the Register shall prevail over any such certificate or Statement. Neither the Issuer nor the

Registrar will be required to obtain proof of identity of a Holder or its ownership of PIE Capital Securities.

**(c) *Listing***

The Issuer may seek to have PIE Capital Securities listed and quoted on the NZDX Market.

**(d) *Statements***

Where PIE Capital Securities are accepted for listing on the NZDX Market, the Issuer must issue, or cause to be issued, to each Holder, a Statement in relation to each PIE Capital Security issued to that Holder, in accordance with, and in the time required by, the Listing Rules.

**3 Transfers**

**(a) *Transfer***

Subject to this Condition 3, any applicable law restricting the right to transfer PIE Capital Securities and a transfer not causing a transferee to exceed the Maximum PIE Holding, a Holder may transfer all or any of the PIE Capital Securities of which it is the Holder, provided that no transfer shall be made if, as a result thereof, the aggregate Face Value of the PIE Capital Securities registered in the name of the transferor or of the transferee would (if not zero) be less than \$5,000 (or such lesser sum to which the Issuer may in its absolute discretion consent). No transfer of a PIE Capital Security will be valid unless and until entered on the Register. A PIE Capital Security may be registered only in the name of, and transferred only to, a named person or persons.

**(b) *Transfer Free of Charge***

Transfers of PIE Capital Securities shall be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

**(c) *Closed Periods***

Subject to NZX having granted a trading halt, no Holder may require the transfer of a PIE Capital Security to be registered during the period of 15 calendar days ending on (and including) the due date for redemption of the PIE Capital Securities pursuant to Condition 8.

**(d) *PIE Capital Securities lodged with the Austraclear System***

- (i) PIE Capital Securities may be lodged with, and uplifted from, the Austraclear System by the relevant Holders, in accordance with the procedures of the Austraclear System at the relevant time.
- (ii) Beneficial title to a PIE Capital Security that is lodged with the Austraclear System is transferable in accordance with the procedures of the Austraclear System at the relevant time, but legal title to such PIE Capital Securities shall, for so long as they are lodged with the Austraclear System, be recorded in the Register in the name of New Zealand Central Securities Depository Limited (or any replacement depositary for the Austraclear System) on behalf of the Austraclear System.

**(e) *Form of Transfer***

Subject to these Conditions, a Holder may transfer any PIE Capital Security held by that Holder:

- (i) by a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Registrar; or

- (ii) via FASTER; or
- (iii) by any other method of transfer approved by the Issuer and the Registrar and delivered to the office of the Registrar.

**(f) Evidence to Accompany Instrument of Transfer**

Each instrument of transfer must be accompanied by:

- (i) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to prove the title of the transferor, the transferor's right to transfer the PIE Capital Securities or the identity of the transferor and/or the transferee; and
- (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer, subject in each case to Condition 3(k) below.

**(g) Acquisition by Operation of Law**

When an entitlement to any PIE Capital Security is acquired by any person by operation of law (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that PIE Capital Security, will enter that person's name in the Register as the Holder of that PIE Capital Security accordingly.

**(h) Sale of Less than Minimum Holding**

The Issuer (or the Registrar on the Issuer's behalf) may at any time give notice to any Holder holding less than the minimum holding of PIE Capital Securities that are quoted on the NZDX Market that the Issuer intends to exercise the power of sale of those PIE Capital Securities as set out in this Condition 3(h), subject to and in accordance with the Listing Rules. If the Issuer's power of sale becomes exercisable:

- (i) the Issuer may arrange for the sale of those PIE Capital Securities through the NZDX Market or in some other manner approved by NZX;
- (ii) the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
- (iii) the Issuer shall account to the Holder for the net proceeds of sale of the PIE Capital Securities (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by the Issuer and paid to the Holder on surrender of any Statement for the PIE Capital Securities sold.

The title of a purchaser of any PIE Capital Securities sold in accordance with this Condition 3(h) will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**(i) Compliance with PIE legislation**

The Issuer may take all steps it considers necessary or desirable to ensure the Issuer is eligible, or continues to be eligible, as a PIE and a Portfolio Listed Company, or otherwise to comply with the requirements of the Tax Act relating to PIEs, including, but not limited to (in the Issuer's complete discretion):

- (i) refusing to register the transfer of any PIE Capital Securities;
- (ii) treating the transfer of any PIE Capital Securities as void (ab initio or from such other date as the Issuer may decide in its complete discretion) and to the extent that the Issuer cannot legally achieve this outcome, then deeming that the PIE Capital Securities that are the subject of a transfer which would result in any Holder (or, where a Holder is a nominee, the beneficial owner of the PIE Capital

Securities) exceeding the Maximum PIE Holding to be held by that Holder or beneficial owner, as the case may be, on trust for any member of the Rabobank Group appointed by the Issuer, and such member of the Rabobank Group shall, subject to Condition 3(i)(v), have full powers of direction in relation to those PIE Capital Securities including when, how and to whom such PIE Capital Securities may be transferred;

- (iii) requesting any Holder or any person associated with that Holder (as defined in the Tax Act) to provide, from time to time, such information or evidence as the Issuer or the Registrar may consider necessary or desirable in order to determine whether the Issuer is eligible, or continues to be eligible, as a PIE and qualify as a Portfolio Listed Company, or otherwise to comply with the requirements of the Tax Act relating to PIEs, including, where the Holder is a nominee, a breakdown of the number of PIE Capital Securities held by each beneficial owner of PIE Capital Securities; and
- (iv) in the event that a Holder does not provide the information or evidence requested pursuant to Condition 3(i)(iii) within the time period(s) specified by the Issuer or the Registrar, deeming that such Holder's PIE Capital Securities (or, where the Holder is a nominee, such beneficial owner's PIE Capital Securities) are held by that Holder or beneficial owner, as the case may be, on trust for a member of the Rabobank Group appointed by the Issuer and such member of the Rabobank Group shall, subject to compliance with Condition 3(i)(v)(C)(aa) and (bb) (as if reference to "**Excess Shares**" in that clause was to all of the relevant Holder's or beneficial owner's PIE Capital Securities, as the case may be), have full powers of direction in relation to those PIE Capital Securities including when, how and to whom such PIE Capital Securities may be transferred;
- (v) where the Maximum PIE Holding is breached (the "**Breach**"), the Breach shall be remedied within the period required by the Tax Act to enable the Issuer to maintain its status as a Portfolio Listed Company (the "**Remedy Period**") and the Issuer or the Registrar may take the following steps to ensure that the Breach is remedied:
  - (A) as soon as practicable after the Issuer or the Registrar is aware of the Breach, the Issuer or the Registrar shall give written notice to the relevant Holder(s) (or, where a Holder is a nominee, the beneficial owner(s) of the PIE Capital Securities) of the Breach, including details of the number of PIE Capital Securities (the "**Excess Shares**") giving rise to the Breach;
  - (B) the Holder or beneficial owner, as the case may be, shall have a period consisting of the relevant Remedy Period less 30 days to remedy the Breach, but if the Issuer or the Registrar becomes aware of the Breach and determines that the Remedy Period is 30 days or less, then the Breach shall be deemed to have not been remedied under this Condition 3(i)(v)(B);
  - (C) if the Breach has not been remedied upon expiry of the period in Condition 3(i)(v)(B), then the member of the Rabobank Group appointed under either Condition 3(i)(ii)(iii) or 3(i)(iv) shall, within the remaining 30 days of the Remedy Period, in its discretion, sell or otherwise dispose of the amount of the Excess Shares in order to remedy the Breach, and:
    - (aa) the relevant member of the Rabobank Group shall account to the relevant Holder or beneficial owner, as the case may be, for the proceeds of any sale or disposal of the Excess Shares after deduction of all expenses arising from such sale or disposal; and
    - (bb) none of the Issuer, Rabobank Nederland or the relevant member of the Rabobank Group is required to maximise the price for any sale

or disposal and, in any event, shall not be liable to any Holder or beneficial owner, as the case may be, for any loss on any sale or disposal.

**(j) Address and other Details of Holders**

A transferee of PIE Capital Securities must designate to the Registrar an address and a bank account to which payments under or in respect of the PIE Capital Securities transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes. Any change of name or address or account to which payments are to be made, of a Holder must immediately be notified in writing to the Registrar, accompanied by such evidence of such change as the Registrar may reasonably require, and the Register will be amended accordingly.

**(k) Reliance on Documents**

The Issuer and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

**4 Status and Subordination**

**(a) Status**

The PIE Capital Securities constitute perpetual non-cumulative non-voting preference shares of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 4(b).

**(b) Subordination**

Subject to exceptions provided by mandatory applicable law, the payment obligations under the PIE Capital Securities constitute unsecured subordinated obligations of the Issuer. In the case of an Exchange Event the PIE Capital Securities will be exchanged into the Underlying Securities and will be subordinated as set out in Condition 4(b) of the Underlying Securities Conditions.

**(c) Other Issues**

So long as the PIE Capital Securities are outstanding, the Issuer can only issue further securities to the extent that the Issuer continues to be eligible as a PIE and a Portfolio Listed Company and to comply with the rules relating to PIEs in the Tax Act.

**5 Dividend Amounts**

**(a) General**

The PIE Capital Securities shall, subject to compliance with the Companies Act 1993 (NZ) and other applicable laws, yield dividends from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Subject to Conditions 6 and 7, dividends equal to the Dividend Amount shall be payable on the PIE Capital Securities quarterly in arrears on each Dividend Payment Date, in each case as provided in this Condition 5.

Dividend Amounts will not be cumulative and Dividend Amounts which are not paid on a Dividend Payment Date will not accumulate or compound and Holders of the PIE Capital Securities will have no right to receive such Dividend Amounts at any time, even if Dividend Amounts are paid in the future.

**(b) *Dividend Amount Accrual, Calculation and Rounding***

The PIE Capital Securities will cease to be entitled to dividends from (and including) the date of redemption thereof pursuant to Condition 8 unless payment of all amounts due in respect of the PIE Capital Securities is not properly and duly made, in which event Dividend Amounts shall continue to accrue, both before and after judgment, calculated by reference to the applicable Dividend Rate and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

The Dividend Amount payable in respect of the first Dividend Payment will be calculated using the actual number of days elapsed in the period from the first Issue Date to (but not including) the first Dividend Payment Date divided by 365 (Actual/365 Fixed). Thereafter, the Dividend Amount payable on each PIE Capital Security for each Dividend Period (other than for the first Dividend Payment) up to 18 June 2019 is calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t)}{4}$$

Where "t" is the weighted average basic rate of New Zealand corporate income tax expressed as a percentage applicable to the Issuer (currently 30%) during the Dividend Period ending on the relevant Dividend Payment Date.

The Dividend Amount payable on each PIE Capital Security for each Dividend Period after 18 June 2019 will then be calculated in accordance with the following formula:

$$\frac{\text{Face Value} \times \text{Dividend Rate} \times (1-t) \times \text{actual number of dates in the Dividend Period}}{365}$$

All percentages resulting from any calculation related to a Dividend Rate will be rounded to the nearest thousandth of a percentage point, with five ten-thousandths of a percentage point rounded upwards. For example, 9.8745 per cent. (or .098745) would be rounded to 9.875 per cent. (or .098745). All \$ amounts used in or resulting from any calculation related to a Dividend Amount will be rounded to the nearest cent (with one-half cent or unit being rounded upwards).

**(c) *Initial Rate***

For each Initial Rate Dividend Period falling within a Calculation Period, the Dividend Amount will be calculated by reference to the relevant Initial Rate and will be payable quarterly in arrears on each Initial Rate Dividend Payment Date.

If any Initial Rate Dividend 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.

**(d) *Floating Rate***

For each Floating Rate Dividend Period, the Dividend Amount will be calculated by reference to the relevant Floating Rate and will be payable quarterly in arrears on each Floating Rate Dividend Payment Date.

If any Floating Rate Dividend Payment Date would otherwise fall on a date that is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

**(e) *Determination of Dividend Rates and Calculation of Dividend Amounts***

The Calculation Agent will, as soon as practicable after 3.00 p.m., New Zealand time, on the relevant Calculation Date or as soon as practicable after 11.00 a.m., New Zealand time, on the first day of the relevant Floating Rate Dividend Period, as

applicable, determine the relevant Dividend Rate and calculate the relevant Dividend Amounts.

**(f) *Publication of Dividend Rate and Dividend Amounts***

The Issuer shall cause notice of the relevant Dividend Rate determined in accordance with this Condition 5 in respect of each Calculation Period or Floating Rate Dividend Period, as applicable, the relevant Dividend Amount and, in the case of a Floating Rate Dividend Payment Date, the relevant date scheduled for payment to be given to NZX in accordance with the Listing Rules after their determination, but in any event not later than the fourth Business Day thereafter.

In the case of Dividend Amounts payable at the Floating Rate, the relevant Dividend Amount, the Dividend Rate and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

**(g) *Reference Banks***

So long as any PIE Capital Securities remain outstanding, the Issuer will maintain at least four Reference Banks.

The Issuer may from time to time replace a Reference Bank with a leading investment, merchant or commercial bank or financial institution in New Zealand.

**6 Required Dividends**

The Issuer shall pay Required Dividends on the PIE Capital Securities, unless payment thereof is prohibited under Condition 7, to the extent set out below:

**(a) *In full***

- (i) The payment of Dividend Amounts will be required in full:
  - (1) for Dividend Periods covering 12 consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions annually, if any (other than any Group Declarations and any Excluded Declarations);
  - (2) for Dividend Periods covering six consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions semi-annually, if any (other than any Group Declarations and any Excluded Declarations); or
- (ii) The payment of Dividend Amounts will be required in full for Dividend Periods covering 12 consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, 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, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith 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, (ii) as a result of a reclassification of the share capital of Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

**(b) *Fractional or in full***

The payment of Dividend Amounts will be required in full or in part on the Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment (other than any Group Declarations and any Excluded Declarations) 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 that, in the case of (x), (y) or (z), pays dividends on a basis other than annually or semi-annually, if any, at an amount equal to the applicable Dividend Amount on the PIE Capital Securities for the related Dividend Period, multiplied by a fraction, the numerator of which is the number of days in the dividend, distribution or payment period applicable to the payment on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument and the denominator of which is the number of days in the related Dividend Period; provided, however, that if the dividends, distributions or payments on any Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument that triggers the requirement to pay Dividend Amounts on the PIE Capital Securities as provided by this Condition 6(b) is made, but not with respect to a specified dividend, distribution or payment period, full Dividend Amounts on the PIE Capital Securities will be deemed to be payable for the Dividend Period with the related Dividend Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument; and

**(c) *Pro rata with Parity Shares***

The payment of Dividend Amounts will be required:

- (i) for Dividend Periods covering 12 consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually, if any (other than any Excluded Declarations);
- (ii) for Dividend Periods covering six consecutive months commencing with the Dividend Period with a related Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that

pays dividends semi-annually, if any (other than any Excluded Declarations)); and

(iii) on the Dividend Payment Date that occurs on or immediately follows the date on which Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

provided that in the event that Dividend Amounts on the PIE Capital Securities are payable (or deemed to be payable) as provided in this Condition 6(c), such Dividend Amounts shall be payable (or deemed to be payable) in the same proportion that the declaration or payment on such Parity Share bears to the stated annual dividends, distributions or payments to be declared and paid on such Parity Share. If the dividend, distribution or payment on any such Parity Share that triggers the requirement to pay Dividend Amounts on the PIE Capital Securities as provided by this Condition 6(c) is made, but not with respect to a specified dividend, distribution or payment period, full Dividend Amounts on the PIE Capital Securities will be deemed to be payable for the Dividend Period with the related Dividend Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Parity Share.

## 7 Prohibited and Discretionary Dividends

### (a) Prohibited Dividends

Notwithstanding Condition 6, the Issuer shall not pay the Dividend Amount due on a Dividend Payment Date to the extent that applicable Solvency Rules prohibit the Issuer, Rabobank Nederland, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or making other payments on the PIE Capital Securities or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Dividend Payment Date (for example, as a result of Rabobank Nederland's BIS ratio (total capital) falling below the then applicable minimum requirement). In such case and to such extent there will be no Required Dividends.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following any declaration that Dividend Amounts are Prohibited Dividends pursuant to this Condition 7(a) or, where no such prior declaration is made, following any Dividend Payment Date on which Dividend Amounts were scheduled to be paid if such Dividend Amounts are Prohibited Dividends, to such effect setting out brief details as to why the Dividend Amounts are Prohibited Dividends.

Any Prohibited Dividends not paid on the relevant Dividend Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto on the occurrence of an Insolvency Event with respect to, the Issuer or otherwise.

### (b) Discretionary Dividends

Any Dividend Amounts that are neither Required Dividends nor Prohibited Dividends shall be payable on the relevant Dividend Payment Date at the sole discretion of the Issuer, subject to the approval of the Dutch Central Bank, if required.

Any Discretionary Dividends not paid on the relevant Dividend Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether on the occurrence of an Insolvency Event in relation to the Issuer or Rabobank Nederland.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following the relevant Dividend Payment Date on

which Dividend Amounts were scheduled to be paid if such Dividend Amounts are Discretionary Dividends and the Issuer has exercised its discretion under this Condition 7(b) to not pay such Discretionary Dividends, to such effect setting out brief details of such exercise.

## 8 **Redemption and Purchase**

### **(a) *No Fixed Redemption Date***

The PIE 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 8.

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

Any redemption or purchase of the PIE Capital Securities in accordance with Condition 8(c), (d), (e), (f) or (g) is subject to the Issuer having received notice from Rabobank Nederland pursuant to Condition 8 of the Underlying Security Conditions of Rabobank Nederland's redemption or purchase of the Underlying Securities in accordance with Condition 8(c), (d), (e), (f) or (g) of the Underlying Securities.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8(c)), the Issuer shall deliver to Rabobank Nederland and the Registrar a certificate signed by any two members of the Board of Directors stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied, which shall give such certificate if it receives a certificate from the Executive Board pursuant to Condition 8(b) of the Underlying Securities Conditions.

### **(c) *Issuer's Call Option***

Subject to the first paragraph of Condition 8(b), the Issuer may elect to redeem all, but not some only, of the PIE Capital Securities on the First Call Date or any Floating Rate Dividend Payment Date thereafter at their Redemption Amount.

Unless the PIE Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the PIE Capital Securities on the Conditional Call Date, subject to Rabobank Nederland having raised (or caused to be raised by a member of the Rabobank Group) the amount of net proceeds which Rabobank Nederland determines (at any time prior to a Conditional Call 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 PIE Capital Securities in accordance with the remaining provisions of this Condition 8(c).

If, by reference to the facts pertaining on the date falling 60 calendar days prior to the Floating Rate Dividend Payment Date falling on June 18, 2039, all Dividend Amounts on such Floating Rate Dividend Payment Date are Required Dividends and:

- (i) the Replacement Capital Amount is zero, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the PIE Capital Securities will be redeemed on such Floating Rate Dividend Payment Date at their Redemption Amount; or
- (ii) the Replacement Capital Amount is greater than zero, Rabobank Nederland shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to permit payment of the Redemption Amount in full on such Floating Rate Dividend Payment Date.

If the Replacement Capital Amount is greater than zero and is able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Dividend Payment Date and Dividend Amounts on such Floating Rate Dividend Payment Date continues, by reference to the facts pertaining at such time, to be Required Dividends, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the PIE Capital Securities will be redeemed on such Floating Rate Dividend Payment Date at their Redemption Amount.

If the Replacement Capital Amount is greater than zero and is not able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Dividend Payment Date, the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar and the Holders in accordance with Condition 15 and Rabobank Nederland shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount to permit redemption of the PIE Capital Securities in full (subject to the other Conditional Call Restrictions being satisfied) on the next Floating Rate Dividend Payment Date. The Issuer shall continue the above procedure until the PIE Capital Securities have been redeemed in full.

Dividend Amounts on the PIE Capital Securities shall, subject to the limitations thereon set out in Condition 7(a), continue to accrue at the applicable Dividend Rate until the PIE Capital Securities have been redeemed in full. Subject to Condition 8(b), nothing in this Condition 8(c) shall prevent the Issuer from exercising its option to redeem all, but not some only, of the PIE Capital Securities on the Floating Rate Dividend Payment Date falling on June 18, 2039 or any Floating Rate Dividend Payment Date thereafter, in its sole discretion without regard to the Conditional Call Restrictions.

**(d) *Redemption Due to Netherlands Taxation***

If, as a result of a tax law change (as defined in the Underlying Securities Conditions):

- (i) there is more than an insubstantial risk that the Issuer will be required to pay "additional amounts" (as defined in the Underlying Securities Conditions) with respect to payments on the Underlying Securities; or
- (ii) interest payable on the Underlying Securities when paid would not be deductible by Rabobank Nederland for Netherlands corporate income tax liability purposes,

then the Issuer may, subject to Condition 8(b), having delivered to the Registrar 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 confirming the Issuer's right to redeem the PIE Capital Securities, and having given the notice required by Condition 8(b) specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount on the relevant date fixed for redemption.

**(e) *Redemption for Regulatory Purposes***

The Issuer may, subject to Condition 8(b), if a Capital Event A has occurred and is continuing, and having given the notice required by Condition 8(b) specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount on the relevant date fixed for redemption in accordance with the PIE Conditions or Underlying Securities Conditions.

**(f) *Redemption of Underlying Securities***

Where for any reason all, but not some only, of the Underlying Securities are redeemed pursuant to the Underlying Securities Conditions, all, but not some only, of the PIE Capital Securities will also be redeemed.

**(g) *Redemption on an Exchange Event***

The Issuer may, in accordance with Condition 10, redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount on the relevant date fixed for redemption.

**(h) *Purchases***

The Issuer, Rabobank Nederland or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if, at such time, consent is required to be obtained), and in compliance with applicable Listing Rules and subject to the Maximum PIE Holding, at any time purchase PIE Capital Securities in any manner and at any price.

**(i) *Cancellation***

All PIE Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All PIE Capital Securities purchased by or on behalf of the Issuer, Rabobank Nederland or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation. PIE Capital Securities so surrendered shall be cancelled forthwith. Any PIE Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such PIE Capital Securities shall be discharged.

**(j) *Redemption in whole only***

Redemptions pursuant to this Condition 8 must be for the Redemption Amount of whole PIE Capital Securities and not in part.

**(k) *Outstanding Amounts and surplus amounts to be paid out to Holders***

Upon any redemption of the PIE Capital Securities in accordance with Condition 8(c), (d), (e), (f) or (g) the Issuer shall, immediately prior to the payment of any Redemption Amount, pay out pro rata to Holders:

- (i) any Outstanding Amounts; and
- (ii) any surplus amounts (after accounting for any Redemption Amount and any Outstanding Amounts held by the Issuer).

**9 Payments**

**(a) *Method of Payment***

Payments of principal and Dividend Amounts will be made to the Holder as at 5.00 p.m., New Zealand time, 10 calendar days after the Record Date for the relevant payment to the bank account or address stated in the Register on that date notwithstanding any notice the Issuer or the Registrar may have of any subsequent transfer. Such payments will be made, at the option of the payee, by New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account maintained by the payee with, a bank in New Zealand, provided that notice of any change to the method of payment must be received by the Registrar prior to the Record Date for the relevant payment.

**(b) *Payments Subject to Fiscal Laws***

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) *Payments on Business Days***

Payments due on a PIE Capital Security may only be made on a Business Day. Unless otherwise specified herein, if the due date for any payment in respect of the PIE Capital Securities is not a Business Day that payment shall be made on the next following Business Day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.

**(d) *Reliance; Complete Discharge***

The Issuer and the Registrar may, in making any payment in respect of a PIE Capital Security, rely absolutely on the information regarding ownership of the beneficial interest in that PIE Capital Security appearing in the Register or, in the case of a PIE Capital Security lodged with the Austraclear System, on the records of the Austraclear System. Any payment made by the Issuer or the Registrar to a person appearing to be a Holder in reliance on such information shall be deemed to be valid and shall be a complete and final discharge of the Issuer's obligations in respect of that payment.

**(e) *Unclaimed Payments***

If any payment made by the Issuer or the Registrar to any Holder of a PIE Capital Security at its address last entered in the Register is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of any such amounts of principal or Dividend Amounts if such amount remains unclaimed five years after the original date of payment.

## 10 Exchange Events

If in the opinion of the Issuer an Exchange Event occurs at any time, the Issuer shall as soon as reasonably practicable give notice of such Exchange Event and the relevant circumstances to the Security Trustee, the Registrar and the Holders in accordance with Condition 14 and as soon as practicable after such notice is given and in any event within 30 Business Days of such notice being given, effect the following in the order listed below:

- (i) require that Rabobank Nederland shall pay all Outstanding Payments pursuant to Condition 10 of the Underlying Securities Conditions and any other amounts that Rabobank Nederland determines are necessary or desirable;
- (ii) any Outstanding Amounts and any surplus amounts (after accounting for the payment of the Outstanding Amounts and the distribution of the Underlying Securities in accordance with Condition 10(iii)) shall be paid out pro rata to Holders;
- (iii) at the option of the Issuer either:
  - (1) distribute Underlying Securities having, in respect of each Holder, an aggregate principal amount equal to the aggregate Face Value of PIE Capital Securities of that Holder to each Holder in consideration of the cancellation of the Holder's PIE Capital Securities; or
  - (2) redeem all, but not some only, of the PIE Capital Securities at their Redemption Amount; and
- (iv) procure that the Register of the PIE Capital Securities shall be amended to record the cancelling of all the PIE Capital Securities on issue and, in the case of a distribution of Underlying Securities in accordance with Condition 10(iii) above, the "Register" (as defined in the Underlying Securities Conditions) of the Underlying Securities shall be

amended by entering in that Register the details of all of the previous Holders of the PIE Capital Securities as holders of Underlying Securities in a principal amount determined in accordance with Condition 8,

and advise the Security Trustee at the completion thereof.

## 11 Taxation - New Zealand Taxes

### (a) *Deductions or Withholdings*

To the extent required by law, deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable (or a lower rate permitted by law) unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable or that no deduction is required by law.

### (b) *No Gross-Up for New Zealand Taxes*

The Issuer is not required to, and will not, make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding of any amount from any payment made in relation to a PIE Capital Security in accordance with this Condition 11 or otherwise required by New Zealand law to be deducted or withheld for or on account of tax. Each payment to a Holder that has been reduced by reason of a deduction or withholding in accordance with this Condition 11 shall be in full discharge of the obligations of the Issuer to make the relevant payment to that Holder.

## 12 Meetings of Holders and Modification

### (a) *Meetings of Holders*

All meetings of Holders shall be convened and held in accordance with the provisions of Schedule 2 attached hereto.

### (b) *Modification and Amendment of Conditions*

These Conditions may be amended by the Issuer and the Registrar, without the consent of Holders, where such amendment is of a minor or technical nature or is made to comply with applicable laws, including the Listing Rules and the rules relating to PIEs under the Tax Act or, 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 Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders.

In addition, these Conditions may be amended by the Issuer if the amendment is approved by an Extraordinary Resolution of Holders.

Any amendment of these Conditions shall be subject to the Issuer having first obtained the approval of the Dutch Central Bank, if required.

## 13 Register

### (a) *Maintenance of Register*

So long as any of the PIE Capital Securities are outstanding, the Issuer shall cause to be maintained a full and complete Register of the PIE Capital Securities having the information specified in schedule 1 hereto and otherwise in accordance with these Conditions, the Agency Agreement, all applicable laws and the Listing Rules and shall appoint, and maintain the appointment of, a registrar in respect of the PIE Capital Securities.

### (b) *Inspection of Register*

The Issuer shall ensure that at all reasonable times during office hours of the Registrar, the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or

extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of PIE Capital Securities.

**(c) *Closing of Register***

The Issuer may, from time to time, on giving notice to Holders in accordance with Condition 15, close the Register for any period or periods not exceeding the shorter of (i) 30 calendar days in any one calendar year and (ii) the period, if any, permitted by NZX.

**(d) *Correction of Errors***

The Issuer or the Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

**(e) *Joint Holders***

PIE Capital Securities may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for PIE Capital Securities or instrument of transfer) with rights of survivorship. However, the joint Holders of a PIE Capital Security are only entitled to be entered once in the Register in relation to their joint holding and only the person whose name is recorded first in the Register shall be entitled to delivery of any Statement, notice, certificate or other communication from the Issuer, the Registrar or NZX. If two or more persons apply to be registered as tenants in common, the Registrar may, after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the PIE Capital Securities into the share for which each person is expressed to be entitled and register each person as the holder of the PIE Capital Securities representing the person's share, subject to the requirements of Condition 3(a) in relation to minimum holdings. If the PIE Capital Securities cannot be divided into shares complying with the minimum holdings (if any) applicable to any PIE Capital Securities, the Registrar may refuse to accept the application.

**14 Notices**

Notices to the Holders shall be provided via announcement over the market announcement platform operated by NZX and may, at the Issuer's discretion, be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Alternatively, notices may, at the option of the Issuer, be published in a daily newspaper having general circulation in New Zealand (which is expected to be the New Zealand Herald). 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. The Issuer shall also ensure that notices are duly published in a manner which complies with the Listing Rules.

**15 Agents**

The initial Registrar (in its capacity as initial registrar and paying and transfer agent) and its initial specified office is listed below. The initial Calculation Agent is as defined in Condition 1.

The Issuer reserves the right at any time to vary or terminate the appointment of any agents and to appoint additional or other agents, provided that it will at all times maintain a specialist registrar having a specified office in New Zealand.

Notice of any such termination or appointment and of any change in the specified office of the Registrar will be given to the Holders in accordance with Condition 14.

If the Registrar is unable or unwilling to act as such or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint a specialist registrar to act as such in its place. The Registrar may not resign its duties or be removed without a successor having been appointed as aforesaid. All

calculations and determinations made by the Registrar in relation to the PIE Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

If the Calculation Agent is unwilling or unable duly to determine the Dividend Rate in respect of any Initial Rate Dividend Period or Floating Rate Dividend Period as provided in Condition 5(e) or calculate a Dividend Amount, the Issuer shall appoint a calculation agent in its place.

The initial specified office of the initial Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
New Zealand

#### **16 Governing Law**

The PIE Capital Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Agency Agreement is governed by, and shall be construed in accordance with, the laws of New Zealand.

#### **17 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 PIE Capital Securities and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders of the PIE Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

**SCHEDULE 1****PARTICULARS TO BE RECORDED IN THE REGISTER IN RESPECT OF EACH PIE CAPITAL SECURITY**

1. Issue Date
2. Call Date\*
3. Face Value
4. Name and address of Holder
5. Minimum holding\*
6. Margin\*
7. Dividend Payment Dates\*
8. Dividend Period\*
9. Rate Reset Date\*
10. Rate Reset Basis\*
11. Details of the account to which payments in respect of the PIE Capital Security are to be made
12. Transfers of the PIE Capital Security
13. Cancellation of the PIE Capital Security
14. Other\*
15. Any other information required by law or otherwise relevant to any particular PIE Capital Securities
16. Withholding tax rate
17. Tax residency

\* if applicable

**SCHEDULE 2**  
**MEETINGS OF HOLDERS**

**1. CONVENING**

1.1 In these provisions:

**"Appointed Time"** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

**"clause"** is a reference to a clause of this schedule unless specified otherwise.

**"Proxy Closing Time"** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

**"Representative"** means:

- (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of a Holder being a corporation or corporation sole either:
  - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

1.2 The Issuer may at any time of its own volition convene a meeting of the Holders.

1.3 The Issuer will whenever required to do so pursuant to the Securities Act 1978 or any regulations made thereunder or the Listing Rules convene a meeting of the Holders.

1.4 The Issuer will at the request in writing of Holders holding not less than 10% of the aggregate principal amount of the outstanding PIE Capital Securities convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.5 Notwithstanding the other provisions of this clause 1, the Issuer will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

**2. PLACE**

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

**3. NOTICE OF MEETINGS**

3.1 Notice of every meeting will be given either by publication thereof in a newspaper in the manner provided in Condition 16 or in writing to every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice, such notice to be sent to the respective addresses of Holders stated in the Register.

- 3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

#### **4. QUORUM**

- 4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).
- 4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in principal amount of the PIE Capital Securities.
- 4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate principal amount of the PIE Capital Securities.
- 4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting, if convened upon the request of Holders, will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only 7 clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of PIE Capital Securities held by them (but comprising at least two individuals) will form a quorum.

#### **5. CHAIRMAN**

- 5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at each relevant meeting.

#### **6. RIGHT TO ATTEND AND SPEAK**

- 6.1 Any director, officer or solicitor of the Issuer or any person authorised in that behalf by the Issuer, or the Security Trustee, may attend any meeting and all such persons will have the right to speak at the meeting.

**7. ADJOURNMENT**

7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.

7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

**8. ONLY PERSONS ON REGISTER RECOGNISED BY THE ISSUER**

8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the PIE Capital Securities therein mentioned whether such persons are or are not in fact the owners thereof.

**9. AUTHORITY TO VOTE**

9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.

9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the PIE Capital Securities recorded as owned by them.

**10. PROXIES**

10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.

10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.

10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer must be deposited at such place as the Issuer may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of the Issuer not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.

10.4 An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.

10.5 A proxy whether in a usual or common form or not will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.

10.6 An instrument of proxy in favour of:

- (a) the general counsel of the Australian Branch of the Issuer; or
- (b) the chairman of the meeting,

(howsoever expressed) will be valid and effectual as though it were in favour of a named person and will in the case of paragraph (a) above constitute the person holding the office of the general counsel of the Australian Branch of the Issuer and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

## **11. HOLDER MAY APPOINT ATTORNEY**

11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

## **12. CORPORATE REPRESENTATIVES**

12.1 A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time of or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.

12.2 A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

## **13. VOTING PROCEDURE AND POLLS**

13.1 A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or any representative of the Issuer or by one or more Holders holding or representing not less than 5% of the aggregate principal amount of the PIE Capital Securities. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

13.2 On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1.00 of principal amount of PIE Capital Securities of which he is the Holder.

13.3 If a poll is duly demanded it will be taken in such manner as the chairman of the meeting may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.

13.4 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded

will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the PIE Capital Securities in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### **14. EXTRAORDINARY RESOLUTIONS**

- 14.1 The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to any other powers which by the Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:
  - (a) power to sanction, either unconditionally or upon any conditions, the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Conditions or the PIE Capital Securities;
  - (b) power to sanction any request from the Issuer for the exchange of the PIE Capital Securities for, or the conversion of the PIE Capital Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
  - (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer or against its assets however such rights arise;

- (d) power to assent to any amendment to the Conditions proposed or agreed to by the Issuer and to authorise the Issuer to execute any supplemental deed or agreement or fulfil any other requirements or to take any other action that may be necessary to effect such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of the Conditions;
- (f) power to sanction any scheme for the reconstruction or merger of the Issuer where such sanction is necessary;
- (g) power to authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request; and
- (h) upon the occurrence of an Exchange Event, power to authorise or direct the Security Trustee.

14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will be, as between the Issuer and the Holders, conclusive evidence that the circumstances justify the passing thereof, the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

## 15. MINUTES TO BE KEPT

15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be *prima facie* evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had held and convened and all resolutions passed or proceedings had thereat shall be deemed to have been duly passed and had.

## 16. RESOLUTIONS IN WRITING

16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate PIE Capital Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution.

16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.

16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

## **APPENDIX B: UNDERLYING SECURITIES CONDITIONS**

## TERMS AND CONDITIONS OF THE UNDERLYING SECURITIES

### 1 Definitions

In these Conditions:

**"2007 Capital Securities"** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public in or around October 2007;

**"Additional Amounts"** means such additional amounts as may be necessary so that the net amount received by the Holders, 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 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 agency agreement dated on or about April 16, 2009 between the Issuer and the Registrar relating to the Capital Securities to which these Conditions are attached as Schedule 1;

**"Austraclear System"** means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System;

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

**"Bank Bill Rate"**, in respect of any Floating Rate Interest Period, means the FRA settlement rate for New Zealand dollar bills of exchange for a period of three months, commencing on the first day of such Floating Rate Interest Period, which appears on the Reuters Page on or around 10.45 a.m., New Zealand time, on the first day of such Floating Rate Interest Period.

If such rate does not appear on the Reuters Page, the rate for such relevant Floating Rate Interest Period will mean the rate determined on the basis of the average of the mid-point of the bid and offer rates quoted by three Reference Banks selected by the Calculation Agent for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Interest Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the rate for such Floating Rate Interest Period will be the Bank Bill Rate as determined by the Calculation Agent in respect of the immediately previous Floating Rate Interest Period. If there was no such immediately previous Floating Rate Interest Period, the rate for such Floating Rate Interest Period will be the average of the mid-point of the bid and offer rates quoted by major banks in New Zealand, selected by the Calculation Agent, for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount, at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Interest Period;

**"Benchmark Rate"** means, in respect of any Initial Rate Interest Period, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest four decimal places, which is determined by the Calculation Agent to be the average of the bid and offer swap rate displayed at or around 3.00 p.m., New Zealand time, on the Calculation Date in relation to the Calculation Period in which such Initial Rate Interest Period falls on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with a term equal to the Calculation Period.

If such rate does not appear on page FISSWAP, or if the Calculation Agent forms the view that the rate so determined is not an accurate reflection of market rates, the relevant Benchmark Rate shall be the average of the mid-point of the bid and offer swap rates quoted

by three Reference Banks selected by the Calculation Agent at or around 3.00 p.m., New Zealand time, on the relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the relevant Benchmark Rate for such Initial Rate Interest Period will be the average of the mid-point of the bid and offer swap rates quoted by major banks in New Zealand selected by the Calculation Agent, at or around 3.00 p.m., New Zealand time, on such relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period;

**"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 Wellington and Auckland;

**"Calculation Agent"** means, initially, Rabobank Nederland, or any other person appointed by Rabobank Nederland from time to time;

**"Calculation Amount"** means NZ\$1.00 in principal amount;

**"Calculation Date"** means the 25 May 2009 and June 18, 2014;

**"Calculation Period"** means each of the periods from (and including) the Issue Date to (but excluding) 18 June 2014 and the period commencing on (and including) June 18, 2014 to (but excluding) the First Call Date;

**"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 for the Rabobank Group 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 not be included in the consolidated Tier 1 Capital of Rabobank Group;

**"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 for the Rabobank Group and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

**"Capital Securities"** means the NZ\$1 Perpetual Non-Cumulative Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 16 and forming a single series with the Capital Securities;

**"Conditional Call Date"** means the first Floating Rate Interest Payment Date falling on or after June 18, 2039 on which all of the Conditional Call Restrictions are satisfied;

**"Conditional Call Restrictions"** shall be deemed to be satisfied as at a Floating Rate Interest Payment Date falling on or after June 18, 2039 if (a) Interest on such Floating Rate Interest Payment Date is Required Interest and (b) the Rabobank Group has raised the Replacement Capital Amount, if any, on or before such Floating Rate Interest Payment 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;

**"Day-count Fraction"** means (i) in respect of the first Interest Payment Date an amount calculated using the actual number of days elapsed in the period from the Issue Date to (but excluding) the first Interest Payment Date divided by 365 (Actual/365 Fixed) and (ii) in respect of an Interest Amount payable on or prior to the First Call Date on a scheduled Initial Rate Interest Payment Date (other than the first Interest Payment Date), one-quarter and (iii) in respect of an Interest Amount payable after the First Call Date, the actual number of days elapsed in the Interest Period divided by 365 (Actual/365 Fixed);

**"Discretionary Interest"** means Interest that the Issuer may pay at its discretion in accordance with Condition 7(b);

**"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 Group;

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

- (i) subject to the ability to cancel interest, default by the Issuer is made for more than 30 days in the payment of interest or principal in respect of any of the Capital Securities; 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 Markets 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;

**"FASTER"** means the Fully Automated Screen Trading and Electronic Registration System operated by NZX;

**"First Call Date"** means June 18, 2019;

**"Floating Rate"** means, in respect of a Floating Rate Interest Period, Bank Bill Rate for such Floating Rate Interest Period, plus the Margin;

**"Floating Rate Interest Payment Date"** means March 18, June 18, September 18 and December 18 of each year commencing after June 18, 2019, in each case subject to adjustment as provided herein;

**"Floating Rate Interest Period"** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date;

**"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 person in whose name a Capital Security is registered in the Register;

**"Initial Rate"** means, in respect of a Calculation Period and each Initial Rate Interest Period falling therein, the Benchmark Rate on the Calculation Date applicable to the Calculation Period plus the Margin; or, in the case of the period from the Issue Date to (but excluding) June 18, 2014, the greater of this amount and 8.0% p.a.

**"Initial Rate Interest Payment Date"** means March 18, June 18, September 18 and December 18 of each year, commencing on June 18, 2009 and ending on the First Call Date;

**"Initial Rate Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Initial Rate Interest Payment Date and each successive period beginning on (and including) an Initial Rate Interest Payment Date and ending on (but excluding) the next succeeding Initial Rate Interest Payment Date and any period between two Initial Rate Dividend Payment Dates;

**"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 Calculation Agent;

**"Interest Payment Date"** means any Initial Rate Interest Payment Date and/or Floating Rate Interest Payment Date;

**"Interest Period"** means any Initial Rate Interest Period and/or Floating Rate Interest Period;

**"Interest Rate"** means the Initial Rate and/or, as appropriate, the Floating Rate;

**"Issue Date"** means May 27, 2009, being the date of the initial issue of the Capital Securities;

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

**"Joint Lead Managers"** means ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited;

**"Junior Group Member Instrument"** means any share capital or other instrument of any other member of the Rabobank Group which (i) qualifies as consolidated Tier 1 Capital for the Rabobank Group, (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, (as well as the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively);

**"Junior Member Certificates Related Agreements"** means the junior subordinated loan agreements between the Issuer and Rabobank Ledencertificaten N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (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 and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

**"Listing Rules"** means the listing rules of NZX in force from time to time;

**"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 for the Rabobank Group;

**"Margin"** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date;

**"Market Disruption Event"** means the occurrence or existence of any of the following events or circumstances:

- (i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of the

Issuer which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;

- (ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or
- (iii) the Issuer would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and the Issuer fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

provided that, a “**Market Disruption Event**” will not have occurred nor be deemed to have occurred if the Issuer determines not to pursue or complete the issuance of Qualifying Securities due to pricing, distribution rate or dilution considerations;

“**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;

“**Non-Resident Holder**” means a Holder that is not resident in New Zealand for New Zealand taxation purposes and that is not engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand;

“**NZDX Market**” means the market for debt securities of that name operated by NZX;

“**NZX**” means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited;

“**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 for the Rabobank Group 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 guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital 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 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:

- (aa) 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 guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital 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));
- (bb) *pari passu* with the Capital Securities and the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing); and
- (cc) senior to any other share capital of the Issuer not described in paragraph (A) or (B)(bb) of this definition; and, (C) any Parity Bank Guarantee;

(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 for the Rabobank Group 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:
  - (aa) subordinate and junior to indebtedness of such Local Rabobank;
  - (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
  - (cc) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(bb) 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 is held by, or on which payments are made to, any member of the Rabobank Group;

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities, as they may be amended from time to time in accordance with the provisions thereof;

**"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 7(a);

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

**"Rabo Capital"** means Rabo Capital Securities Limited, a company incorporated in New Zealand;

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

**"Record Date"** means, in relation to any payment due on the Capital Securities, the date 10 calendar days prior to the date on which such payment is due;

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

**"Reference Banks"** means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation, or any other bank selected by the Calculation Agent as being a leading bank in the New Zealand interbank market;

**"Register"** means the register in relation to the Capital Securities maintained by the Registrar in accordance with the Agency Agreement and these Conditions;

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time;

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

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

**"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 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;

**"Required Interest"** means Interest to the extent it is required to be paid by the Issuer in accordance with Condition 6;

**"Reuters Page"** means Reuters Screen BKBM Page opposite the caption "FRA" or its successor page;

**"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;

**"Statement"** means a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the Capital Securities held by that Holder, if applicable, in compliance with the Listing Rules;

**"Tax Act"** means the Income Tax Act 2007 (NZ);

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

**"Tier 1 Capital"** has the meaning given to such term from time to time by the Dutch Central Bank.

## 2 Form, Denomination and Title

### (a) *Form and Denomination*

The Capital Securities are in registered book entry form in the principal amount of NZ\$1.00 per Capital Security with a minimum subscription of NZ\$5,000 in aggregate principal amount.

### (b) *Title*

No certificates of title in respect of a Capital Security will be issued to the Holders. Title to the Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any Capital Security will (except as otherwise required by law) be treated as its absolute beneficial owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any Capital Securities, whether or not either of them is aware of the same. In the event of any conflict between the Register and any certificate or any Statement issued relating to a Capital Security, the Register shall prevail over any such certificate or Statement. Neither the Issuer nor the Registrar will be required to obtain proof of identity of a Holder or its ownership of Capital Securities.

### (c) *Listing*

Upon an Exchange Event as defined in the PIE Conditions, the Issuer will use its best endeavours to have the Capital Securities listed and quoted on the NZDX Market.

### (d) *Statements*

Where Capital Securities are accepted for listing on the NZDX Market, the Issuer must issue, or cause to be issued, to each Holder, a Statement in relation to each Capital Security issued to that Holder, in accordance with, and in the time required by, the Listing Rules.

## 3 Transfers

### (a) *Transfer*

Subject to this Condition 3 and to any applicable law restricting the right to transfer Capital Securities, a Holder may transfer all or any of the Capital Securities of which it is the Holder, provided that no transfer shall be made if, as a result thereof, the aggregate principal amount of the Capital Securities registered in the name of the transferor or of the transferee would (if not zero) be less than NZ\$5,000 (or such lesser sum to which the Issuer may in its absolute discretion consent). No transfer of a Capital Security will be valid unless and until entered on the Register. A Capital Security may be registered only in the name of, and transferred only to, a named person or persons.

**(b) Transfer Free of Charge**

Transfers of Capital Securities shall be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

**(c) Closed Periods**

Subject to NZX having granted a trading halt, no Holder may require the transfer of a Capital Security to be registered during the period of 15 calendar days ending on (and including) the due date for redemption of the Capital Securities pursuant to Condition 8.

**(d) Capital Securities lodged with the Austraclear System**

- (i) Capital Securities may be lodged with, and uplifted from, the Austraclear System by the relevant Holders, in accordance with the procedures of the Austraclear System at the relevant time.
- (ii) Beneficial title to a Capital Security that is lodged with the Austraclear System is transferable in accordance with the procedures of the Austraclear System at the relevant time, but legal title to such Capital Securities shall, for so long as they are lodged with the Austraclear System, be recorded in the Register in the name of New Zealand Central Securities Depository Limited (or any replacement depositary for the Austraclear System) on behalf of the Austraclear System.

**(e) Form of Transfer**

Subject to these Conditions, a Holder may transfer any Capital Security held by that Holder:

- (i) by a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Registrar; or
- (ii) if listed on the NZDX Market, via FASTER; or
- (iii) by any other method of transfer approved by the Issuer and the Registrar and delivered to the office of the Registrar.

**(f) Evidence to Accompany Instrument of Transfer**

Each instrument of transfer must be accompanied by:

- (i) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to prove the title of the transferor, the transferor's right to transfer the Capital Securities or the identity of the transferor and/or the transferee; and
- (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer, subject in each case to Condition 3(j) below.

**(g) Acquisition by Operation of Law**

When an entitlement to any Capital Security is acquired by any person by operation of law (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) or pursuant to the occurrence of an Exchange Event (as defined in the PIE Conditions) the Registrar, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that Capital Security, will enter that person's name in the Register as the Holder of that Capital Security accordingly.

**(h) Sale of Less than Minimum Holding**

The Issuer (or the Registrar on the Issuer's behalf) may at any time give notice to any Holder holding less than the minimum holding of Capital Securities that are quoted on the NZDX Market that the Issuer intends to exercise the power of sale of those Capital Securities as set out in this Condition 3(h), subject to and in accordance with the Listing Rules. If the Issuer's power of sale becomes exercisable:

- (i) the Issuer may arrange for the sale of those Capital Securities through the NZDX Market or in some other manner approved by NZX;
- (ii) the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
- (iii) the Issuer shall account to the Holder for the net proceeds of sale of the Capital Securities (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by the Issuer and paid to the Holder on surrender of any Statement for the Capital Securities sold.

The title of a purchaser of any Capital Securities sold in accordance with this Condition 3(h) will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**(i) *Address and other Details of Holders***

A transferee of Capital Securities must designate to the Registrar an address and a bank account to which payments under or in respect of the Capital Securities transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes. Any change of name or address or account to which payments are to be made, of a Holder must immediately be notified in writing to the Registrar, accompanied by such evidence of such change as the Registrar may reasonably require, and the Register will be amended accordingly. Each Holder shall give written notice to the Registrar of its country of residency for taxation purposes and, if not resident in New Zealand for taxation purposes, of whether the Holder is engaged in business in New Zealand through a branch or other fixed establishment (as that term is defined in the Tax Act) in New Zealand.

**(j) *Reliance on Documents***

The Issuer and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

**4 Status and Subordination**

**(a) *Status***

The Capital Securities 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 are subordinated as described in Condition 4(b).

**(b) *Subordination***

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Capital Securities 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 other 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 (including, without limitation, 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 Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLC II, III, IV, V and VI (b) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer, and (c) with the 2007 Capital Securities; 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 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 have been satisfied. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Issuer under or in connection with such Capital Security shall be excluded and each Holder shall, by virtue of being the Holder of any Capital Security, 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 of the Rabobank Group 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 of the Rabobank Group 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.

**5 Interest**

**(a) *General***

The Capital Securities bear Interest from (and including) the Issue Date in accordance with the provisions of this Condition 5. Subject to Conditions 6 and 7, Interest shall be

payable on the Capital Securities quarterly in arrears on each Interest Payment Date, in each case as provided in this Condition 5. 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) *Prepayment of Interest***

The Issuer shall, within 1 Business Day of a request by Rabo Capital, prepay Interest on the Capital Securities held by Rabo Capital of an amount requested by Rabo Capital and agreed by the Issuer (acting reasonably) to be necessary to enable Rabo Capital to meet its tax obligations and to impute dividends at the maximum imputation ratio under the Tax Act or for any other reason without giving rise to any penalty, notwithstanding that such payment may not be on an Interest Payment Date. Any remaining Interest for the relevant Interest Period shall be paid on the applicable Interest Payment Date.

**(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 8 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 applicable 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 relevant Interest Rate and the relevant Day-count Fraction for the relevant period. All percentages resulting from any calculation related to an Interest Rate will be rounded to the nearest thousandth of a percentage point, with five ten-thousandths of a percentage point rounded upwards. For example, 9.8745 per cent. (or .098745) would be rounded to 9.875 per cent. (or .098745). All NZ\$ amounts used in or resulting from any calculation related to an Interest Amount will be rounded to the nearest cent (with one-half cent or unit being rounded upwards).

**(d) *Initial Rate***

For each Initial Rate Interest Period falling within a Calculation Period, Interest will accrue at a rate per annum equal to the relevant Initial Rate and will be payable quarterly in arrears on each Initial Rate Interest Payment Date.

If any Initial Rate 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.

**(e) *Floating Rate***

For each Floating Rate Interest Period, Interest will accrue at a rate per annum equal to the relevant Floating Rate and will be payable quarterly in arrears on each Floating Rate Interest Payment Date. If any Floating Rate Interest Payment Date would otherwise fall on a date that is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

**(f) *Determination of Interest Rates and Calculation of Interest Amounts***

The Calculation Agent will, as soon as practicable after 3.00 p.m., New Zealand time, on the relevant Calculation Date or as soon as practicable after 11.00 a.m., New Zealand time, on the first day of the relevant Floating Rate Interest Period, as applicable, determine the relevant Interest Rate and calculate the relevant Interest Amounts.

**(g) Publication of Interest Rate and Interest Amounts**

If the Capital Securities are listed on the NZDX market, the Issuer shall cause notice of the relevant Interest Rate determined in accordance with this Condition 5 in respect of each Calculation Period or Floating Rate Interest Period, as applicable, the relevant Interest Amount and, in the case of a Floating Rate Interest Payment Date, the relevant date scheduled for payment to be given to NZX in accordance with the Listing Rules after their determination, but in any event not later than the fourth Business Day thereafter.

In the case of Interest payable at the Floating Rate, the relevant Interest Amount, the Interest Rate and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

**(h) Reference Banks**

So long as any Capital Securities remain outstanding, the Issuer will maintain at least four Reference Banks. The Issuer may from time to time replace a Reference Bank with a leading investment, merchant or commercial bank or financial institution in New Zealand.

**6 Required Interest**

The Issuer shall pay Required Interest on the Capital Securities, unless payment thereof is prohibited under Condition 7, to the extent set out below:

**(a) In full**

- (i) The payment of Interest will be required in full:
  - (1) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions annually, if any (other than any Group Declarations and any Excluded Declarations);
  - (2) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions semi-annually, if any (other than any Group Declarations and any Excluded Declarations); or
- (ii) The payment of Interest will be required in full for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, 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, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith 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, (ii) as a result of a reclassification of the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

**(b) *Fractional or in full***

The payment of Interest will be required in full or in part on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment (other than any Group Declarations and any Excluded Declarations) 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 that, in the case of (x), (y) or (z), pays dividends on a basis other than annually or semi-annually, if any, at an amount equal to the applicable Interest Amount on the Capital Securities for the related Interest Period, multiplied by a fraction, the numerator of which is the number of days in the dividend, distribution or payment period applicable to the payment on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument and the denominator of which is the number of days in the related Interest Period; provided, however, that if the dividends, distributions or payments on any Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(b) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument; and

**(c) *Pro rata with Parity Shares***

The payment of Interest will be required:

- (i) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually, if any (other than any Excluded Declarations);
- (ii) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends semi-annually, if any (other than any Excluded Declarations); and
- (iii) on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment

on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

provided that in the event that Interest on the Capital Securities is payable (or deemed to be payable) as provided in this Condition 6(c), such Interest shall be payable (or deemed to be payable) in the same proportion that the declaration or payment on such Parity Share bears to the stated annual dividends, distributions or payments to be declared and paid on such Parity Share. If the dividend, distribution or payment on any such Parity Share that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(c) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Parity Share.

## 7 Prohibited and Discretionary Interest

### (a) *Prohibited Interest*

Notwithstanding Condition 6, the Issuer shall not pay the Interest due on an Interest Payment Date 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 BIS ratio (total capital) falling below the then applicable minimum requirement). In such case and to such extent there will be no Required Interest.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following any declaration that Interest is Prohibited Interest pursuant to this Condition 7(a) 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.

### (b) *Discretionary Interest*

Any Interest that is neither Required Interest nor Prohibited Interest shall be payable on the relevant Interest Payment Date at the sole discretion of the Issuer, 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 give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following 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 7(b) to not pay such Discretionary Interest, to such effect setting out brief details of such exercise.

## 8 Redemption 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 8.

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

Any redemption or purchase of the Capital Securities in accordance with Condition 8(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) giving not less than 30 nor more than 60 calendar days' notice to the Holders and the Registrar in accordance with Condition 15, which notice shall be irrevocable; and (iii) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8(c)), the Issuer shall deliver to the Registrar a certificate signed by any two members of the Executive Board stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

### (c) *Issuer's Call Option*

Subject to the first paragraph of Condition 8(b), the Issuer may elect to redeem all, but not some only, of the Capital Securities on the First Call Date or any Floating Rate Interest Payment Date thereafter at their Redemption Price.

Unless the Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the Capital Securities on the Conditional Call Date, subject to the Issuer having 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 a Conditional Call 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 in accordance with the remaining provisions of this Condition 8(c).

If, by reference to the facts pertaining on the date falling 60 calendar days prior to the Floating Rate Interest Payment Date falling on June 18, 2039, all Interest on such Floating Rate Interest Payment Date is Required Interest and:

- (i) the Replacement Capital Amount is zero, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price; or
- (ii) the Replacement Capital Amount is greater than zero, the Issuer shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to permit payment of the Redemption Price in full on such Floating Rate Interest Payment Date.

If the Replacement Capital Amount is greater than zero and is able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date and Interest on such Floating Rate Interest Payment Date continues, by reference to the facts pertaining at such time, to be Required Interest the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital

Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price.

If the Replacement Capital Amount is greater than zero and is not able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date, the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar and the Holders in accordance with Condition 15 and shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount to permit redemption of the Capital Securities in full (subject to the other Conditional Call Restrictions being satisfied) on the next Floating Rate Interest Payment Date.

The Issuer shall continue the above procedure until the Capital Securities have been redeemed in full.

Interest on the Capital Securities shall, subject to the limitations thereon set out in Condition 7(a), continue to accrue at the applicable Interest Rate until the Capital Securities have been redeemed in full.

Subject to Condition 8(b), nothing in this Condition 8(c) shall prevent the Issuer from exercising its option to redeem the Capital Securities on the Floating Rate Interest Payment Date falling on June 18, 2039 or any Floating Rate Interest Payment Date thereafter, in its sole discretion without regard to the Conditional Call Restrictions.

**(d) *Redemption Due to Netherlands Taxation***

If:

- (i) as a result of a Tax Law Change, 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) as a result of a Tax Law Change, 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 8(b), having delivered to the Registrar 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 8(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 8(b) and having given the notice required by Condition 8(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) *Redemption upon Exchange Event***

If an Exchange Event (as that term is defined in the PIE Conditions) occurs, the Issuer may redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

**(g) *Purchases***

The Issuer or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if, at such time, consent is required to be obtained), and in compliance with applicable Listing Rules, at any time purchase Capital Securities in any manner and at any price.

**(h) *Cancellation***

All Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Capital Securities 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 Registrar for cancellation. Capital Securities so surrendered shall be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be discharged.

**9 Payments**

**(a) *Method of Payment***

Payments of principal and interest will be made to the Holder as at 5.00 p.m., New Zealand time, 10 calendar days after the Record Date for the relevant payment to the bank account or address stated in the Register on that date notwithstanding any notice the Issuer or the Registrar may have of any subsequent transfer. Such payments will be made, at the option of the payee, by New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account maintained by the payee with, a bank in New Zealand, provided that notice of any change to the method of payment must be received by the Registrar prior to the Record Date for the relevant payment.

**(b) *Payments Subject to Fiscal Laws***

Without prejudice to the terms of Condition 11, 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) *Payments on Business Days***

Payments due on a Capital Security may only be made on a Business Day. Unless otherwise specified herein, if the due date for any payment in respect of the Capital Securities is not a Business Day that payment shall be made on the next following Business Day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.

**(d) *Reliance; Complete Discharge***

The Issuer and the Registrar may, in making any payment in respect of a Capital Security, rely absolutely on the information regarding ownership of the beneficial interest in that Capital Security appearing in the Register or, in the case of a Capital Security lodged with the Austraclear System, on the records of the Austraclear System. Any payment made by the Issuer or the Registrar to a person appearing to be a Holder in reliance on such information shall be deemed to be valid and shall be a complete and final discharge of the Issuer's obligations in respect of that payment.

**(e) *Taxation Indemnity***

- (i) If, in relation to any Capital Security, the Issuer or the Registrar becomes liable to make any payment of or on account of tax payable by the Holder, the Issuer and the Registrar are indemnified by the Holder in relation to such liability and all costs, charges, interest, penalties, fines and expenses, incidental and relating to or arising in connection with any such tax.
- (ii) Any moneys paid by the Issuer or the Registrar in relation to any such liability may be recovered from the Holder as a debt due to the Issuer or the Registrar, as the case may be, and may be withheld from further payments to that Holder.
- (iii) Nothing in this Condition prejudices or affects any other right or remedy of the Issuer or the Registrar.
- (iv) In this Condition 9(e), "tax" includes all forms of taxation, withholding, duties, dues, imposts, levies and rates which are imposed or levied by or on behalf of the Netherlands or New Zealand (or elsewhere) or any authority therein or thereof having power to tax.

**(f) *Unclaimed Payments***

If any payment made by the Issuer or the Registrar to any Holder of a Capital Security at its address last entered in the Register is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of any such amounts of principal or interest if such amount remains unclaimed five years after the original date of payment.

**10 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 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.

**11 Taxation - Netherlands Taxes**

All payments made by or on behalf of the Issuer in respect of the Capital Securities 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 to a third party on the Holder's behalf) with respect to any Capital Securities:

- (i) if such Holder 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 by reason of such Holder having some

connection with the Netherlands other than by reason only of holding Capital Securities or the receipt of the relevant payment in respect thereof;

- (ii) if such Holder 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; or
- (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.

## 12 Taxation - New Zealand Taxes

### (a) *Deductions or Withholdings*

Subject to Condition 9(e), Condition 11 and the remainder of this Condition 12, all sums payable by the Issuer in respect of a Capital Security shall be paid (except to the extent required by law):

- (i) free of any restriction or condition;
- (ii) free and clear of and without any deduction or withholding on account of any tax; and
- (iii) without deduction or withholding on account of any other amount whether by way of set-off, counterclaim or otherwise.

### (b) *Non-Resident Withholding Tax*

Subject to the following sentence, if required by law, New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Non-Resident Holders. If the Issuer is lawfully able to pay approved issuer levy (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) in respect of any payment of interest (or deemed interest) to a Non-Resident Holder and has elected to register the Capital Securities as a registered security (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) then, unless that Non-Resident Holder has given notice in writing to the Registrar (or has revoked such notice) in accordance with Condition 12(f), the Issuer (or the Registrar on behalf of the Issuer) will pay the approved issuer levy to the appropriate authority and will deduct the amount paid from the interest (or deemed interest) payable to that Non-Resident Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.

### (c) *Resident Withholding Tax*

New Zealand resident withholding tax will, if required by law, be deducted from payments of interest (or payments deemed to be interest) to Holders who are resident in New Zealand or who are engaged in business through a fixed establishment (as defined in the Tax Act) in New Zealand unless a copy of an appropriate exemption certificate is provided to the Registrar no later than five Business Days before the Record Date for the relevant payment.

### (d) *Maximum Rate*

Deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable (or a lower rate permitted by law) unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable or that no deduction is required by law.

**(e) *No Gross-Up for New Zealand Taxes***

The Issuer is not required to, and will not, make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding of any amount from any payment made in relation to a Capital Security in accordance with this Condition 12 or otherwise required by New Zealand law to be deducted or withheld for or on account of tax (including, for the avoidance of doubt, where an amount has been deducted in accordance with Condition 12(b) in relation to approved issuer levy paid by or on behalf of the Issuer). Each payment to a Holder that has been reduced by reason of a deduction or withholding in accordance with this Condition 12 shall be in full discharge of the obligations of the Issuer to make the relevant payment to that Holder.

**(f) *Written Notice Regarding Non-Resident Withholding Tax / Approved Issuer Levy Election***

A Non-Resident Holder may give notice in writing to the Registrar no later than five Business Days before the Record Date for the payment of interest (or payments deemed to be interest) to that Non-Resident Holder that New Zealand non-resident withholding tax is to be deducted from such interest in lieu of deducting an amount on account of approved issuer levy as contemplated by Condition 12(b). Such a notice may also stipulate that New Zealand non-resident withholding tax is to be deducted from all subsequent such interest payments until revoked by the Non-Resident Holder in accordance with this Condition 12(f).

A notice given pursuant to this Condition 12(f) may only be revoked by the Non-Resident Holder giving notice in writing to the Registrar of such revocation no later than five Business Days before the Record Date (and related Interest Payment Date) on and from which the revocation is to take effect.

For the avoidance of doubt, a Non-Resident Holder may give notice in writing pursuant to the first paragraph of this Condition 12(f) notwithstanding that the Non-Resident Holder has revoked a notice (or notices) previously so given, with the intent that a Non-Resident Holder may apply the provisions of this Condition 12(f) on more than one occasion.

### **13 Meetings of Holders and Modification**

**(a) *Meetings of Holders***

All meetings of Holders shall be convened and held in accordance with the provisions of Schedule 2 attached hereto.

**(b) *Modification and Amendment of Conditions***

These Conditions may be amended by the Issuer and the Registrar, without the consent of Holders, where such amendment is of a minor or technical nature or is made to comply with applicable laws, including the Listing Rules or, 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 Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders.

In addition, these Conditions may be amended by the Issuer if the amendment is approved by an Extraordinary Resolution of Holders.

Any amendment of these Conditions shall be subject to the Issuer having first obtained the approval of the Dutch Central Bank, if required.

## 14 Register

### (a) *Maintenance of Register*

So long as any of the Capital Securities are outstanding, the Issuer shall cause to be maintained a full and complete Register of the Capital Securities having the information specified in schedule 1 hereto and otherwise in accordance with these Conditions, the Agency Agreement, all applicable laws and the Listing Rules and shall appoint, and maintain the appointment of, a registrar in respect of the Capital Securities.

### (b) *Inspection of Register*

The Issuer shall ensure that at all reasonable times during office hours of the Registrar, the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of Capital Securities.

### (c) *Closing of Register*

The Issuer may, from time to time, on giving notice to Holders in accordance with Condition 15, close the Register for any period or periods not exceeding the shorter of (i) 30 calendar days in any one calendar year and (ii) the period, if any, permitted by NZX.

### (d) *Correction of Errors*

The Issuer or the Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

### (e) *Joint Holders*

Capital Securities may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for Capital Securities or instrument of transfer) with rights of survivorship. However, the joint Holders of a Capital Security are only entitled to be entered once in the Register in relation to their joint holding and only the person whose name is recorded first in the Register shall be entitled to delivery of any Statement, notice, certificate or other communication from the Issuer, the Registrar or NZX. If two or more persons apply to be registered as tenants in common, the Registrar may, after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the Capital Securities into the share for which each person is expressed to be entitled and register each person as the holder of the Capital Securities representing the person's share, subject to the requirements of Condition 3(a) in relation to minimum holdings. If the Capital Securities cannot be divided into shares complying with the minimum holdings (if any) applicable to any Capital Securities, the Registrar may refuse to accept the application.

## 15 Notices

Notices to the Holders shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Alternatively, notices may, at the option of the Issuer, be published in a daily newspaper having general circulation in New Zealand (which is expected to be the New Zealand Herald). The Issuer shall also ensure that notices are duly published in a manner which complies with the Listing Rules. 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.

## 16 Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further instruments ranking *pari passu* in all respects and so that such further issue shall be consolidated and form a single series with the outstanding Capital Securities or a new series.

## **17 Agents**

The initial Registrar (in its capacity as initial registrar and paying and transfer agent) and its initial specified office is listed below. The initial Calculation Agent is as defined in Condition 1.

The Issuer reserves the right at any time to vary or terminate the appointment of any agents and to appoint additional or other agents, provided that it will at all times maintain a specialist registrar having a specified office in New Zealand.

Notice of any such termination or appointment and of any change in the specified office of the Registrar will be given to the Holders in accordance with Condition 15.

If the Registrar is unable or unwilling to act as such or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint a specialist registrar to act as such in its place. The Registrar may not resign its duties or be removed without a successor having been appointed as aforesaid. All calculations and determinations made by the Registrar in relation to the Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

If the Calculation Agent is unwilling or unable duly to determine the Interest Rate in respect of any Initial Rate Interest Period or Floating Rate Interest Period as provided in Condition 5(e) or calculate an Interest Amount, the Issuer shall appoint a calculation agent in its place.

The initial specified office of the initial Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
New Zealand

## **18 Governing Law**

The Capital Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Agency Agreement is governed by, and shall be construed in accordance with, the laws of New Zealand.

## **19 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 and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders of the Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

**SCHEDULE 1****PARTICULARS TO BE RECORDED IN THE REGISTER IN RESPECT OF EACH CAPITAL SECURITY**

1. Type of Capital Security [Fixed Rate, Floating Rate, Fixed/Floating Rate]
2. Issue Date
3. Call Date\*
4. Principal Amount
5. Name and address of Holder
6. Minimum denomination\*
7. Coupon Rate\*
8. Yield\*
9. Margin\*
10. Frequency of interest instalments
11. Interest Payment Dates\*
12. Interest Period\*
13. Rate Reset Date\*
14. Rate Reset Basis\*
15. Details of the account to which payments in respect of the Capital Security are to be made
16. Transfers of the Capital Security
17. Cancellation of the Capital Security
18. Other\*
19. Any other information required by law or otherwise relevant to any particular Capital Securities
20. Withholding tax rate
21. Tax residency

\* if applicable

**SCHEDULE 2**  
**MEETINGS OF HOLDERS**

**1. CONVENING**

1.1 In these provisions:

**"Appointed Time"** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

**"clause"** is a reference to a clause of this schedule unless specified otherwise.

**"Proxy Closing Time"** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

**"Representative"** means:

- (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of a Holder being a corporation or corporation sole either:
  - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

1.2 The Issuer may at any time of its own volition convene a meeting of the Holders.

1.3 The Issuer will whenever required to do so pursuant to the Securities Act 1978 or any regulations made thereunder or the Listing Rules convene a meeting of the Holders.

1.4 The Issuer will at the request in writing of Holders holding not less than 10% of the aggregate principal amount of the outstanding Capital Securities convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.5 Notwithstanding the other provisions of this clause 1, the Issuer will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

**2. PLACE**

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

**3. NOTICE OF MEETINGS**

3.1 Notice of every meeting will be given either by publication thereof in a newspaper in the manner provided in Condition 15 or in writing to every Holder entered in the Register as

at the close of business five Business Days prior to the date of despatch of the notice, such notice to be sent to the respective addresses of Holders stated in the Register.

- 3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

#### **4. QUORUM**

- 4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).
- 4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in principal amount of the Capital Securities.
- 4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate principal amount of the Capital Securities.
- 4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the Chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting, if convened upon the request of Holders, will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only 7 clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of Capital Securities held by them (but comprising at least two individuals) will form a quorum.

#### **5. CHAIRMAN**

- 5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at each relevant meeting.

#### **6. RIGHT TO ATTEND AND SPEAK**

- 6.1 Any director, officer or solicitor of the Issuer or any person authorised in that behalf by the Issuer may attend any meeting and all such persons will have the right to speak at the meeting.

**7. ADJOURNMENT**

7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.

7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

**8. ONLY PERSONS ON REGISTER RECOGNISED BY THE ISSUER**

8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the Capital Securities therein mentioned whether such persons are or are not in fact the owners thereof.

**9. AUTHORITY TO VOTE**

9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.

9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the Capital Securities recorded as owned by them.

**10. PROXIES**

10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.

10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.

10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer must be deposited at such place as the Issuer may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of the Issuer not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.

10.4 An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.

10.5 A proxy whether in a usual or common form or not will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.

10.6 An instrument of proxy in favour of:

- (a) the general counsel of the Australian Branch of the Issuer; or
- (b) the chairman of the meeting,

(howsoever expressed) will be valid and effectual as though it were in favour of a named person and will in the case of paragraph (a) above constitute the person holding the office of the general counsel of the Australian Branch of the Issuer and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

## 11. HOLDER MAY APPOINT ATTORNEY

11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

## 12. CORPORATE REPRESENTATIVES

12.1 A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.

12.2 A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

## 13. VOTING PROCEDURE AND POLLS

13.1 A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or any representative of the Issuer or by one or more Holders holding or representing not less than 5% of the aggregate principal amount of the Capital Securities. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

13.2 On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1.00 of principal amount of Capital Securities of which he is the Holder.

13.3 If a poll is duly demanded it will be taken in such manner as the chairman of the meeting may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.

13.4 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded

will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the Capital Securities in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### 14. EXTRAORDINARY RESOLUTIONS

- 14.1 The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to any other powers which by the Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:
  - (a) power to sanction, either unconditionally or upon any conditions, the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Conditions or the Capital Securities;
  - (b) power to sanction any request from the Issuer for the exchange of the Capital Securities for, or the conversion of the Capital Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
  - (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer or against its assets however such rights arise;

- (d) power to assent to any amendment to the Conditions proposed or agreed to by the Issuer and to authorise the Issuer to execute any supplemental deed or agreement or fulfil any other requirements or to take any other action that may be necessary to effect such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of the Conditions;
- (f) power to sanction any scheme for the reconstruction or merger of the Issuer where such sanction is necessary; and
- (g) power to authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will be, as between the Issuer and the Holders, conclusive evidence that the circumstances justify the passing thereof, the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

## 15. MINUTES TO BE KEPT

15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be *prima facie* evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had held and convened and all resolutions passed or proceedings had thereat shall be deemed to have been duly passed and had.

## 16. RESOLUTIONS IN WRITING

16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate Capital Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution.

16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.

16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

## **APPENDIX C: NEW ZEALAND AUDITOR'S REPORT**

The Directors  
Rabo Capital Securities Limited  
Level 12  
80 The Terrance  
Wellington  
New Zealand

17 April 2009

Ref: 60433144

Dear Directors

This report is issued in respect of the public offer by Rabo Capital Securities Limited ("the company") of up to \$200 million perpetual non-cumulative non-voting preference shares in the company, in terms of the prospectus dated 17 April 2009.

This report is made solely to the directors, in accordance with clause 42 of the First Schedule to the Securities Regulations 1983 ("the First Schedule"). Our work has been undertaken so that we might state to the directors those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to Section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the directors for this report, or for the opinions we have formed.

### **Directors' Responsibilities**

The directors are responsible for the preparation and presentation of the prospective financial information of the company for the 12 month period from 17 April 2009, including the assumptions on which the prospective financial information is based, as required by clause 10 of the First Schedule.

### **Auditor's Responsibilities**

We are responsible for reporting, in accordance with clause 42(1)(g) of the First Schedule, on the prospective financial information for the 12 month period from 17 April 2009.

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 42 of the First Schedule. We disclaim any assumption of responsibility for reliance on this report or the prospective financial information for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not mentioned in this report.

Other than in our capacity as auditor we have no relationship with, or interest in, the company.

### **Basis of Opinion**

We have examined the prospective financial information to confirm that, so far as the accounting policies and calculations are concerned, they have been properly compiled on the footing of the assumptions made or adopted by the directors of the company and are presented on a basis consistent with the accounting policies normally adopted by the company. The assumptions relate to future events. However, we are not in a position to, and do not express an opinion on, these assumptions on a stand-alone basis.



### **Unqualified Opinion**

In our opinion the prospective financial information on pages 56 and 57, so far as the accounting policies and calculations are concerned, have been properly compiled on the footing of the assumptions made or adopted by the directors of the company set out on pages 57 and 58 and are presented on a basis consistent with the accounting policies normally adopted by the company.

Actual results are likely to be different from the prospective financial information since anticipated events frequently do not occur as expected and the variation could be material. Accordingly we express no opinion as to whether results consistent with the prospective financial information will be achieved.

We completed our work for the purposes of this report on 17 April 2009 and our unqualified opinion is expressed as at that date.

Yours faithfully  
Ernst & Young

*Ernst & Young*



41 Shortland Street  
Auckland 1010 New Zealand  
PO Box 2146 Auckland 1140  
Tel: +64 9 377 4790  
Fax: +64 9 309 8137  
[www.ey.com/hz](http://www.ey.com/hz)

The Directors  
Rabo Capital Securities Limited  
Level 12  
80 The Terrance  
Wellington  
New Zealand

17 April 2009

Dear Sirs

We hereby consent to the inclusion of our report dated 17 April 2009 in the registered prospectus dated 17 April 2009 in the form and context in which it is included.

Yours faithfully  
Ernst & Young

A handwritten signature in black ink, appearing to read 'Graeme Bennett'.

Graeme Bennett  
Partner

## **APPENDIX D: NZX REGULATION CERTIFICATE**



17 April 2009

Registrar of Companies  
Private Bag  
AUCKLAND

Dear Sir

**Rabo Capital Securities Limited - PIE Capital Securities**

NZX Limited ("NZX") hereby confirms that in terms of Regulation 23(2) of the Securities Regulations 1983, that application has been made to NZX for permission to list the abovementioned securities and all the requirements of NZX for listing the securities (other than those relating to the number of holders of the securities) have been duly complied with. However, NZX accepts no responsibility for any statement in the prospectus or investment statement.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Suggate".

Andrew Suggate

Solicitor

**RABO CAPITAL SECURITIES LIMITED**

**Subscriber**

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

**Company**

---

**SUBSCRIPTION AGREEMENT**

---

**RUSSELL MCVEAGH**

AGREEMENT dated

16 April

2009

**PARTIES****RABO CAPITAL SECURITIES LIMITED ("Subscriber")****COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. (RABOBANK NEDERLAND) ("Company")****INTRODUCTION**

- A. The Subscriber proposes to issue PIE Capital Securities to the public in New Zealand in an aggregate amount equal to the applications and exchange offer applications accepted by it ("Issue Amount").
- B. The Company proposes to issue Underlying Securities to the Subscriber on or around the closing date (as agreed between the Subscriber and the Company) of the offer of the PIE Capital Securities (or such other date as the Subscriber and the Company may agree) ("Subscription Date").
- C. The Company has agreed to issue, and the Subscriber has agreed to subscribe for, Underlying Securities in an aggregate amount equal to the Issue Amount on the Subscription Date in accordance with the terms and conditions of this agreement.

**AGREEMENT****1. INTERPRETATION**

- 1.1 **Incorporated terms:** Unless otherwise defined in this agreement or the context otherwise requires, terms defined in the PIE Conditions shall have the same meaning in this agreement.

- 1.2 **Definitions:** In this agreement:

**"General Offer"** means the offer of PIE Capital Securities by the Subscriber, excluding the Exchange Offer.

**"PIE Capital Securities"** means the subordinated, non-cumulative preference shares to be issued by the Subscriber under the PIE Conditions.

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities in the form appended to the constitution of the Subscriber.

**"Registrar"** means Computershare Investor Services Limited or any replacement registrar appointed by the Company and notified to the Subscriber.

**2. SUBSCRIPTION FOR UNDERLYING SECURITIES**

- 2.1 **Agreement to subscribe:** The Subscriber agrees, on the Subscription Date, to subscribe for Underlying Securities in an aggregate amount equal to the Issue Amount.

2.2 **Agreement to Issue:** The Company unconditionally and irrevocable agrees to issue to the Subscriber on the Subscription Date Underlying Securities in an aggregate amount equal to the Issue Amount.

2.3 **Issue Amount:** The Issue Amount of the Underlying Securities shall be an amount equal to:

- (a) the aggregate subscription proceeds of the PIE Capital Securities received by the Subscriber in cash pursuant to the General Offer ("Cash Component"); plus
- (b) the aggregate principal amount of PIE Capital Securities issued pursuant to the Exchange Offer ("Exchange Component").

2.4 **Payment of issue price:**

- (a) The Subscriber shall, not later than 4 p.m. (New Zealand time) on the Subscription Date pay to the Company the Cash Component of the issue price.
- (b) The Subscriber and the Company agree that the Subscriber's obligations with respect to the Exchange Component of the issue price shall be discharged by the Company agreeing to cancel the 2007 Capital Securities exchanged pursuant to the Exchange Offer.
- (c) The obligations of each party with respect to the Exchange Component shall be netted and set-off.

### **3. TERMS AND CONDITIONS OF THE UNDERLYING SECURITIES**

3.1 The Subscriber acknowledges and agrees that the Underlying Securities will be issued and held subject to the provisions of the Underlying Security Conditions. The Subscriber is deemed to be aware of and have accepted and agreed to be bound by the Underlying Security Conditions.

### **4. PAYMENT**

4.1 **Time for payment:** Each amount to be paid under this agreement in cash shall be paid in New Zealand dollars for value on its due date or, where that date is not a Business Day, for value on the next Business Day.

4.2 **Payments to be free and clear:** Each amount to be paid under this agreement shall be paid:

- (a) free and clear of any restriction or condition;
- (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax; and
- (c) without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.

### **5. GENERAL**

5.1 **Nature of obligations:** Each obligation under this agreement is unconditional and irrevocable.

5.2 **Agreement binding:** This agreement is binding on, and is for the benefit of, the parties and their respective successors, permitted assigns and transferees.

5.3 **Partial Invalidity:** If at any time any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any relevant jurisdiction, that illegality, invalidity or unenforceability shall not affect the enforceability of the provisions, or (as the case may be) the remaining provisions, of this agreement, nor shall the legality, validity or enforceability of any of those provisions under the law of any other jurisdiction be in any way affected or impaired thereby.

5.4 **No implied waivers:** Time shall be of the essence in respect of performance by a Shareholder of its obligations under this agreement, but no failure on the part of any Finance Party to exercise, and no delay on its part in exercising, any right, power or remedy under this agreement or any other document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

5.5 **Counterparts:** This agreement may be signed in any number of counterparts, all of which will together constitute one and the same instrument, and any of the parties may execute this agreement by signing any such counterpart.

5.6 **Governing law:** This agreement shall be governed by, and construed in accordance with, the laws of New Zealand, and the parties hereby submit to the non-exclusive jurisdiction of the courts of New Zealand.

#### EXECUTION

##### Subscriber

RABO CAPITAL SECURITIES LIMITED  
by:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director



##### Company

COÖPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK NEDERLAND) by its  
attorney in the presence of:

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Signature of attorney



\_\_\_\_\_  
Name of attorney

BANKER.  
\_\_\_\_\_  
Occupation

SYDNEY, AUSTRALIA.  
\_\_\_\_\_  
City/town of residence

5.2 **Agreement binding:** This agreement is binding on, and is for the benefit of, the parties and their respective successors, permitted assigns and transferees.

5.3 **Partial invalidity:** If at any time any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any relevant jurisdiction, that illegality, invalidity or unenforceability shall not affect the enforceability of the provisions, or (as the case may be) the remaining provisions, of this agreement, nor shall the legality, validity or enforceability of any of those provisions under the law of any other jurisdiction be in any way affected or impaired thereby.

5.4 **No implied waivers:** Time shall be of the essence in respect of performance by a Shareholder of its obligations under this agreement, but no failure on the part of any Finance Party to exercise, and no delay on its part in exercising, any right, power or remedy under this agreement or any other document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

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5.6 **Governing law:** This agreement shall be governed by, and construed in accordance with, the laws of New Zealand, and the parties hereby submit to the non-exclusive jurisdiction of the courts of New Zealand.

#### EXECUTION

##### Subscriber

RABO CAPITAL SECURITIES LIMITED

by:



Signature of director

John George Ronaldson McLean

Name of director

Signature of director

Name of director

##### Company

COÖPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK NEDERLAND) by its  
attorney in the presence of:

Signature of attorney

Signature of witness

Name of attorney

Occupation

City/town of residence

**RABO CAPITAL SECURITIES LIMITED**

**Issuer**

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

**Administrator**

**PUBLIC TRUST**

**Security Trustee**

---

**SECURITY TRUST DEED**

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**RUSSELL MCVEAGH**

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DEED dated

16 April 2009

2009

## PARTIES

**RABO CAPITAL SECURITIES LIMITED ("Issuer")**

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK NEDERLAND) ("Administrator")**

**PUBLIC TRUST ("Security Trustee")**

## INTRODUCTION

- A. The Issuer proposes to issue the PIE Capital Securities.
- B. The Issuer will apply the proceeds of the PIE Capital securities in purchasing the Underlying Securities from Rabobank Nederland subject to the PIE Conditions.
- C. The Underlying Securities will be held by the Security Trustee or its nominee as custodian in accordance with this deed.
- D. In order to secure its obligations under the PIE Capital Securities, the Issuer has agreed to grant a security interest over the Underlying Securities in favour of the Security Trustee.
- E. The Security Trustee has agreed to act as security trustee for the Issuer and, in certain circumstances, act at the direction of the Holders, on the terms and conditions of this deed.

## COVENANTS

### 1. INTERPRETATION

- 1.1 **Definitions:** In this deed, unless the context otherwise requires capitalised terms have the meanings given in the PIE Conditions and:

"Administrator" means Rabobank Nederland in its capacity as administrator under the Administration Agreement.

"Administration Agreement" means the Agreement for provision of Administration Services dated on or about the date of this deed.

"Collateral" has the meaning in clause 3.1.

"Constitution" means the constitution of the Issuer.

"Exchange Date" means a date specified as such in a written notice delivered to the Security Trustee by the Issuer or Rabobank Nederland and specifying that an Exchange Event has occurred.

"Holder" means the person who is entered in the Register as the holder for the time being of a PIE Capital Security.

"PIE Conditions" means the terms and conditions of the PIE Capital Securities as set out in Schedule 1 to the Constitution.

"PPSA" means the Personal Property Securities Act 1999.

**"Rights"** has the meaning in clause 3.1.

**"Secured Money"** means all amounts of any nature which the Issuer is or may at any time become liable to pay or deliver to the Holders or, as the case may be, to the Security Trustee (whether as trustee for the Holders, on its own account or otherwise) under the PIE Conditions or this deed.

**"Trust Powers"** means the trusts, powers, authorities and discretions vested in the Security Trustee by this deed.

**1.2 References:** Except to the extent that the context otherwise requires, any reference in this deed to:

an **"authorisation"** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a **"clause"** or **"schedule"** is a reference to a clause of, or the schedule to, this deed.

a **"company"** means any company or body corporate wherever incorporated or domiciled and, where the context so permits, includes an individual.

**"financial statements"** includes statements of financial position, financial performance, movements in equity and cashflows, and the notes relating to any such statements, and consolidated financial statements has a corresponding meaning.

any **"governmental agency"** includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

**"law"** means all laws, statutes, regulations and ordinances of New Zealand and all judgments, decrees, injunctions, writs and orders of any New Zealand court and includes any directive of any governmental agency.

**"person"** includes an individual, firm, company, corporation or unincorporated body of persons, organisation or trust, and any state or government agency, in each case whether or not having a separate legal personality.

**"tax"** includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called (including, for the avoidance of doubt, Approved Issuer Levy), imposed or levied by any government or governmental agency.

**"written"** and **"in writing"** includes all means of reproducing words in a tangible and permanently visible form.

**1.3 PPSA:** Except to the extent that the context otherwise requires, the expressions **"attach"**, **"document of title"**, **"financing statement"**, **"financing change statement"**, **"Investment security"**, **"personal property"**, **"proceeds"**, **"security interest"** and **"verification statement"** have, if and where used, the respective meanings given to them under, or in the context of, the PPSA.

1.4 **Miscellaneous:**

- (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
- (b) Unless the context otherwise requires, words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation shall be deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document or any Holder shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.

1.5 **References to the Issuer:** Any reference in this deed to anything to be done (including without limitation the sending of any notice, the signing of any document, the giving of any indemnity, or the payment of any amount) by the Issuer shall include a reference to the Administrator doing that thing on the Issuer's behalf and the Security Trustee shall not be concerned to inquire whether such thing is within the power of the Administrator in terms of the Administration Agreement.

**2. CUSTODY AND TRANSFER OF UNDERLYING SECURITIES**

2.1 **Custody of Underlying Securities:** On and from the Issue Date (as defined in the Underlying Securities Conditions), the Security Trustee or its nominee shall hold the Underlying Securities as custodian and bare trustee in accordance with this deed:

- (a) until the Exchange Date (if any), for and on behalf of the Issuer; and
- (b) on and from any Exchange Date, for and on behalf of the Holders in accordance with clause 2.2.

2.2 **Manner of holding:** Unless otherwise agreed in writing by the Issuer, Rabobank Nederland and the Security Trustee, the Underlying Securities shall be held in a security account within the Austraclear System of the Security Trustee or its nominee until the date of redemption or purchase of all (but not some only) of the PIE Capital Securities in accordance with the PIE Conditions, in which case clause 2.4 shall apply, or until there is an Exchange Date in which case clause 2.3 shall apply.

2.3 **Exchange Date:** Upon the occurrence of any Exchange Date the Security Trustee:

- (a) shall cooperate with the Registrar in registering each Holder of PIE Capital Securities (immediately prior to the relevant Exchange Event) as holder of Underlying Securities in a principal amount determined in accordance with the PIE Conditions and shall sign all documents and do all things necessary or desirable in connection therewith; and

- (b) pending the exchange and registration referred to in paragraph (a), shall hold the Underlying Securities for and on behalf of the Holders until applied in accordance with the PIE Conditions and shall accumulate any income received in connection therewith without any obligation to invest such amounts.

2.4 **Redemption:** Upon the redemption or purchase of all (but not some only) of the PIE Capital Securities, the security interest under this deed shall be deemed to be immediately released and the Security Trustee shall hold the Underlying Securities for and behalf of, and subject to the direction of, the Issuer free of any encumbrances or trusts.

2.5 **Payments in respect of the Underlying Securities:**

- (a) Until the Exchange Date, the Security Trustee irrevocably directs that all payments of interest (and any Additional Amounts) on the Underlying Securities shall be paid to or at the direction of the Issuer to such bank account as it shall specify from time to time.
- (b) Upon the occurrence of any Exchange Date, the Security Trustee shall hold and deal with all payments received on account of the Underlying Securities for and on behalf of the Holders in accordance with clause 2.3 and shall procure that all amounts received pursuant to the Underlying Conditions are paid to the Austraclear Account (as defined in the Agency Agreement) for application in accordance with the PIE Conditions.

2.6 **Termination following exchange:** Upon the exchange of the PIE Capital Securities for Underlying Securities (after an Exchange Date) being given effect to in accordance with clause 2.3 and the PIE Conditions, the security interest under this deed shall, subject to clause 14, be released and this deed shall be terminated without prejudice to any accrued rights or obligations of the parties.

**3. SECURITY**

3.1 **Security Interest:** As security for the payment of the Secured Money, the Issuer grants to the Security Trustee a security interest in:

- (a) the Underlying Securities;
- (b) all interest or other payments, other rights, money or investment securities of any nature (together "Rights") attributable to, or arising from, the Underlying Securities;
- (c) all proceeds of the Underlying Securities and of the Rights; and
- (d) all documents of title relating to any Underlying Securities and any Rights,

and all of the Issuer's present and future rights in relation to the foregoing ("Collateral"). So far as it concerns each security interest over or in respect of any present or future account receivable and present and future rights in relation to any account receivable, the security interest granted shall take effect as a transfer (as that term is used in the context of and for the purposes of the PPSA).

3.2 **Continuing security:** This deed is a continuing security and shall operate irrespective of any intervening payment, settlement of account or other matter or thing whatever, until a release has been signed by the Security Trustee and delivered to the Issuer.

3.3 **No merger or marshalling:** The Security Trustee's right to payment of any Secured Money (including under any negotiable instrument or other agreement or arrangement) shall not merge with the Issuer's obligation to pay that Secured Money under this deed. The Security Trustee has no duty to marshall in favour of the Issuer or any other person.

3.4 **No disposal:** The Issuer shall not dispose of, or permit the disposal of, or permit any security interest (other than the security interest created by this deed) to attach to, any Collateral.

#### 4. REPRESENTATIONS AND WARRANTIES

4.1 **Representations and warranties:** The Issuer represents and warrants to the Security Trustee and the Holders that:

- (a) **Status:** it is a company duly incorporated and validly existing under the laws of New Zealand;
- (b) **Power and corporate authority:** it has power to enter into and perform its obligations under this deed, to issue the PIE Capital Securities and subscribe for the Underlying Securities;
- (c) **Authorisations:** it has all necessary authorisations and has taken all necessary corporate and other action to authorise the execution and performance by it of this deed, the issue of PIE Capital Securities and subscribe for the Underlying Securities;
- (d) **Binding obligations:** its obligations under this deed and the PIE Capital Securities (once issued) are legal, valid, binding and enforceable against it, in each case in accordance with its terms, subject to applicable bankruptcy, re-organisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject also (as to enforceability) to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law;
- (e) **No violation:** the execution and performance by it of its obligations under this deed and the PIE Capital Securities do not violate any applicable law or the Constitution or any agreement, security document or other instrument to which it is a party or which is binding on it or any material part of its assets.
- (f) **Collateral unencumbered:** the Collateral is free from any other security interest; and
- (g) **Stamp duty/taxes:** no stamp duty or other taxes are payable on the Collateral.

4.2 **Repetition:** The representations and warranties in clause 4.1 shall be deemed to be repeated for the benefit of the Security Trustee and the Holders on the Issue Date and each Dividend Payment Date of each PIE Capital Security.

#### 5. UNDERTAKINGS OF THE ISSUER

5.1 **General undertakings:** The Issuer shall:

- (a) **Comply with laws:** comply with all laws so that neither the Collateral nor the security interest under this deed are materially adversely affected;

- (b) **Corporate existence:** so long as any PIE Capital Securities are on issue, maintain its corporate existence and will not amalgamate, merge or consolidate with any person unless the resulting or surviving entity assumes, to the satisfaction of the Security Trustee, the obligations of the Issuer under the PIE Capital Securities;
- (c) **Documents of title:** promptly deposit with the Security Trustee:
  - (i) documents of title (if any) to the Underlying Securities and any Rights;
  - (ii) any documents of title issued by Rabobank Nederland in substitution for, or replacement of, any such documents of title;
- (d) **Perfection of security interest:** do all other things which the Security Trustee reasonably requires to enable the Security Trustee to:
  - (i) ensure that the Collateral is subject to an effective security interest having first priority (including, but not limited to, providing details of any Collateral, and (to the extent that the Collateral is not already held by the Security Trustee pursuant to clause 2 or otherwise) delivering any Collateral to the Security Trustee where possession of that Collateral by a third party may have the result that the interest of that third party in that Collateral would take priority over the interest of the Security Trustee); and
  - (ii) assist the Security Trustee in performing the Security Trustee's obligations under clause 2.2 on or after any Exchange Date;
- (e) **Agency Agreement:** comply in all material respects with and perform its obligations under the Agency Agreement and use all reasonable endeavours to ensure that the Registrar also does so;
- (f) **Registrar:** give notice to the Holders and the Security Trustee of any resignation or removal of the Registrar and the appointment of any replacement Registrar promptly following such event;
- (g) **Register:** ensure that a Register is maintained and cause the Registrar to keep the Register pursuant to the Agency Agreement;
- (h) **Authorisations:** obtain, effect and promptly renew from time to time all material authorisations required under any applicable law to enable it to perform and comply fully with the PIE Conditions or required on its part for the validity or enforceability of this deed; and
- (i) **Amendment to Conditions:** not approve any proposed amendment to the Underlying Securities Conditions or the PIE Capital Securities, in accordance with section 117(1) of the Companies Act or otherwise, without the prior written consent of the Security Trustee, in the case of the PIE Capital Securities subject to and in accordance with clause 12.

## 5.2 Notices, reports and information: The Issuer shall:

- (a) promptly notify the Security Trustee of:
  - (i) any matter adversely affecting a material part of the Collateral;
  - (ii) any proposed amendments to the PIE Conditions or of the Underlying Securities; and

- (iii) the occurrence of any Exchange Event,  
in each case specifying in reasonable detail the relevant circumstances;
- (b) provide to the Security Trustee:
  - (i) at the same time as they are sent to Holders, copies of any notices or other communications (other than dividend statements or statements of holding) sent to the Holders generally;
  - (ii) within 120 days of the end of each of its financial years, copies of the Issuer's annual report and audited financial statements; and
- (c) whenever requested, provide the Security Trustee or any person appointed by the Security Trustee, within a reasonable time, any oral or written information relating to the Issuer's business or affairs which the Security Trustee may reasonably require.

5.3 **Further assurance:** Without limiting in any way any other provisions of this deed, the Issuer shall deliver to the Security Trustee any transfer, assignment, security, instrument, or other deed or document, and shall do all other things, which the Security Trustee requires to enable it to:

- (a) ensure that the Collateral is subject to an effective first priority security interest; and/or
- (b) exercise, or facilitate the exercise of, all or any of the rights, powers and remedies conferred on the Security Trustee by, or pursuant to, this deed or by law, whether upon an Exchange Event or otherwise.

**6. APPOINTMENT OF SECURITY TRUSTEE**

6.1 **Appointment:** The Issuer appoints the Security Trustee, and the Security Trustee accepts appointment, as security trustee for the Holders on the terms and conditions of this deed.

6.2 **Fees:** The Issuer shall pay to the Security Trustee such fees as may from time to time be agreed between them in writing.

**7. TRUSTEE POWERS**

7.1 **General powers:** The powers, authorities and discretions conferred on the Security Trustee by this deed shall be in addition to any powers, authorities and discretions which may from time to time be vested in trustees by law.

7.2 **Rights:** The Security Trustee may at any time:

- (a) do all things as the Security Trustee thinks reasonably desirable to remedy any default by the Issuer or otherwise protect the Collateral or the security interest under this deed;
- (b) notify Rabobank Nederland of the security interest under this deed and register the security interest on the Personal Property Securities Register;

- (c) retain and hold all documents of title deposited with the Security Trustee in accordance with this deed until the Security Trustee delivers to the Issuer a final release of this deed;
- (d) determine whether or not to enforce this deed or any other security interest or right; or
- (e) make any arrangement or compromise with the Issuer or any other person which the Security Trustee thinks fit.

7.3 **Powers of investment:** Any moneys held by the Security Trustee which are subject to the trusts of this deed may, at the discretion of the Security Trustee, be invested in the name of the Security Trustee, or its nominee, in any investment whatever, with power to vary such investments for others of a like nature and to deal with, or dispose of, such investments. The income arising from all such investments shall, until the Exchange Date, belong to the Issuer and shall be paid in accordance with clause 2.5(a).

7.4 **Applications to court:** The Security Trustee may, on or at any time after the Exchange Date, apply to the court for an order that the powers and trusts contained in this deed be exercised under the direction of the court or for any other order or direction in relation to the execution and administration of the Trust Powers as the Security Trustee deems expedient and the Security Trustee may assent to, approve of, or oppose, any application to the court made by, or at the instance of, the Issuer and shall be indemnified by the Issuer against all costs, charges and expenses incurred by, and in relation to, any such application or proceedings.

7.5 **Represent Holders:** The Security Trustee may, either of its own volition or pursuant to any directions or in accordance with any policy given or indicated by any meeting of Holders, represent the Holders in any matter concerning them generally.

7.6 **No prejudice:** The rights, powers, authorities and discretions conferred upon the Security Trustee by this deed are without prejudice, and in addition, to any other rights, powers, authorities and discretions to which the Security Trustee is at any time entitled (whether under this deed or by law, contract or otherwise, and whether vested in the Security Trustee in its capacity as trustee for the Issuer, or otherwise). Unless otherwise expressly provided in this deed, the Security Trustee's rights under this deed may be exercised by the Security Trustee without prior notice to the Issuer, any Holder or any other person.

## 8. EXERCISE OF TRUSTEE POWERS

8.1 **Discretion:** Except as otherwise expressly provided in this deed, the Security Trustee:

- (a) has absolute discretion as to the exercise of the Trust Powers and as to the conduct of any action, proceeding or claim (provided it has acted with reasonable care and diligence); and
- (b) may refrain from exercising any Trust Power until directed by Extraordinary Resolution of Holders.

8.2 **Reliance:** The Security Trustee shall be entitled without liability for loss, to obtain, accept and act on, or to decline and elect not to act on:

- (a) any communication or document (including any fax or email) reasonably believed by it to be genuine and correct;

- (b) any resolution which the Security Trustee believes to have been properly passed at any meeting of Holders;
- (c) advice and statements of lawyers, accountants and other experts reasonably selected by it or by the Issuer;
- (d) a certificate signed by or on behalf of the Issuer as to any matters of fact which might reasonably be expected to be within the knowledge of the Issuer or that any particular transaction, step or thing is expedient or commercially desirable and not detrimental to the interests of Holders generally, as sufficient evidence of such fact or the expediency or desirability of such transaction, step or thing; and
- (e) the statements contained in any certificate or certificates or in any report or reports given pursuant to the provisions of this deed, as conclusive evidence of the facts stated therein.

8.3 **Delegation:** The Security Trustee, whenever it thinks it expedient in the interests of the relevant Holders to do so, may:

- (a) delegate at any time to any person any of the Trust Powers which cannot conveniently be exercised by it or through its employees, upon such terms and conditions it thinks fit provided that any such delegation shall not relieve the Security Trustee of its responsibilities under this deed; and
- (b) authorise any person as it thinks fit to act as its representative at any meeting.

8.4 **Consent:** Any consent given by the Security Trustee for the purposes of this deed may be given on such terms and conditions (if any) as the Security Trustee thinks fit.

8.5 **Subscribers' money:** The Security Trustee shall not be responsible for monitoring the application by the Issuer of the money paid by purchasers of the PIE Capital Securities.

8.6 **Holders' resolution:** The Security Trustee shall not be responsible for acting, or relying, upon any resolution purporting to have been passed at any meeting of the Holders which the Security Trustee believes to have been properly passed even though it afterwards appears that the resolution is not binding or valid by reason of a defect in the convening of that meeting, or its proceedings, or for any other reason.

8.7 **Defects in title:** The Security Trustee shall not be bound or concerned to examine or enquire into, or be liable for any defect or failure in, the title of the Issuer to any Collateral, whether such defect or failure might have been discovered upon an examination or enquiry and remedied or not.

8.8 **Knowledge:** The Security Trustee may assume that no Exchange Event has occurred and that the Issuer is performing its obligations and will not be deemed to have knowledge of the occurrence of a Exchange Event or any breach of this deed unless any of its officers actually becomes aware that such event or breach has occurred or the Security Trustee has received written notice from the Issuer or Rabobank Nederland stating that such an event or breach has occurred and describing that event or breach.

8.9 **Safe custody:** The Security Trustee may hold or place this deed and any other documents with any bank or any person whose business includes the undertaking of safe custody of documents or with any lawyer or firm of lawyers (in each case reasonably considered by the Security Trustee to be of good repute) and the Security Trustee is not responsible for or required to insure against any loss incurred in connection with that deposit.

8.10 **Fiduciary relationship:** The Security Trustee and any of its related companies and officers may (without having to account to the Issuer or any Holder) engage in any kind of business with the Issuer and its Subsidiaries and may accept fees or other consideration for services without having to account to the Holders.

8.11 **Confidentiality:** Unless ordered to do so by law, court order or the PIE Conditions, the Security Trustee shall not be required to disclose to any Holder any confidential financial or other information made available to the Security Trustee by the Issuer.

## 9. REPLACEMENT OF TRUSTEE

9.1 **Resignation or removal of Trustee:** Subject to the appointment and acceptance of a successor Security Trustee as provided in this clause 9:

- (a) the Security Trustee may resign at any time by giving not less than 90 days' written notice to the Issuer;
- (b) the Issuer may remove the Security Trustee from office by giving not less than 90 days' written notice to the Security Trustee; or
- (c) the Holders may remove the Security Trustee from office by giving not less than 90 days' written notice to the Issuer and the Security Trustee upon the passing of an Extraordinary Resolution of Holders to that effect.

9.2 **Appointment of new Trustee:** Upon such a notice of resignation or removal being given, the Issuer will have the right to appoint a successor Trustee.

9.3 **Failure to appoint Trustee:** If a successor Trustee has not been appointed by the Issuer or has not accepted an appointment within 60 days after any notice given under clause 9.1, then the retiring Security Trustee may, on behalf of the Issuer, appoint a successor Security Trustee.

9.4 **Successor Trustee:** Upon the acceptance of any appointment under this clause 9 by a successor Security Trustee:

- (a) the successor Security Trustee will succeed to, and become vested with, all the rights, powers and obligations of the retiring Security Trustee under this deed and, as from that time, the retiring Security Trustee shall be discharged from its rights, powers and obligations; and
- (b) the retiring Security Trustee must transfer to the successor Security Trustee all moneys, investments, property and books held by the Security Trustee under this deed.

9.5 **Execution of documents:** Upon the acceptance of any appointment under this clause 9 by a successor Security Trustee, the successor Security Trustee shall execute all such documents which are necessary or appropriate and in such form as may be required such that the successor Security Trustee is bound by all the covenants on the part of the Security Trustee under this deed from the date of such appointment. Any appointment of a successor Security Trustee has no effect until such documents are executed by the successor Security Trustee.

9.6 **Notice:** The Issuer shall notify all Holders of the appointment of any new Security Trustee as soon as reasonably practicable following such appointment.

## 10. EXPENSES AND INDEMNITIES

10.1 **Expenses:** The Issuer shall pay all expenses (including legal fees on a full indemnity basis) reasonably incurred by or on behalf of the Security Trustee in connection with:

- (a) the preparation, signing and (if applicable) registration of this deed;
- (b) the exercise of any Trust Power, including the taking of any expert advice deemed reasonably necessary or expedient by the Security Trustee;
- (c) the convening and holding, and carrying out of any directions or resolutions, of any meeting of Holders in accordance with this deed and the Constitution; or
- (d) any waiver, consent or other action requested by the Issuer.

10.2 **Indemnity:** Without prejudice to the right of indemnity by law given to trustees, the Security Trustee and any of its officers, directors, employees or agents shall be indemnified by the Issuer and (only after default of payment by the Issuer) out of the Collateral for all expenses, losses and liabilities reasonably sustained or incurred in carrying out the Trust Powers or otherwise for any action taken, or omitted to be taken, in accordance with the provisions of this deed, other than a claim arising out of a wilful default, gross negligence or wilful breach of trust. The Security Trustee may retain and pay out of any moneys in its hands arising from the trusts of this deed all sums necessary to give effect to the indemnity given under this clause 10.2 and to pay the remuneration and disbursements of the Security Trustee provided for in this deed.

10.3 **Indemnity by Holders:** The Security Trustee is not required to take any action or exercise any Trust Power or comply with any request or direction pursuant to this deed unless it has first been indemnified to its satisfaction against all expenses, losses and liabilities it may reasonably sustain or incur by so doing.

10.4 **Payments:** The fees, expenses, indemnities and other amounts payable under this deed to the Security Trustee shall be payable by the Issuer at the times agreed (or, in the absence of agreement, on demand), shall form part of the Secured Money, shall be secured by the security interest under this deed, and shall be satisfied before any payment is made out of the Collateral to the Issuer and, until payment, shall carry interest at the rate certified by the Security Trustee to be 2% per annum in excess of the 90 day bank bill rate.

## 11. ENFORCEMENT

11.1 **Exchange Event:** The security interest created under, and by, this deed shall become enforceable upon the occurrence of an Exchange Event.

11.2 **Powers on enforcement:** At any time after an Exchange Event occurs, the Security Trustee shall enforce the security over the Collateral in the manner and for the purposes set out in clause 2.3 and may, and shall immediately upon being directed to do so by the Issuer or by an Extraordinary Resolution (as defined in clause 14.1 of the Second Schedule to the PIE Conditions):

- (a) exercise any of the powers of a receiver, or which a person would have if appointed as a receiver under this deed; and/or
- (b) pay any expenses incurred in the exercise of any of such powers out of the revenue from, or proceeds of realisation of, the Collateral, and the Security Trustee may for any such purpose, or for any other purpose expressed or

implied in this deed, borrow or raise money on the security of the Collateral in priority to the Secured Money, on such terms as the Security Trustee thinks fit.

**11.3 Distribution of funds:** All money received by the Security Trustee pursuant to the security interest under this deed available for that purpose shall be held and applied:

- (a) first, in payment of all costs and expenses incurred by the Security Trustee in the exercise, or attempted exercise, of any rights under this deed and any other amounts which may be payable to any of them under or pursuant to this deed;
- (b) secondly, in the manner and for the purposes set out in clause 2.2; and
- (c) thirdly, in payment to the Issuer, or such other person or persons as the Issuer, or any court of competent jurisdiction on the application of the Security Trustee, directs.

## **12. AMENDMENTS, WAIVERS AND MEETINGS**

**12.1 Limited right to amend:** Except as provided in this clause 12, the Issuer may not cancel, vary or amend any provision of this deed while any PIE Capital Securities are outstanding. Any amendment to this deed must be in writing signed by the Issuer and the Security Trustee.

**12.2 Amendment without Holders' consent:** The provisions of this deed may be amended without the consent of the Holders, if the amendment:

- (a) is necessary or desirable to correct a manifest error;
- (b) is to comply with the requirements or a modification of the requirements of any applicable law or any rules of any stock exchange in New Zealand or elsewhere;
- (c) is of a minor, formal, administrative or technical nature;
- (d) in the opinion of the Issuer, is not or is not likely to become, prejudicial to the general interests of the Holders;
- (e) is necessary for the purpose of obtaining or maintaining a quotation of any PIE Capital Securities on any stock exchange in New Zealand or elsewhere;
- (f) is necessary or convenient for complying with any generally accepted financial market, banking or business practice and, in the opinion of the Issuer, is appropriate and reasonable in all the circumstances and is not, and is not likely to become, prejudicial to the general interests of the Holders; or
- (g) is in respect of the Security Trust Powers or any of the provisions of clauses 6, 7 or 8.

**12.3 Amendment approved by Holders:** The provisions of this deed may be amended if the amendment has been approved by an Extraordinary Resolution of Holders in accordance with the PIE Conditions.

**12.4 Waivers:** Subject to any applicable law and except to the extent expressly provided otherwise in the PIE Conditions, the Security Trustee may if it is satisfied that the interests of the Holders generally will not be materially prejudiced thereby, and shall if so directed by an Extraordinary Resolution of Holders, waive, in whole or in part for a

specified period or indefinitely and on such terms and conditions (if any) as may be deemed expedient, any breach or anticipated breach by the Issuer of this deed or any of the PIE Conditions.

12.5 **Meetings:** Meetings of Holders shall be convened and held in accordance with the Constitution.

12.6 **Convening:** The Issuer shall convene a meeting of Holders without delay after receiving from the Security Trustee a request in writing to convene a meeting of Holders, specifying the resolution or resolutions to be considered at that meeting or a request of Holders in accordance with section 121(b) of the Companies Act. The Security Trustee shall have no liability to any Holder or any other person if the directors of the Issuer, having been requested by the Security Trustee or Holders to convene a meeting of Holders, fail to do so.

### 13. NOTICES

13.1 **Writing:** Each notice or other communication to be given or made under this deed to any person must:

- (a) **Writing:** be given or made in writing by fax or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or fax number, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this deed or the PIE Capital Securities;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
  - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
  - (ii) (if given or made by fax) upon production of a transmission report by the machine from which the fax was sent which indicates that the fax was sent in its entirety to the fax number of the recipient,

provided that any notice or communication received or deemed received after 5pm on a Business Day in the place to which it is sent, or on a day which is not a Business Day in that place, shall be deemed not to have been received until the next Business Day in that place.

13.2 **Initial address and numbers:** The initial address, fax number and persons (if any) designated for the purposes of this deed, are set out below:

(a) **The Issuer:**

Rabo Capital Securities Limited  
Level 12  
80 The Terrace  
Wellington

Phone No: +61 (02) 8115 3113  
 Fax No: +61 (02) 8083 3113  
 Attention: Patrick Mitchell

(b) **The Administrator:**

Rabobank Nederland  
 Level 12  
 80 The Terrace  
 Wellington

Phone No: +61 (02) 8115 3113  
 Fax No: +61 (02) 8083 3113  
 Attention: Patrick Mitchell

Phone No: +31 (030) 216 9495  
 Fax No: +31 (030) 291 8733  
 Attention: Rogier Everwijn

(c) **The Security Trustee:**

Public Trust  
 Level 35 Vero Centre  
 48 Shortland Street  
 Auckland

Phone No: +64 (09) 985 5300  
 Fax No: +64 (09) 302 3696  
 Attention: General Manager

(d) **The Holders:**

The address of each Holder last entered in the Register.

13.3 **Joint Holders:** In the case of joint holders of PIE Capital Securities a notice given to the Holder whose name stands first in the Register in respect of such holding shall be sufficient notice to all the joint holders.

## 14. RELEASE AND REINSTATEMENT

14.1 **Release:** The Security Trustee shall not be obliged to sign a release of this deed, or to release any Collateral from this deed, unless the Security Trustee is satisfied that:

- (a) on or following an Exchange Date, all the Underlying Securities have been registered in the names of the Holders in accordance with clause 2.3; or
- (b) the Security Trustee has received all of the Secured Money, to the extent that it has become payable and no payment received, or to be received, by the Security Trustee is reasonably likely to be avoided, or required to be repaid by the Security Trustee, whether under any law relating to insolvency or otherwise; or
- (c) in accordance with clause 2.4, all (but not some only) of PIE Capital Securities have been redeemed or purchased.

14.2 **Reinstatement:** If any payment received or recovered by the Security Trustee, or any person on behalf of the Security Trustee is or may be avoided, whether by law or

otherwise, then (notwithstanding that the Security Trustee may have signed a release pursuant to clause 14.1):

- (a) such payment shall be deemed not to have affected or discharged the liability of the Issuer under this deed and the Security Trustee and the Issuer shall, to the maximum extent permitted by law, be restored to the position in which each would have been if such payment had not been received or recovered; and
- (b) the Security Trustee shall be entitled to exercise all rights which the Security Trustee would have been entitled to exercise if such payment had not been received or recovered.

## 15. PERSONAL PROPERTY SECURITIES ACT 1999

### 15.1 No consent or subordination:

Nothing in this deed shall be construed as:

- (a) an agreement to subordinate the security interest under this deed in favour of any person; or
- (b) a consent by the Security Trustee to any security interest attaching to, or any other security subsisting over, any Collateral other than the security interest created by this deed.

### 15.2 Contracting out of PPSA rights:

The Issuer:

- (a) waives its right to receive any verification statement in respect of any financing statement or financing change statement relating to any security interest created under this deed;
- (b) agrees that nothing in sections 133 and 134 of the PPSA shall apply to this deed, or the security under this deed; and
- (c) waives the Issuer's right to object to the Security Trustee's proposal to retain any Collateral under section 121 of the PPSA.

### 15.3 Other rights:

Where the Security Trustee has rights in addition to, or existing separately from, those in the PPSA, those rights will continue to apply and are not limited or excluded (or otherwise adversely affected) by any right provided by this deed or by law.

### 15.4 Name change:

If the Issuer wishes to change its name, it shall give the Security Trustee notice of the new name not less than 15 Business Days before the change takes effect, and shall do all things necessary to ensure that the security interest under this deed is maintained.

## 16. LIMITED RE COURSE

### 16.1 Limited recourse of Issuer:

Notwithstanding anything to the contrary in this deed, the Issuer is liable in contract to meet the obligations assumed by the Issuer under this deed but the rights of the Security Trustee to enforce those obligations against the Issuer shall be limited to the Collateral and the Security Trustee shall not:

- (a) be entitled to enforce payment, repayment or recovery of any moneys owing to the Security Trustee under this deed against the Issuer personally or against any assets or property of the Issuer other than the Collateral;

(b) in relation to any obligation of the Issuer under this deed, obtain any judgment or seek or attempt to obtain any judgment for payment by the Issuer of any money in relation to any breach of this deed;

provided that nothing in this clause 16.1:

(c) prevents the Security Trustee from:

- (i) exercising the Security Trustee's rights under this deed insofar as they enable the Security Trustee to exercise the Security Trustee's security rights in relation to the Collateral; or
- (ii) seeking or obtaining an injunction or restraining order to restrain any breach of this deed or any security, or obtaining any declaratory relief; and

(d) shall apply to the obligation of the Issuer to pay to the Security Trustee amounts described in clause 6.2.

16.2 **Limitation on liability of Security Trustee:** Notwithstanding any other provision of this deed, the Security Trustee will have no liability under or in connection with this deed other than to the extent to which that liability is able to be satisfied by the Security Trustee's indemnity rights under clause 10. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under this deed or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification as a result of the Security Trustee's wilful default, wilful breach of trust or gross negligence. Nothing in this clause 16.2 limits or adversely affects the powers of the Security Trustee in respect of the security interest created under this deed.

## 17. GENERAL

17.1 **Waivers and remedies:** Time shall be of the essence of this deed but no delay in acting, or failure to act, by a Holder is a waiver of any of that Holder's rights, nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights provided in this deed do not exclude any rights provided by law.

17.2 **Partial invalidity:** An invalid provision in this deed shall not affect the enforceability of the remaining provisions of this deed.

17.3 **Undertakings and actions by the Issuer:** Any reference in this matter to any action or thing to be done or undertaken by the Issuer shall be deemed to include reference to such action or thing being done or undertaken by any person appointed as an administrator on its behalf under any service agreement or any person acting for or through such person.

17.4 **Survival:** The indemnities given in this deed will survive the repayment of all the PIE Capital Securities and the termination of this deed.

17.5 **Remedies cumulative:** The rights, powers and remedies provided in this deed are cumulative and not exclusive of any rights, powers or remedies provided by law.

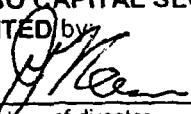
17.6 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart (by fax or otherwise).

**18. GOVERNING LAW**

- 18.1 **Governing law:** This deed shall be construed and take effect as a contract and declaration of trust made in New Zealand and shall be governed by New Zealand law.
- 18.2 **Submission to jurisdiction:** The Issuer and the Security Trustee submit to the non-exclusive jurisdiction of the New Zealand courts for the purpose of any legal proceedings arising out of this deed.

## SIGNED AS A DEED

RABO CAPITAL SECURITIES  
LIMITED by



Signature of director

John George Ronaldson McLean

Name of director

Signature of director

Name of director

COÖPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK NEDERLAND) by its attorney:

Signature of attorney

Name of attorney

in the presence of:

Signature of witness

Occupation

City/town of residence

PUBLIC TRUST by its attorney:

Signature of attorney

Name of attorney

in the presence of:

Signature of witness

Occupation

City/town of residence

## SIGNED AS A DEED

RABO CAPITAL SECURITIES  
LIMITED by:

Signature of director

Signature of director

Name of director

Name of director

COÖPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK NEDERLAND) by its attorney:

Signature of attorney

P. Mitchell

Name of attorney

in the presence of:

Signature of witness

BANKER.

Occupation

SYDNEY, AUSTRALIA.

City/town of residence

## PUBLIC TRUST by its attorney:

Signature of attorney

Name of attorney

in the presence of:

Signature of witness

Occupation

City/town of residence

**SIGNED AS A DEED**

**RABO CAPITAL SECURITIES  
LIMITED** by:

Signature of director

Signature of director

Name of director

Name of director

**COÖPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.  
(RABOBANK NEDERLAND)** by its attorney:

Signature of attorney

Name of attorney

in the presence of:

Signature of witness

Occupation

City/town of residence

**PUBLIC TRUST** by its attorney:

Signature of attorney

Dennis Raymond Church  
Name of attorney

in the presence of:

S. Church  
Signature of witness

Personal Assistant  
Occupation

Auckland

City/town of residence

**CERTIFICATE OF NON-REVOCATION**  
**OF POWER OF ATTORNEY**

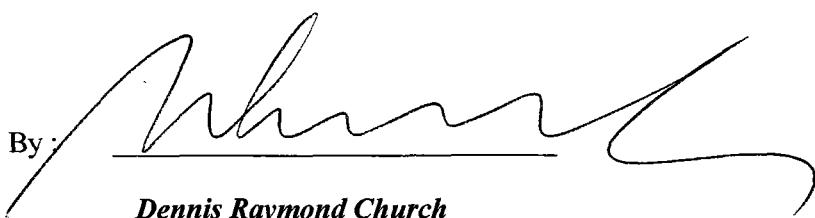
I, *Dennis Raymond Church*, of Auckland, New Zealand, holding the office of General Manager, Corporate Trustee Services, with Public Trust:

**HEREBY CERTIFY:**

1. THAT by Deed dated 18 July 2007, a copy of which is deposited in the Land Registry Office at Wellington, Public Trust appointed me as its attorney on the terms and subject to the conditions set out in the said Deed and the attached document is executed by me under the powers thereby conferred.
2. THAT at the date hereof I hold the office of General Manager, Corporate Trustee Services, with Public Trust.
3. That at the date hereof the transaction or obligation evidenced by the attached document is of a kind I am authorised to enter into by virtue of a delegation from the Board or Chief Executive of Public Trust.
4. THAT at the date hereof I have not received notice of any event revoking the power of attorney.

SIGNED at Auckland this 17 day *April* of 2009

By:



*Dennis Raymond Church*

**RABO CAPITAL SECURITIES LIMITED**

**Rabo Capital**

**COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.**

**Rabobank Nederland**

**COMPUTERSHARE INVESTOR SERVICES LIMITED**

**Registrar**

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**AGENCY AGREEMENT**

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AGREEMENT dated *16 April* 2009

## PARTIES

RABO CAPITAL SECURITIES LIMITED ("Rabo Capital") and  
COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.  
("Rabobank Nederland") (each an "Issuer")

COMPUTERSHARE INVESTOR SERVICES LIMITED (the "Registrar")

## INTRODUCTION

- A. Rabo Capital plans to issue the PIE Capital Securities and Rabobank Nederland plans to issue the Underlying Securities.
- B. Each Issuer wishes to appoint the Registrar as its agent for the keeping of a register of the PIE Capital Securities and the Underlying Securities, respectively, and undertaking any action required to meet the obligations of the Issue Documentation on the terms and conditions as set out in this agreement.
- C. The Registrar has agreed to act as the agent of the Issuer for the keeping of such a register and to undertake any action required to fulfil the obligations of the Issue Documentation on the terms and conditions as set out in this agreement.

## AGREEMENT

### 1. INTERPRETATION

- 1.1 **Definitions:** In this agreement, unless the context otherwise requires:

**"Amounts Payable"** means, on any date, the amount of interest (if any), dividends (if any), principal or other amount due to be paid to Holders of the PIE Capital Securities and the Underlying Securities on that date under the respective Issue Documentation.

**"Approved Issuer Levy"** means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Underlying Security, the levy payable by Rabobank Nederland in accordance with section 86J of the Stamp and Cheque Duties Act 1971.

**"Austraclear Account"** means the Austraclear System trust account maintained by the Registrar, into which payments are made by all clients of the Registrar (including the Issuer pursuant to clause 5.3, as advised by the Registrar to the Issuer from time to time).

**"Austraclear Rules"** means the Austraclear New Zealand System Rules and the Austraclear New Zealand Operating Guidelines issued by the Reserve Bank of New Zealand from time to time, and includes all schedules and appendices to the foregoing.

**"Austraclear System"** means the securities clearing and settlement system operated by the Reserve Bank of New Zealand known as the Austraclear New Zealand system and includes any securities clearing and/or settlement facility which replaces or supersedes it from time to time.

**"Commencement Date"** means the date of this agreement.

**"Conditions"** means the PIE Conditions or the Underlying Security Conditions, as the context requires.

**"Holder"** means a PIE Holder or an Underlying Security Holder, as the context requires.

**"Issue Documentation"** means the PIE Securities Documentation and the Underlying Security Documentation, as the context requires.

**"Investment Statement"** means the investment statement prepared by the Issuer in relation to the offer of the PIE Capital Securities, as supplemented or amended from time to time (including by notice to NZX).

**"Listed"**, in relation to any Security, means listed on the NZDX Market of NZX.

**"NZX"** means New Zealand Exchange Limited or any successor thereto.

**"NZX Listing Rules"** means the listing rules from time to time of NZX.

**"Payment Account"** means the bank account opened and maintained by the Registrar, from which payments are made by the Registrar pursuant to clause 5.4.

**"Payment Date"** means, in relation to the PIE Capital Securities, any Dividend Payment Date (as defined in the PIE Conditions) and, in relation to the Underlying Securities, means any Interest Payment Date (as defined in the Underlying Security Conditions) or, in each case, a Redemption Date and includes any other date on which a payment is due from the Issuer to a Holder under the Issue Documentation, in each case as modified by the applicable Business Day convention in accordance with the relevant Conditions.

**"PIE Capital Securities"** means the perpetual non-cumulative non-voting preference shares issued or to be issued by Rabo Capital under the PIE Conditions.

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities set out in the PIE Constitution and any reference to a **"PIE Condition"** is to the relevant numbered term and condition of the PIE Conditions.

**"PIE Constitution"** means the constitution of Rabo Capital.

**“PIE Holder”** means, in relation to a PIE Capital Security at any time, the person who is recorded in the PIE Register as the holder of that PIE Capital Security at that time.

**“PIE Register”** means the register of PIE Capital Securities to be kept by the Registrar pursuant to clause 4.

**“PIE Securities Documentation”** means the PIE Conditions, pursuant to which the PIE Capital Securities are able to be constituted and issued by Rabo Capital and the Investment Statement.

**“Redemption Date”** means any date for redemption of the PIE Capital Securities or the Underlying Securities, as the context requires, in accordance with the relevant Conditions.

**“Register”** means the PIE Register or the Underlying Security Register, as the context requires, **“registered”** has a corresponding meaning, and **“Registers”** means each such Register.

**“Registrar”** means Computershare Investor Services Limited appointed in accordance with clause 2 or any successor or replacement registrar and agent appointed in accordance with clause 10.

**“RWT Exemption Certificate”** means a certificate issued under section RE 27 of the Income Tax Act 2007 and section 32E of the Tax Administration Act 1994, or any amendment or replacement thereof.

**“Security”** means a PIE Capital Security or an Underlying Security, as the context requires, and **“Securities”** means all of them.

**“Term”** means five years from the Commencement Date unless renewed in accordance with clause 2.5.

**“Underlying Securities”** means the perpetual non-cumulative non-voting capital securities issued or to be issued by Rabobank Nederland under the Underlying Security Conditions.

**“Underlying Security Conditions”** means the terms and conditions of the Underlying Securities set out in Exhibit A and any reference to an **“Underlying Security Condition”** is to the relevant numbered term and condition of the Underlying Security Conditions.

**“Underlying Security Holder”** means, in relation to an Underlying Security at any time, the person who is recorded in the Underlying Security Register as the holder of that Underlying Security at that time.

**“Underlying Security Register”** means the register of Underlying Securities to be kept by the Registrar pursuant to clause 4.

**“Underlying Security Documentation”** means the Underlying Security Conditions, pursuant to which the Underlying Securities are able to be constituted and issued by Rabobank Nederland and the Investment Statement.

**1.2. Definitions in Conditions:** Any capitalised term not otherwise defined in this agreement will have the meaning given to that term in the Conditions.

**1.3 References:** Except to the extent that the context otherwise requires, any reference in this agreement to:

an “**agreement**” also includes a concession, contract, deed, franchise, licence, treaty or undertaking (in each case, whether oral or written).

a “**governmental agency**” includes any government or any governmental, semi-governmental or judicial entity or authority or any person or body charged with the administration of any law.

a “**law**” includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, by-law, statute, treaty or other legislative measure, in each case of any jurisdiction whatever and “**lawful**” and “**unlawful**” shall be construed accordingly.

a “**person**” includes an individual, firm, company, corporation, unincorporated body of persons, organisation or trust, and any government agency or authority (in each case, whether or not having separate legal personality).

“**tax**” includes any present or future tax, levy, impost, rate, duty, charge, fee, deduction or withholding of any nature and whatever called (including for the avoidance of doubt Approved Issuer Levy), imposed or levied by any governmental agency and any interest, penalty, charge, fee, or other amount imposed or made on or in respect of any of the foregoing, and “**taxation**” shall be construed accordingly.

**1.4 Miscellaneous:**

- (a) The introduction and headings in this agreement are inserted for convenience only and shall be ignored in construing this agreement.
- (b) Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting individuals include other persons and vice versa.
- (c) References to any legislation or to any provision of any legislation shall be deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document shall include that person's successors and permitted assigns.

(f) Anything which may be done at any time may also be done from time to time.

## **2. APPOINTMENT, PURPOSE AND TERM**

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**2.1** **PIE Capital Securities:** Rabo Capital appoints the Registrar and the Registrar agrees to act, as from the Commencement Date, as the agent of Rabo Capital for the purpose of keeping the PIE Register, and performing certain other services, in accordance with the terms and conditions set out in this agreement.

**2.2** **Underlying Securities:** Rabobank Nederland appoints the Registrar and the Registrar agrees to act, as from the Commencement Date, as the agent of Rabobank Nederland for the purpose of keeping the Underlying Security Register, and performing certain other services, in accordance with the terms and conditions set out in this agreement.

**2.3** **Scope of appointment:** The appointments under clauses 2.1 and 2.2 are solely for the purposes of, and in connection with, the PIE Capital Securities and the Underlying Securities.

**2.4** **Term:** This agreement will become effective on the date of this agreement and, unless terminated earlier in accordance with this agreement or extended in accordance with clause 2.5, will continue for the Term.

**2.5** **Renewal of Term:** This agreement is renewable for further periods of five years each (or such other renewal period as the parties may agree from time to time in writing). Renewal for such further periods will be automatic unless either party gives the other three months notice prior to the expiration of the then current term that it does wish to renew this agreement, in which case the provisions of clause 10 shall apply.

**2.6** **Removal/resignation:** The provisions of clause 2.4 and 2.5 are without prejudice to clauses 10.1 and 10.2

## **3. SERVICES**

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**3.1** **Services:** The Registrar shall perform the following services as agent for each Issuer:

- (a) calculation of any Amounts Payable, imputation credits attached to any dividend paid in respect of any PIE Capital Security and any deductions or withholdings required by law to be made for, or on account of, any tax in respect of Amounts Payable (including, for the avoidance of doubt, any Approved Issuer Levy under clause 6.3);
- (b) payment of any Amounts Payable in relation to the PIE Capital Securities and the Underlying Securities on the relevant Payment Dates;
- (c) keeping of the Registers;
- (d) receipt of any instrument of transfer of Securities and the recording of transfers of Securities;

- (e) in respect of Securities which are Listed, compliance with all requirements of the FASTER system as specified by the NZX Listing Rules;
- (f) keeping of accounting records in respect of all money received and paid by the Registrar pursuant to this agreement;
- (g) participating in issuing and settling the purchase of the PIE Capital Securities and the Underlying Securities as contemplated in the respective Issue Documentation;
- (h) all services which are expressed in the relevant Issue Documentation to be services which are to be performed by the Registrar, provided that the consent of the Registrar (not to be unreasonably withheld or delayed) shall be required for any amendment of the Issue Documentation that alters the services to be performed by the Registrar;
- (i) holding RWT Exemption Certificates (or copies thereof) and similar documents received from Holders; and
- (j) all other services which are reasonably associated with, or incidental to, the services described in paragraphs (a) to (i) of this clause 3.1.

**3.2 Other Services:** The Registrar shall also perform such other services for Rabo Capital or Rabobank Nederland, as applicable, whether or not of a similar nature to those referred to in clause 3.1, as the Registrar may agree with the relevant Issuer to perform from time to time, on such terms and conditions as the Registrar may agree.

**3.3 Agent of Issuer:** In acting under this agreement and in connection with the PIE Capital Securities, the Registrar acts solely as agent of the relevant Issuer and does not assume any obligation towards, or relationship of agency or trust for, any Holder.

**3.4 Delegation:** The Registrar may, in the course of providing its services under this agreement, use such agents or subcontractors ("delegate") to perform any of its obligations under this agreement as the Registrar deems appropriate. The Registrar:

- (a) shall remain responsible for those acts or omissions of the delegate as if such acts or omissions were those of the Registrar itself; and
- (b) may disclose to a delegate such information as is necessary to enable the delegate to perform its obligations under the terms of its engagement, subject to the Registrar requiring that delegate to treat such information as confidential, except to such extent as is necessary to enable that delegate to perform such obligations.

#### **4. REGISTERS OF SECURITIES**

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**4.1 Registers:** The Registrar shall keep the PIE Register and the Underlying Security Register and cause to be entered in it the particulars specified in the respective Conditions (including Schedule 1 thereto) and such other particulars as may from time to time be required by the relevant Issuer or by law. On or before the issue of PIE Capital Securities or the Underlying Securities, as applicable, the relevant Issuer shall

give to the Registrar such information as may be necessary to update the relevant Register.

**4.2 Form and Address of Registers:** The Registers may be kept in book form, or in the form of a paper or card report, or by computer or any device by means of which information is recorded or stored, at such address or addresses (which address or addresses may be physical or electronic addresses) as the Registrar from time to time notifies to the relevant Issuer and the relevant Holders. If the Securities are Listed the Register must be kept in such form as meets the requirements of the NZX Listing Rules (as at the date of this agreement only the PIE Capital Securities are Listed). At the date of this agreement the address of the Register is the address of the Registrar set out in clause 12.1(a). The Registrar may change the address of the Registers by giving 45 days prior written notice to each Issuer, in which case the Issuers shall promptly give notice to the Holders in accordance with the relevant Conditions. If a Register is maintained on computer or any such device:

- (a) the recording or storing of any information therein shall be deemed to be the entry thereof in that Register; and
- (b) any material subsequently derived from information so recorded or stored shall be deemed to be an extract from that Register.

**4.3 Computer storage:** If a Register is maintained on computer the Registrar must ensure that the system is "backed-up" at least once each working day and at least two "back-up" copies of the Register are held at all times. At least one "back-up" copy of each Register must be stored on premises separate from the premises where the Register is kept. In the event of any computer failure the Registrar must promptly reconstitute the affected Register.

**4.4 Inspection of Register:** The Registrar shall, at all reasonable times during office hours, subject to any applicable laws or regulations, make the Registers available to the Issuers and the Holders and any person authorised by either Issuer or otherwise as specified in the relevant Conditions, in each case for inspection and for taking copies. The Registrar shall deliver to the relevant Issuer or any person authorised by either Issuer on request, any list of Holders, their addresses and holdings, as may be requested.

## **5. PAYMENT OF AMOUNTS PAYABLE**

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**5.1 Payments by Registrar:** The Registrar shall pay, or cause to be paid, (subject to the provisions of clause 6.1) on behalf of the Issuer all payments of Amounts Payable on the PIE Capital Securities and on the Underlying Securities on the relevant Payment Date in New Zealand and otherwise in accordance with the written instructions of the Holders appearing in the relevant Register at the relevant Record Date.

**5.2 Notice of Amounts Payable:** Not less than five days before a Payment Date for any Securities, the Registrar shall give the relevant Issuer written notice of the respective Amounts Payable on that Payment Date and, in respect of Amounts Payable on the PIE Capital Securities, the imputation credits attached to any such Amounts Payable (based

on an assumption that full imputation credits will be attached to the dividend on the PIE Capital Securities).

**5.3 Issuer Payment:** By no later than 3:00 p.m. on a Payment Date for any Security, the relevant Issuer shall arrange for payment to be made, or make payment of, the Amounts Payable in respect of that Security to the Austraclear Account. The Registrar acknowledges that any payments from the relevant Issuer of the Amounts Payable shall not constitute the property of the Registrar for any purpose other than the payment to the Holders as herein contemplated, shall at all times be held on trust for that purpose, and, in the event of frustration of that purpose for any reason, shall be returned immediately and in full to that Issuer.

**5.4 Payment Account:** The Registrar shall maintain the Payment Account and pay the Amounts Payable only in accordance with the Issue Documentation for the relevant Securities and this agreement.

**5.5 Registrar's duties in respect of payments:** The Registrar is to act as the agent for, and agent of, the Issuers in respect of any Amounts Payable and does not assume any obligation towards or relationship of agency or trust for any Holder.

**5.6 No set-off, etc:** The Registrar may deal with moneys paid to the Payment Account by the Issuers for the purposes of this agreement subject to the terms of this agreement. However, the Registrar shall not exercise any lien, or right of set-off over those moneys, or combine or consolidate those moneys with any other money or account.

**5.7 Unclaimed moneys:** Any sums paid by either Issuer into the Austraclear Account or the Payment Account or otherwise to the Registrar for the account of the Holders pursuant to the terms of this agreement which are not utilised for the relevant payment on the respective Securities may not be reclaimed by the relevant Issuer until six months after they were paid into the relevant account or otherwise to the Registrar. In the event of any duly substantiated claim being made upon the Registrar in respect of any sums repaid to the relevant Issuer, the Registrar shall forward the claim to that Issuer for payment.

## **6. TAX**

**6.1 Deduction of tax:** Where any deduction or withholding is required by law to be made for, or on account of, any tax in respect of any payment of the Amounts Payable or, if applicable, where an Underlying Security Holder has notified the Registrar in accordance with the Underlying Security Conditions that New Zealand non-resident withholding tax should be deducted instead of Approved Issuer Levy and such notice has not been revoked in accordance with the Underlying Security Conditions, the Registrar shall, subject as provided in clauses 6.2 and 6.3, make that deduction or withholding from the payment and shall, within the time required by law, pay the amount so deducted or withheld to the relevant taxing authority and file with that authority all returns, forms, reports or other documentation required in relation to that deducted or withheld amount.

**6.2 RWT Exemption Certificate in respect of Underlying Securities:**

- (a) Each Underlying Security Holder which holds an RWT Exemption Certificate must provide either the original or a copy of that certificate to the Registrar.
- (b) The Registrar may, when making any payment to an Underlying Security Holder which has provided it with a certificate under clause 6.2(a), assume that such Underlying Security Holder still holds a valid RWT Exemption Certificate unless the Registrar has received notice to the contrary through Rabobank Nederland, the Underlying Security Holder, publication in the New Zealand Gazette or otherwise.

**6.3 Approved Issuer Levy in respect of Underlying Securities:** Where Rabobank Nederland has registered itself as an approved issuer (as defined in section YA 1 of the Income Tax Act 2007) and has registered the Underlying Securities as a registered security (as defined in section YA 1 of the Income Tax Act 2007) (in each case, at the discretion of Rabobank Nederland), and has given written notice to the Registrar of such registrations no later than two Business Days prior to a Record Date, unless otherwise advised in writing by Rabobank Nederland or otherwise notified by an Underlying Security Holder as contemplated by clause 6.1 (and such notice has not been revoked as contemplated by clause 6.1), if the Registrar is satisfied that an Underlying Security Holder: (i) is not resident in New Zealand, (ii) does not hold the Underlying Securities jointly with one or more persons resident in New Zealand, (iii) is not carrying on business in New Zealand through a fixed establishment (as defined in section YA 1 of the Income Tax Act 2007) in New Zealand, (iv) is not a person associated (as defined in the Income Tax Act 2007 for Approved Issuer Levy purposes) with Rabobank Nederland and (v) the Underlying Security Holder has not otherwise agreed with Rabobank Nederland (or Registrar on its behalf), the Registrar shall thereafter deduct from each payment of interest to the Underlying Security Holder the amount of Approved Issuer Levy applicable to such interest and shall pay the amount so deducted to the Inland Revenue in accordance with the Stamp and Cheque Duties Act 1971 and shall file with the Inland Revenue all returns, forms, reports or other documentation required in relation to that payment of Approved Issuer Levy. For the avoidance of doubt if any one or more of (i) to (v) is not satisfied in respect of any payment of interest to an Underlying Security Holder, if the Registrar has been notified by an Underlying Security Holder as contemplated by clause 6.1 (and such notice has not been revoked as contemplated by clause 6.1) or if Rabobank Nederland (or the Registrar on its behalf) is not lawfully entitled to deduct Approved Issuer Levy from any payment of interest to an Underlying Security Holder, clause 6.1 will apply.

**6.4 Statement:** The Registrar shall send to a Holder at the same time as it makes payment of any Amounts Payable to that Holder, a statement advising the gross amount paid, the imputation credits attached to any dividend paid in respect of a PIE Capital Security (where applicable) and the amount of any deduction or withholding made from any amount paid in respect of a Security for, or on account of, New Zealand resident or non-resident withholding tax or Approved Issuer Levy under clause 6.3 (where applicable). In the case of a deduction of resident withholding tax, the statement shall be prepared so as to constitute an RWT withholding certificate in terms of the Income Tax Act 2007 and the Tax Administration Act 1994 and shall include (without limitation) the information set out in section 25(6) of the Tax Administration Act 1994.

**6.5 Record of deduction:** The Registrar shall keep a full and complete record of each amount of tax required by law or this agreement (for the avoidance of doubt, including

the Approved Issuer Levy under clause 6.3 and New Zealand resident and non-resident withholding tax as contemplated by clause 6.1) to be withheld or deducted by the Registrar in respect of any payment due to be made on the Securities.

**6.6 Records to Issuer:** The Registrar shall within five Business Days of making payment of any Approved Issuer Levy or New Zealand resident or non-resident withholding tax to the Inland Revenue in accordance with clauses 6.3 and 6.1 respectively advise the relevant Issuer in writing of the amounts of interest paid with Approved Issuer Levy or New Zealand resident or non-resident withholding tax deducted and the amounts of Approved Issuer Levy or New Zealand resident or non-resident withholding tax so paid to the Inland Revenue.

## **7. FEES FOR SERVICES**

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**7.1 Fee:** As remuneration for the services provided by the Registrar under this agreement, the Issuers shall pay to the Registrar, when the same become due and payable, the fees separately agreed between them.

## **8. WARRANTIES**

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**8.1 Warranties:** Each Issuer and the Registrar warrants that this agreement is duly authorised by it and constitutes its valid and binding obligations, enforceable against it (subject to laws affecting creditors' rights generally and to equitable principles of general application), and that it has obtained all approvals and consents required by law for this agreement at the date hereof.

## **9. DISCLOSURE**

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**9.1 Disclosure to Holders:** The Registrar must disclose to a Holder, as soon as practicable following any request by that Holder, such particulars on the Register relating to the Securities registered in the name of that Holder as the Holder has requested.

**9.2 Information not to be disclosed:** Subject to clauses 9.1 and 9.5, the Registrar shall not disclose any information arising from the agency created by this agreement and held by the Registrar unless:

- (a) the information has become public knowledge or part of the public domain in a lawful manner; or
- (b) the Registrar is required to disclose such information by law.

**9.3 Documents to be supplied:** Each Issuer shall supply to the Registrar promptly after execution of this agreement a copy of the Issue Documentation for the relevant Securities, and any other information relevant to the Registrar's duties in respect of the relevant Securities.

**9.4 Other Information:** For the purpose of assisting the Registrar in the performance of its duties under this agreement, each Issuer shall from time to time supply to the Registrar, as and when required by the Registrar, all necessary particulars in connection with the relevant Securities.

**9.5 Statements:** The Registrar shall from time to time supply to each Issuer statements as to the amount of the relevant Securities registered on its behalf, together with such other particulars as either Issuer requires. If at any time an Issuer requires such statements or other particulars at an interval or intervals of less than 30 days, the Registrar may charge that Issuer a fee to cover the reasonable costs of providing such information.

## **10. CHANGES IN REGISTRAR**

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**10.1 Removal of Registrar:** Either Issuer may terminate the appointment of the Registrar in relation to that Issuer's Securities by giving at least 3 months written notice to that effect.

**10.2 Resignation by Registrar:** The Registrar may resign its appointment under this agreement as Registrar at any time by giving the relevant Issuer at least 3 months written notice to that effect (and if given in respect of only one Issuer, the other Issuer shall be entitled to terminate this agreement). However:

- (a) no such notice of resignation may expire within 15 days of Payment Date of any Security; and
- (b) so long as Security is outstanding, no resignation of the Registrar may take effect unless and until a new registrar is appointed.

**10.3 Termination for cause:** Either Issuer or the Registrar may terminate this agreement with immediate effect by giving notice to the other party if:

- (a) the other party breaches any material provision of this agreement and, where that breach is capable of remedy, fails to remedy the breach within 30 days, or such longer period as is agreed between the parties, after receiving notice requiring it to do so;
- (b) the other party breaches any material provision of this agreement that is not capable of remedy;
- (c) the other party:
  - (i) becomes subject to any form of insolvency administration or ceases to carry on business (other than as a result of a solvent reorganisation notified to the other party); or
  - (ii) ceases to be able to pay its debts as they become due; or

- (iii) any step is taken by a mortgagee or charge to take possession or dispose of the whole or part of the other party's assets, operations or business; or
- (iv) any step is taken by the other party to enter into any arrangement or compromise between the other party and its creditors; or
- (v) any step is taken to appoint a receiver, a receiver and manager, a trustee in bankruptcy, a provisional liquidator, a liquidator, an administrator or other like person in respect of the whole or part of the other party's assets, operations or business.

Termination of this agreement does not effect any accrued rights or remedies of either party. Clauses 10 and 11 survive termination or expiry of this agreement.

**10.4 Notice of change:** A notice of any termination, resignation or appointment of the Registrar under clauses 10.1 or 10.2 shall be given by the relevant Issuer to the Holders in accordance with the Conditions.

**10.5 After termination:** On termination or expiry of this agreement the Registrar:

- (a) shall immediately transfer all moneys held by it under this agreement and all payment records maintained by it in respect of the relevant Securities to the new registrar;
- (b) shall deliver to the new registrar all records, books, accounts and other documents maintained by it in respect of the relevant Securities;
- (c) shall provide to the Registrar such data, information and material relating to the services and such other assistance reasonably necessary to enable either the Issuer or its agent or contractor to take over the functions performed by the Registrar under this agreement that the Issuer may reasonably request; and
- (d) shall be paid by the relevant Issuer its fee for services previously rendered under this agreement and the amount of all reasonable "out of pocket" expenses (including legal fees) incurred by the Registrar in connection with those services.

**10.6 Vesting of rights in successor Registrar:** Upon the execution by the relevant Issuer and any new Registrar of any instrument effecting the appointment of the new registrar, the new registrar shall, without further act, deed or conveyance, become vested with all the rights, immunities, duties and obligations of its predecessor with the same effect as if originally named as the Registrar.

**10.7 Change of specified office:** If the Registrar determines to change its specified office (being the office specified in clause 12.1(a)), it shall give each Issuer written notice of the address of the new specified office and the date on which the change is to take effect, which must not be less than 45 days after the date of the notice.

## **11. LIABILITY**

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**11.1 Debt due:** Each Issuer acknowledges that all moneys payable to a Holder in respect of the Securities shall constitute a debt due to that Holder by the relevant Issuer. Where the Registrar fails to pay the Amounts Payable or any part thereof in respect of any Securities as a consequence of the failure by the relevant Issuer to make a corresponding payment in accordance with clause 5.3, the Registrar shall be under no liability to the Issuer or any Holder in respect of the failure.

## **12. NOTICES**

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**12.1 Notices:** All notices and other communications given pursuant to this agreement shall be in writing and shall be delivered by hand or sent by facsimile, electronic messaging system or post (charges pre-paid) to the other party at the office address or facsimile number (as appropriate) of that other party shown below or as advised from time to time by notice:

(a) **Registrar:** The address of the Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142

Facsimile No: +64 (0)9 488 8788  
Attention: Relationship Manager

(b) **Rabobank Nederland:** The address of Rabobank Nederland is:

Rabobank Nederland  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

Facsimile No: +31 (0)30 291 8733  
Attention: Treasury Rabobank Group

(c) **Rabo Capital:** The address of Rabo Capital is:

Rabo Capital Securities Limited  
Level 12  
80 The Terrace  
Wellington

Facsimile No: +61 (0)2 8083 3113  
Attention: Head of Long Term Funding - Asia/Australia

**12.2 Notices received:** A notice shall be deemed to have been received by the party to whom the notice is addressed:

- (a) if delivered by hand, upon delivery;
- (b) if sent by post, five working days after, but not including, the day of posting; or
- (c) if sent by facsimile, or electronic messaging system, on completion of transmission to the relevant facsimile number or electronic messaging system (as appropriate) provided that if such transmission is made or completed at a time outside the ordinary business hours of the addressee, at the opening of business on the next working day.

### **13. WAIVER**

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**13.1 No implied waivers:** Time is of the essence for this agreement but no failure on the part of the Issuer or the Registrar to exercise, and no delay on their part in exercising, any right, power or remedy under this agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

### **14. AMENDMENTS**

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**14.1** This agreement may be amended only by agreement in writing between the parties provided that no amendment may be made which would affect any Security which has been issued or is the subject of an agreement to be issued, or the rights of the Holder of that Security (unless made with the consent in writing of that Holder).

### **15. TERMS AND CONDITIONS**

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**15.1** The Underlying Security Conditions are attached to this agreement as Exhibit A. For the avoidance of doubt, the Underlying Security Conditions are the sole responsibility of Rabobank Nederland. The Registrar is not an obligor or guarantor with respect to any of the Securities, is not a party to any of the Conditions, and has no obligations under any of the Conditions except as set out in this agreement.

### **16. COUNTERPARTS**

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**16.1** This agreement may be signed in two counterparts both of which when taken together shall constitute one and the same instrument.

### **17. GOVERNING LAW**

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**17.1** This agreement shall be governed by and construed in accordance with New Zealand law and the parties submit to the non-exclusive jurisdiction of the New Zealand courts.

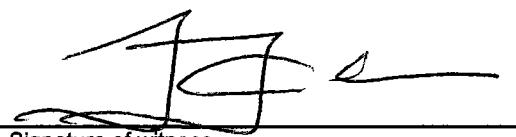
## EXECUTION

COÖPERATIEVE CENTRALE  
(RABOBANK NEDERLAND)

RAIFFEISEN-BOERENLEENBANK

B.A.

and witnessed by:



Signature of witness



Signature of authorised signatory



Name of authorised signatory

BANKER

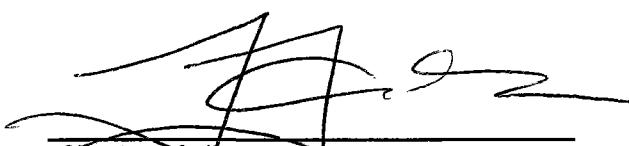
Occupation

SYDNEY, AUSTRALIA.

City/town of residence

RABO CAPITAL SECURITIES LIMITED

and witnessed by:



Signature of witness



Signature of authorised signatory



Name of authorised signatory

BANKER

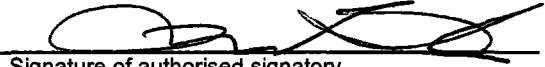
Occupation

SYDNEY, AUSTRALIA.

City/town of residence

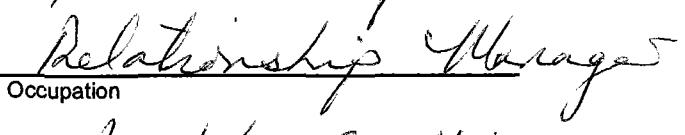
**COMPUTERSHARE INVESTOR SERVICES LIMITED**

and witnessed by:

  
Signature of authorised signatory

  
Timothy Bond  
Name of authorised signatory

  
Signature of witness

  
Occupation

  
City/town of residence

**EXHIBIT A**

**Terms and Conditions of the Underlying Securities**

## TERMS AND CONDITIONS OF THE UNDERLYING SECURITIES

### 1 Definitions

In these Conditions:

**"2007 Capital Securities"** means the \$1.00 perpetual non-cumulative capital securities issued by Rabobank Nederland to the New Zealand public in or around October 2007;

**"Additional Amounts"** means such additional amounts as may be necessary so that the net amount received by the Holders, 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 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 agency agreement dated on or about April 16, 2009 between the Issuer and the Registrar relating to the Capital Securities to which these Conditions are attached as Schedule 1;

**"Austraclear System"** means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System;

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

**"Bank Bill Rate"**, in respect of any Floating Rate Interest Period, means the FRA settlement rate for New Zealand dollar bills of exchange for a period of three months, commencing on the first day of such Floating Rate Interest Period, which appears on the Reuters Page on or around 10.45 a.m., New Zealand time, on the first day of such Floating Rate Interest Period.

If such rate does not appear on the Reuters Page, the rate for such relevant Floating Rate Interest Period will mean the rate determined on the basis of the average of the mid-point of the bid and offer rates quoted by three Reference Banks selected by the Calculation Agent for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Interest Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the rate for such Floating Rate Interest Period will be the Bank Bill Rate as determined by the Calculation Agent in respect of the immediately previous Floating Rate Interest Period. If there was no such immediately previous Floating Rate Interest Period, the rate for such Floating Rate Interest Period will be the average of the mid-point of the bid and offer rates quoted by major banks in New Zealand, selected by the Calculation Agent, for New Zealand dollar bills of exchange for a period of three months for settlement on the first day of such Floating Rate Interest Period and in a representative amount, at approximately 11.00 a.m., New Zealand time, on the first day of such Floating Rate Interest Period;

**"Benchmark Rate"** means, in respect of any Initial Rate Interest Period, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest four decimal places, which is determined by the Calculation Agent to be the average of the bid and offer swap rate displayed at or around 3.00 p.m., New Zealand time, on the Calculation Date in relation to the Calculation Period in which such Initial Rate Interest Period falls on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with a term equal to the Calculation Period.

If such rate does not appear on page FISSWAP, or if the Calculation Agent forms the view that the rate so determined is not an accurate reflection of market rates, the relevant Benchmark Rate shall be the average of the mid-point of the bid and offer swap rates quoted

by three Reference Banks selected by the Calculation Agent at or around 3.00 p.m., New Zealand time, on the relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period. The Calculation Agent will request the principal New Zealand office of each of such Reference Banks to provide a quotation of its bid and offer rates. If fewer than three quotations are provided as requested, the relevant Benchmark Rate for such Initial Rate Interest Period will be the average of the mid-point of the bid and offer swap rates quoted by major banks in New Zealand selected by the Calculation Agent, at or around 3.00 p.m., New Zealand time, on such relevant Calculation Date for an interest rate swap with a term equal to the Calculation Period;

**"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 Wellington and Auckland;

**"Calculation Agent"** means, initially, Rabobank Nederland, or any other person appointed by Rabobank Nederland from time to time;

**"Calculation Amount"** means NZ\$1.00 in principal amount;

**"Calculation Date"** means the 25 May 2009 and June 18, 2014;

**"Calculation Period"** means each of the periods from (and including) the Issue Date to (but excluding) 18 June 2014 and the period commencing on (and including) June 18, 2014 to (but excluding) the First Call Date;

**"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 for the Rabobank Group 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 not be included in the consolidated Tier 1 Capital of Rabobank Group;

**"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 for the Rabobank Group and which guarantee effectively ranks senior to a Parity Local Rabobank Guarantee;

**"Capital Securities"** means the NZ\$1 Perpetual Non-Cumulative Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 16 and forming a single series with the Capital Securities;

**"Conditional Call Date"** means the first Floating Rate Interest Payment Date falling on or after June 18, 2039 on which all of the Conditional Call Restrictions are satisfied;

**"Conditional Call Restrictions"** shall be deemed to be satisfied as at a Floating Rate Interest Payment Date falling on or after June 18, 2039 if (a) Interest on such Floating Rate Interest Payment Date is Required Interest and (b) the Rabobank Group has raised the Replacement Capital Amount, if any, on or before such Floating Rate Interest Payment 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;

**"Day-count Fraction"** means (i) in respect of the first Interest Payment Date an amount calculated using the actual number of days elapsed in the period from the Issue Date to (but excluding) the first Interest Payment Date divided by 365 (Actual/365 Fixed) and (ii) in respect of an Interest Amount payable on or prior to the First Call Date on a scheduled Initial Rate Interest Payment Date (other than the first Interest Payment Date), one-quarter and (iii) in respect of an Interest Amount payable after the First Call Date, the actual number of days elapsed in the Interest Period divided by 365 (Actual/365 Fixed);

**"Discretionary Interest"** means Interest that the Issuer may pay at its discretion in accordance with Condition 7(b);

**"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 Group;

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

- (i) subject to the ability to cancel interest, default by the Issuer is made for more than 30 days in the payment of interest or principal in respect of any of the Capital Securities; 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 Markets 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;

**"FASTER"** means the Fully Automated Screen Trading and Electronic Registration System operated by NZX;

**"First Call Date"** means June 18, 2019;

**"Floating Rate"** means, in respect of a Floating Rate Interest Period, Bank Bill Rate for such Floating Rate Interest Period, plus the Margin;

**"Floating Rate Interest Payment Date"** means March 18, June 18, September 18 and December 18 of each year commencing after June 18, 2019, in each case subject to adjustment as provided herein;

**"Floating Rate Interest Period"** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date;

**"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 person in whose name a Capital Security is registered in the Register;

**"Initial Rate"** means, in respect of a Calculation Period and each Initial Rate Interest Period falling therein, the Benchmark Rate on the Calculation Date applicable to the Calculation Period plus the Margin; or, in the case of the period from the Issue Date to (but excluding) June 18, 2014, the greater of this amount and 8.0% p.a.

**"Initial Rate Interest Payment Date"** means March 18, June 18, September 18 and December 18 of each year, commencing on June 18, 2009 and ending on the First Call Date;

**"Initial Rate Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Initial Rate Interest Payment Date and each successive period beginning on (and including) an Initial Rate Interest Payment Date and ending on (but excluding) the next succeeding Initial Rate Interest Payment Date and any period between two Initial Rate Dividend Payment Dates;

**"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 Calculation Agent;

**"Interest Payment Date"** means any Initial Rate Interest Payment Date and/or Floating Rate Interest Payment Date;

**"Interest Period"** means any Initial Rate Interest Period and/or Floating Rate Interest Period;

**"Interest Rate"** means the Initial Rate and/or, as appropriate, the Floating Rate;

**"Issue Date"** means May 27, 2009, being the date of the initial issue of the Capital Securities;

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

**"Joint Lead Managers"** means ASB Bank Limited, ANZ, a part of ANZ National Bank Limited, and Forsyth Barr Limited;

**"Junior Group Member Instrument"** means any share capital or other instrument of any other member of the Rabobank Group which (i) qualifies as consolidated Tier 1 Capital for the Rabobank Group, (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, (as well as the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively);

**"Junior Member Certificates Related Agreements"** means the junior subordinated loan agreements between the Issuer and Rabobank Ledencertificaten N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (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 and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

**"Listing Rules"** means the listing rules of NZX in force from time to time;

**"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 for the Rabobank Group;

**"Margin"** means the margin, expressed as a percentage per annum, determined by the Issuer in consultation with the Joint Lead Managers on or before the Issue Date;

**"Market Disruption Event"** means the occurrence or existence of any of the following events or circumstances:

- (i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of the

Issuer which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;

- (ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or
- (iii) the Issuer would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and the Issuer fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

provided that, a “**Market Disruption Event**” will not have occurred nor be deemed to have occurred if the Issuer determines not to pursue or complete the issuance of Qualifying Securities due to pricing, distribution rate or dilution considerations;

“**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;

“**Non-Resident Holder**” means a Holder that is not resident in New Zealand for New Zealand taxation purposes and that is not engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand;

“**NZDX Market**” means the market for debt securities of that name operated by NZX;

“**NZX**” means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited;

“**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 for the Rabobank Group 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 guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital 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 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:

- (aa) 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 guarantees and contingent guarantees in relation to (i) the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI, and (ii) the corresponding Class B Capital 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));
- (bb) *pari passu* with the Capital Securities and the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing); and
- (cc) senior to any other share capital of the Issuer not described in paragraph (A) or (B)(bb) of this definition; and, (C) any Parity Bank Guarantee;

(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 for the Rabobank Group 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:
  - (aa) subordinate and junior to indebtedness of such Local Rabobank;
  - (bb) *pari passu* with the most senior ranking preferred equity securities or preferred or preference shares of such Local Rabobank (if and when existing); and
  - (cc) senior to any other share capital of such Local Rabobank not described in paragraph (A) or (B)(bb) 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 is held by, or on which payments are made to, any member of the Rabobank Group;

**"PIE Conditions"** means the terms and conditions of the PIE Capital Securities, as they may be amended from time to time in accordance with the provisions thereof;

**"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 7(a);

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

**"Rabo Capital"** means Rabo Capital Securities Limited, a company incorporated in New Zealand;

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

**"Record Date"** means, in relation to any payment due on the Capital Securities, the date 10 calendar days prior to the date on which such payment is due;

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

**"Reference Banks"** means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation, or any other bank selected by the Calculation Agent as being a leading bank in the New Zealand interbank market;

**"Register"** means the register in relation to the Capital Securities maintained by the Registrar in accordance with the Agency Agreement and these Conditions;

**"Registrar"** means Computershare Investor Services Limited in its capacity as initial registrar and paying and transfer agent and includes any successor thereto and any sub-agent appointed from time to time;

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

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

**"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 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;

**"Required Interest"** means Interest to the extent it is required to be paid by the Issuer in accordance with Condition 6;

**"Reuters Page"** means Reuters Screen BKBM Page opposite the caption "FRA" or its successor page;

**"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;

**"Statement"** means a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the Capital Securities held by that Holder, if applicable, in compliance with the Listing Rules;

**"Tax Act"** means the Income Tax Act 2007 (NZ);

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

**"Tier 1 Capital"** has the meaning given to such term from time to time by the Dutch Central Bank.

## 2 Form, Denomination and Title

### (a) *Form and Denomination*

The Capital Securities are in registered book entry form in the principal amount of NZ\$1.00 per Capital Security with a minimum subscription of NZ\$5,000 in aggregate principal amount.

### (b) *Title*

No certificates of title in respect of a Capital Security will be issued to the Holders. Title to the Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any Capital Security will (except as otherwise required by law) be treated as its absolute beneficial owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any Capital Securities, whether or not either of them is aware of the same. In the event of any conflict between the Register and any certificate or any Statement issued relating to a Capital Security, the Register shall prevail over any such certificate or Statement. Neither the Issuer nor the Registrar will be required to obtain proof of identity of a Holder or its ownership of Capital Securities.

### (c) *Listing*

Upon an Exchange Event as defined in the PIE Conditions, the Issuer will use its best endeavours to have the Capital Securities listed and quoted on the NZDX Market.

### (d) *Statements*

Where Capital Securities are accepted for listing on the NZDX Market, the Issuer must issue, or cause to be issued, to each Holder, a Statement in relation to each Capital Security issued to that Holder, in accordance with, and in the time required by, the Listing Rules.

## 3 Transfers

### (a) *Transfer*

Subject to this Condition 3 and to any applicable law restricting the right to transfer Capital Securities, a Holder may transfer all or any of the Capital Securities of which it is the Holder, provided that no transfer shall be made if, as a result thereof, the aggregate principal amount of the Capital Securities registered in the name of the transferor or of the transferee would (if not zero) be less than NZ\$5,000 (or such lesser sum to which the Issuer may in its absolute discretion consent). No transfer of a Capital Security will be valid unless and until entered on the Register. A Capital Security may be registered only in the name of, and transferred only to, a named person or persons.

**(b) Transfer Free of Charge**

Transfers of Capital Securities shall be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

**(c) Closed Periods**

Subject to NZX having granted a trading halt, no Holder may require the transfer of a Capital Security to be registered during the period of 15 calendar days ending on (and including) the due date for redemption of the Capital Securities pursuant to Condition 8.

**(d) Capital Securities lodged with the Austraclear System**

- (i) Capital Securities may be lodged with, and uplifted from, the Austraclear System by the relevant Holders, in accordance with the procedures of the Austraclear System at the relevant time.
- (ii) Beneficial title to a Capital Security that is lodged with the Austraclear System is transferable in accordance with the procedures of the Austraclear System at the relevant time, but legal title to such Capital Securities shall, for so long as they are lodged with the Austraclear System, be recorded in the Register in the name of New Zealand Central Securities Depository Limited (or any replacement depositary for the Austraclear System) on behalf of the Austraclear System.

**(e) Form of Transfer**

Subject to these Conditions, a Holder may transfer any Capital Security held by that Holder:

- (i) by a written instrument of transfer in a usual or common form signed by the transferor and the transferee and delivered to the office of the Registrar; or
- (ii) if listed on the NZDX Market, via FASTER; or
- (iii) by any other method of transfer approved by the Issuer and the Registrar and delivered to the office of the Registrar.

**(f) Evidence to Accompany Instrument of Transfer**

Each instrument of transfer must be accompanied by:

- (i) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to prove the title of the transferor, the transferor's right to transfer the Capital Securities or the identity of the transferor and/or the transferee; and
- (ii) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer, subject in each case to Condition 3(j) below.

**(g) Acquisition by Operation of Law**

When an entitlement to any Capital Security is acquired by any person by operation of law (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) or pursuant to the occurrence of an Exchange Event (as defined in the PIE Conditions) the Registrar, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that Capital Security, will enter that person's name in the Register as the Holder of that Capital Security accordingly.

**(h) Sale of Less than Minimum Holding**

The Issuer (or the Registrar on the Issuer's behalf) may at any time give notice to any Holder holding less than the minimum holding of Capital Securities that are quoted on the NZDX Market that the Issuer intends to exercise the power of sale of those Capital Securities as set out in this Condition 3(h), subject to and in accordance with the Listing Rules. If the Issuer's power of sale becomes exercisable:

- (i) the Issuer may arrange for the sale of those Capital Securities through the NZDX Market or in some other manner approved by NZX;
- (ii) the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
- (iii) the Issuer shall account to the Holder for the net proceeds of sale of the Capital Securities (after deduction of reasonable sale expenses), which are to be held on trust for the Holder by the Issuer and paid to the Holder on surrender of any Statement for the Capital Securities sold.

The title of a purchaser of any Capital Securities sold in accordance with this Condition 3(h) will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

**(i) *Address and other Details of Holders***

A transferee of Capital Securities must designate to the Registrar an address and a bank account to which payments under or in respect of the Capital Securities transferred to it are to be made and the address and account so designated will be the address and account of such Holder for all purposes. Any change of name or address or account to which payments are to be made, of a Holder must immediately be notified in writing to the Registrar, accompanied by such evidence of such change as the Registrar may reasonably require, and the Register will be amended accordingly. Each Holder shall give written notice to the Registrar of its country of residency for taxation purposes and, if not resident in New Zealand for taxation purposes, of whether the Holder is engaged in business in New Zealand through a branch or other fixed establishment (as that term is defined in the Tax Act) in New Zealand.

**(j) *Reliance on Documents***

The Issuer and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

**4 Status and Subordination**

**(a) *Status***

The Capital Securities 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 are subordinated as described in Condition 4(b).

**(b) *Subordination***

Subject to exceptions provided by mandatory applicable law, the payment obligations under the Capital Securities 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 other 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 (including, without limitation, 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 Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLC II, III, IV, V and VI (b) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer, and (c) with the 2007 Capital Securities; 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 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 have been satisfied. In addition, any right of set-off by the Holder in respect of any amount owed to such Holder by the Issuer under or in connection with such Capital Security shall be excluded and each Holder shall, by virtue of being the Holder of any Capital Security, 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 of the Rabobank Group 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 of the Rabobank Group 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.

**5 Interest**

**(a) *General***

The Capital Securities bear Interest from (and including) the Issue Date in accordance with the provisions of this Condition 5. Subject to Conditions 6 and 7, Interest shall be

payable on the Capital Securities quarterly in arrears on each Interest Payment Date, in each case as provided in this Condition 5. 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) *Prepayment of Interest***

The Issuer shall, within 1 Business Day of a request by Rabo Capital, prepay Interest on the Capital Securities held by Rabo Capital of an amount requested by Rabo Capital and agreed by the Issuer (acting reasonably) to be necessary to enable Rabo Capital to meet its tax obligations and to impute dividends at the maximum imputation ratio under the Tax Act or for any other reason without giving rise to any penalty, notwithstanding that such payment may not be on an Interest Payment Date. Any remaining Interest for the relevant Interest Period shall be paid on the applicable Interest Payment Date.

**(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 8 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 applicable 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 relevant Interest Rate and the relevant Day-count Fraction for the relevant period. All percentages resulting from any calculation related to an Interest Rate will be rounded to the nearest thousandth of a percentage point, with five ten-thousandths of a percentage point rounded upwards. For example, 9.8745 per cent. (or .098745) would be rounded to 9.875 per cent. (or .098745). All NZ\$ amounts used in or resulting from any calculation related to an Interest Amount will be rounded to the nearest cent (with one-half cent or unit being rounded upwards).

**(d) *Initial Rate***

For each Initial Rate Interest Period falling within a Calculation Period, Interest will accrue at a rate per annum equal to the relevant Initial Rate and will be payable quarterly in arrears on each Initial Rate Interest Payment Date.

If any Initial Rate 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.

**(e) *Floating Rate***

For each Floating Rate Interest Period, Interest will accrue at a rate per annum equal to the relevant Floating Rate and will be payable quarterly in arrears on each Floating Rate Interest Payment Date. If any Floating Rate Interest Payment Date would otherwise fall on a date that is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day.

**(f) *Determination of Interest Rates and Calculation of Interest Amounts***

The Calculation Agent will, as soon as practicable after 3.00 p.m., New Zealand time, on the relevant Calculation Date or as soon as practicable after 11.00 a.m., New Zealand time, on the first day of the relevant Floating Rate Interest Period, as applicable, determine the relevant Interest Rate and calculate the relevant Interest Amounts.

**(g) Publication of Interest Rate and Interest Amounts**

If the Capital Securities are listed on the NZDX market, the Issuer shall cause notice of the relevant Interest Rate determined in accordance with this Condition 5 in respect of each Calculation Period or Floating Rate Interest Period, as applicable, the relevant Interest Amount and, in the case of a Floating Rate Interest Payment Date, the relevant date scheduled for payment to be given to NZX in accordance with the Listing Rules after their determination, but in any event not later than the fourth Business Day thereafter.

In the case of Interest payable at the Floating Rate, the relevant Interest Amount, the Interest Rate and the date scheduled for payment so notified may subsequently be amended without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

**(h) Reference Banks**

So long as any Capital Securities remain outstanding, the Issuer will maintain at least four Reference Banks. The Issuer may from time to time replace a Reference Bank with a leading investment, merchant or commercial bank or financial institution in New Zealand.

**6 Required Interest**

The Issuer shall pay Required Interest on the Capital Securities, unless payment thereof is prohibited under Condition 7, to the extent set out below:

**(a) In full**

- (i) The payment of Interest will be required in full:
  - (1) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions annually, if any (other than any Group Declarations and any Excluded Declarations);
  - (2) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group 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 that, in the case of (x), (y) or (z), pays dividends or other distributions semi-annually, if any (other than any Group Declarations and any Excluded Declarations); or
- (ii) The payment of Interest will be required in full for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, 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, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith 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, (ii) as a result of a reclassification of the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

**(b) *Fractional or in full***

The payment of Interest will be required in full or in part on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment (other than any Group Declarations and any Excluded Declarations) 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 that, in the case of (x), (y) or (z), pays dividends on a basis other than annually or semi-annually, if any, at an amount equal to the applicable Interest Amount on the Capital Securities for the related Interest Period, multiplied by a fraction, the numerator of which is the number of days in the dividend, distribution or payment period applicable to the payment on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument and the denominator of which is the number of days in the related Interest Period; provided, however, that if the dividends, distributions or payments on any Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(b) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Bank Instrument, Local Rabobank Instrument or Junior Group Member Instrument; and

**(c) *Pro rata with Parity Shares***

The payment of Interest will be required:

- (i) for Interest Periods covering 12 consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually, if any (other than any Excluded Declarations);
- (ii) for Interest Periods covering six consecutive months commencing with the Interest Period with a related Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends semi-annually, if any (other than any Excluded Declarations); and
- (iii) on the Interest Payment Date that occurs on or immediately follows the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment

on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

provided that in the event that Interest on the Capital Securities is payable (or deemed to be payable) as provided in this Condition 6(c), such Interest shall be payable (or deemed to be payable) in the same proportion that the declaration or payment on such Parity Share bears to the stated annual dividends, distributions or payments to be declared and paid on such Parity Share. If the dividend, distribution or payment on any such Parity Share that triggers the requirement to pay Interest on the Capital Securities as provided by this Condition 6(c) is made, but not with respect to a specified dividend, distribution or payment period, full Interest on the Capital Securities will be deemed to be payable for the Interest Period with the related Interest Payment Date that occurs on or immediately after the date on which the dividend, distribution or payment is declared or made on such Parity Share.

## 7 Prohibited and Discretionary Interest

### (a) *Prohibited Interest*

Notwithstanding Condition 6, the Issuer shall not pay the Interest due on an Interest Payment Date 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 BIS ratio (total capital) falling below the then applicable minimum requirement). In such case and to such extent there will be no Required Interest.

The Issuer shall give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following any declaration that Interest is Prohibited Interest pursuant to this Condition 7(a) 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.

### (b) *Discretionary Interest*

Any Interest that is neither Required Interest nor Prohibited Interest shall be payable on the relevant Interest Payment Date at the sole discretion of the Issuer, 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 give notice to the Registrar as soon as practicable, and to NZX in accordance with the Listing Rules following 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 7(b) to not pay such Discretionary Interest, to such effect setting out brief details of such exercise.

## 8 Redemption 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 8.

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

Any redemption or purchase of the Capital Securities in accordance with Condition 8(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) giving not less than 30 nor more than 60 calendar days' notice to the Holders and the Registrar in accordance with Condition 15, which notice shall be irrevocable; and (iii) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8(c)), the Issuer shall deliver to the Registrar a certificate signed by any two members of the Executive Board stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

### (c) *Issuer's Call Option*

Subject to the first paragraph of Condition 8(b), the Issuer may elect to redeem all, but not some only, of the Capital Securities on the First Call Date or any Floating Rate Interest Payment Date thereafter at their Redemption Price.

Unless the Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the Capital Securities on the Conditional Call Date, subject to the Issuer having 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 a Conditional Call 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 in accordance with the remaining provisions of this Condition 8(c).

If, by reference to the facts pertaining on the date falling 60 calendar days prior to the Floating Rate Interest Payment Date falling on June 18, 2039, all Interest on such Floating Rate Interest Payment Date is Required Interest and:

- (i) the Replacement Capital Amount is zero, the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price; or
- (ii) the Replacement Capital Amount is greater than zero, the Issuer shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to permit payment of the Redemption Price in full on such Floating Rate Interest Payment Date.

If the Replacement Capital Amount is greater than zero and is able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date and Interest on such Floating Rate Interest Payment Date continues, by reference to the facts pertaining at such time, to be Required Interest the Issuer shall give not less than 30 calendar days' notice to the Registrar and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital

Securities will be redeemed on such Floating Rate Interest Payment Date at their Redemption Price.

If the Replacement Capital Amount is greater than zero and is not able to be raised in full on or before the date falling 35 calendar days prior to such Floating Rate Interest Payment Date, the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar and the Holders in accordance with Condition 15 and shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount to permit redemption of the Capital Securities in full (subject to the other Conditional Call Restrictions being satisfied) on the next Floating Rate Interest Payment Date.

The Issuer shall continue the above procedure until the Capital Securities have been redeemed in full.

Interest on the Capital Securities shall, subject to the limitations thereon set out in Condition 7(a), continue to accrue at the applicable Interest Rate until the Capital Securities have been redeemed in full.

Subject to Condition 8(b), nothing in this Condition 8(c) shall prevent the Issuer from exercising its option to redeem the Capital Securities on the Floating Rate Interest Payment Date falling on June 18, 2039 or any Floating Rate Interest Payment Date thereafter, in its sole discretion without regard to the Conditional Call Restrictions.

**(d) *Redemption Due to Netherlands Taxation***

If:

- (i) as a result of a Tax Law Change, 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) as a result of a Tax Law Change, 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 8(b), having delivered to the Registrar 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 8(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 8(b) and having given the notice required by Condition 8(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) *Redemption upon Exchange Event***

If an Exchange Event (as that term is defined in the PIE Conditions) occurs, the Issuer may redeem all, but not some only, of the Capital Securities at their Redemption Price on the relevant date fixed for redemption.

**(g) *Purchases***

The Issuer or any other member of the Rabobank Group may, having obtained the prior consent of the Dutch Central Bank (if, at such time, consent is required to be obtained), and in compliance with applicable Listing Rules, at any time purchase Capital Securities in any manner and at any price.

**(h) *Cancellation***

All Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Capital Securities 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 Registrar for cancellation. Capital Securities so surrendered shall be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be discharged.

**9 Payments**

**(a) *Method of Payment***

Payments of principal and interest will be made to the Holder as at 5.00 p.m., New Zealand time, 10 calendar days after the Record Date for the relevant payment to the bank account or address stated in the Register on that date notwithstanding any notice the Issuer or the Registrar may have of any subsequent transfer. Such payments will be made, at the option of the payee, by New Zealand dollar cheque drawn on, or by transfer to a New Zealand dollar account maintained by the payee with, a bank in New Zealand, provided that notice of any change to the method of payment must be received by the Registrar prior to the Record Date for the relevant payment.

**(b) *Payments Subject to Fiscal Laws***

Without prejudice to the terms of Condition 11, 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) *Payments on Business Days***

Payments due on a Capital Security may only be made on a Business Day. Unless otherwise specified herein, if the due date for any payment in respect of the Capital Securities is not a Business Day that payment shall be made on the next following Business Day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment.

**(d) *Reliance; Complete Discharge***

The Issuer and the Registrar may, in making any payment in respect of a Capital Security, rely absolutely on the information regarding ownership of the beneficial interest in that Capital Security appearing in the Register or, in the case of a Capital Security lodged with the Austraclear System, on the records of the Austraclear System. Any payment made by the Issuer or the Registrar to a person appearing to be a Holder in reliance on such information shall be deemed to be valid and shall be a complete and final discharge of the Issuer's obligations in respect of that payment.

**(e) *Taxation Indemnity***

- (i) If, in relation to any Capital Security, the Issuer or the Registrar becomes liable to make any payment of or on account of tax payable by the Holder, the Issuer and the Registrar are indemnified by the Holder in relation to such liability and all costs, charges, interest, penalties, fines and expenses, incidental and relating to or arising in connection with any such tax.
- (ii) Any moneys paid by the Issuer or the Registrar in relation to any such liability may be recovered from the Holder as a debt due to the Issuer or the Registrar, as the case may be, and may be withheld from further payments to that Holder.
- (iii) Nothing in this Condition prejudices or affects any other right or remedy of the Issuer or the Registrar.
- (iv) In this Condition 9(e), "tax" includes all forms of taxation, withholding, duties, dues, imposts, levies and rates which are imposed or levied by or on behalf of the Netherlands or New Zealand (or elsewhere) or any authority therein or thereof having power to tax.

**(f) *Unclaimed Payments***

If any payment made by the Issuer or the Registrar to any Holder of a Capital Security at its address last entered in the Register is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be retained by the Registrar to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer. The Issuer will have no liability in respect of any such amounts of principal or interest if such amount remains unclaimed five years after the original date of payment.

**10 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 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.

**11 Taxation - Netherlands Taxes**

All payments made by or on behalf of the Issuer in respect of the Capital Securities 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 to a third party on the Holder's behalf) with respect to any Capital Securities:

- (i) if such Holder 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 by reason of such Holder having some

connection with the Netherlands other than by reason only of holding Capital Securities or the receipt of the relevant payment in respect thereof;

- (ii) if such Holder 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; or
- (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.

## 12 Taxation - New Zealand Taxes

### (a) *Deductions or Withholdings*

Subject to Condition 9(e), Condition 11 and the remainder of this Condition 12, all sums payable by the Issuer in respect of a Capital Security shall be paid (except to the extent required by law):

- (i) free of any restriction or condition;
- (ii) free and clear of and without any deduction or withholding on account of any tax; and
- (iii) without deduction or withholding on account of any other amount whether by way of set-off, counterclaim or otherwise.

### (b) *Non-Resident Withholding Tax*

Subject to the following sentence, if required by law, New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Non-Resident Holders. If the Issuer is lawfully able to pay approved issuer levy (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) in respect of any payment of interest (or deemed interest) to a Non-Resident Holder and has elected to register the Capital Securities as a registered security (as defined in section 86F of the New Zealand Stamp and Cheque Duties Act 1971) then, unless that Non-Resident Holder has given notice in writing to the Registrar (or has revoked such notice) in accordance with Condition 12(f), the Issuer (or the Registrar on behalf of the Issuer) will pay the approved issuer levy to the appropriate authority and will deduct the amount paid from the interest (or deemed interest) payable to that Non-Resident Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.

### (c) *Resident Withholding Tax*

New Zealand resident withholding tax will, if required by law, be deducted from payments of interest (or payments deemed to be interest) to Holders who are resident in New Zealand or who are engaged in business through a fixed establishment (as defined in the Tax Act) in New Zealand unless a copy of an appropriate exemption certificate is provided to the Registrar no later than five Business Days before the Record Date for the relevant payment.

### (d) *Maximum Rate*

Deductions of New Zealand non-resident or resident withholding tax will be made at the maximum rates from time to time applicable (or a lower rate permitted by law) unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable or that no deduction is required by law.

**(e) *No Gross-Up for New Zealand Taxes***

The Issuer is not required to, and will not, make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding of any amount from any payment made in relation to a Capital Security in accordance with this Condition 12 or otherwise required by New Zealand law to be deducted or withheld for or on account of tax (including, for the avoidance of doubt, where an amount has been deducted in accordance with Condition 12(b) in relation to approved issuer levy paid by or on behalf of the Issuer). Each payment to a Holder that has been reduced by reason of a deduction or withholding in accordance with this Condition 12 shall be in full discharge of the obligations of the Issuer to make the relevant payment to that Holder.

**(f) *Written Notice Regarding Non-Resident Withholding Tax / Approved Issuer Levy Election***

A Non-Resident Holder may give notice in writing to the Registrar no later than five Business Days before the Record Date for the payment of interest (or payments deemed to be interest) to that Non-Resident Holder that New Zealand non-resident withholding tax is to be deducted from such interest in lieu of deducting an amount on account of approved issuer levy as contemplated by Condition 12(b). Such a notice may also stipulate that New Zealand non-resident withholding tax is to be deducted from all subsequent such interest payments until revoked by the Non-Resident Holder in accordance with this Condition 12(f).

A notice given pursuant to this Condition 12(f) may only be revoked by the Non-Resident Holder giving notice in writing to the Registrar of such revocation no later than five Business Days before the Record Date (and related Interest Payment Date) on and from which the revocation is to take effect.

For the avoidance of doubt, a Non-Resident Holder may give notice in writing pursuant to the first paragraph of this Condition 12(f) notwithstanding that the Non-Resident Holder has revoked a notice (or notices) previously so given, with the intent that a Non-Resident Holder may apply the provisions of this Condition 12(f) on more than one occasion.

**13 Meetings of Holders and Modification**

**(a) *Meetings of Holders***

All meetings of Holders shall be convened and held in accordance with the provisions of Schedule 2 attached hereto.

**(b) *Modification and Amendment of Conditions***

These Conditions may be amended by the Issuer and the Registrar, without the consent of Holders, where such amendment is of a minor or technical nature or is made to comply with applicable laws, including the Listing Rules or, 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 Registrar may mutually deem necessary or desirable and which does not adversely affect the interests of the Holders.

In addition, these Conditions may be amended by the Issuer if the amendment is approved by an Extraordinary Resolution of Holders.

Any amendment of these Conditions shall be subject to the Issuer having first obtained the approval of the Dutch Central Bank, if required.

## 14 Register

### (a) *Maintenance of Register*

So long as any of the Capital Securities are outstanding, the Issuer shall cause to be maintained a full and complete Register of the Capital Securities having the information specified in schedule 1 hereto and otherwise in accordance with these Conditions, the Agency Agreement, all applicable laws and the Listing Rules and shall appoint, and maintain the appointment of, a registrar in respect of the Capital Securities.

### (b) *Inspection of Register*

The Issuer shall ensure that at all reasonable times during office hours of the Registrar, the Register is made available to any Holder, any officer of a Holder or any person authorised in writing by a Holder, for inspection and for the taking of copies or extracts from it (at the expense of the person taking the copy or extract) in respect only of the Holder's own holding of Capital Securities.

### (c) *Closing of Register*

The Issuer may, from time to time, on giving notice to Holders in accordance with Condition 15, close the Register for any period or periods not exceeding the shorter of (i) 30 calendar days in any one calendar year and (ii) the period, if any, permitted by NZX.

### (d) *Correction of Errors*

The Issuer or the Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

### (e) *Joint Holders*

Capital Securities may be held by two or more persons, who shall hold as joint tenants (unless the contrary intention is expressed in the application for Capital Securities or instrument of transfer) with rights of survivorship. However, the joint Holders of a Capital Security are only entitled to be entered once in the Register in relation to their joint holding and only the person whose name is recorded first in the Register shall be entitled to delivery of any Statement, notice, certificate or other communication from the Issuer, the Registrar or NZX. If two or more persons apply to be registered as tenants in common, the Registrar may, after receiving an application from one person and notifying the other person(s) of its intentions to do so, divide the Capital Securities into the share for which each person is expressed to be entitled and register each person as the holder of the Capital Securities representing the person's share, subject to the requirements of Condition 3(a) in relation to minimum holdings. If the Capital Securities cannot be divided into shares complying with the minimum holdings (if any) applicable to any Capital Securities, the Registrar may refuse to accept the application.

## 15 Notices

Notices to the Holders shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Alternatively, notices may, at the option of the Issuer, be published in a daily newspaper having general circulation in New Zealand (which is expected to be the New Zealand Herald). The Issuer shall also ensure that notices are duly published in a manner which complies with the Listing Rules. 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.

## 16 Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further instruments ranking *pari passu* in all respects and so that such further issue shall be consolidated and form a single series with the outstanding Capital Securities or a new series.

## 17 Agents

The initial Registrar (in its capacity as initial registrar and paying and transfer agent) and its initial specified office is listed below. The initial Calculation Agent is as defined in Condition 1.

The Issuer reserves the right at any time to vary or terminate the appointment of any agents and to appoint additional or other agents, provided that it will at all times maintain a specialist registrar having a specified office in New Zealand.

Notice of any such termination or appointment and of any change in the specified office of the Registrar will be given to the Holders in accordance with Condition 15.

If the Registrar is unable or unwilling to act as such or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint a specialist registrar to act as such in its place. The Registrar may not resign its duties or be removed without a successor having been appointed as aforesaid. All calculations and determinations made by the Registrar in relation to the Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer and the Holders.

If the Calculation Agent is unwilling or unable duly to determine the Interest Rate in respect of any Initial Rate Interest Period or Floating Rate Interest Period as provided in Condition 5(e) or calculate an Interest Amount, the Issuer shall appoint a calculation agent in its place.

The initial specified office of the initial Registrar is:

Computershare Investor Services Limited  
Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
New Zealand

## 18 Governing Law

The Capital Securities are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Agency Agreement is governed by, and shall be construed in accordance with, the laws of New Zealand.

## 19 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 and, accordingly, any Proceedings may be brought in such courts. This submission is made for the benefit of each of the Holders of the Capital Securities and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

**SCHEDULE 1****PARTICULARS TO BE RECORDED IN THE REGISTER IN RESPECT OF EACH CAPITAL SECURITY**

1. Type of Capital Security [Fixed Rate, Floating Rate, Fixed/Floating Rate]
2. Issue Date
3. Call Date\*
4. Principal Amount
5. Name and address of Holder
6. Minimum denomination\*
7. Coupon Rate\*
8. Yield\*
9. Margin\*
10. Frequency of interest instalments
11. Interest Payment Dates\*
12. Interest Period\*
13. Rate Reset Date\*
14. Rate Reset Basis\*
15. Details of the account to which payments in respect of the Capital Security are to be made
16. Transfers of the Capital Security
17. Cancellation of the Capital Security
18. Other\*
19. Any other information required by law or otherwise relevant to any particular Capital Securities
20. Withholding tax rate
21. Tax residency

\* if applicable

**SCHEDULE 2**  
**MEETINGS OF HOLDERS**

**1. CONVENING**

1.1 In these provisions:

**"Appointed Time"** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

**"clause"** is a reference to a clause of this schedule unless specified otherwise.

**"Proxy Closing Time"** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

**"Representative"** means:

- (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of a Holder being a corporation or corporation sole either:
  - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

1.2 The Issuer may at any time of its own volition convene a meeting of the Holders.

1.3 The Issuer will whenever required to do so pursuant to the Securities Act 1978 or any regulations made thereunder or the Listing Rules convene a meeting of the Holders.

1.4 The Issuer will at the request in writing of Holders holding not less than 10% of the aggregate principal amount of the outstanding Capital Securities convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.5 Notwithstanding the other provisions of this clause 1, the Issuer will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

**2. PLACE**

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

**3. NOTICE OF MEETINGS**

3.1 Notice of every meeting will be given either by publication thereof in a newspaper in the manner provided in Condition 15 or in writing to every Holder entered in the Register as

at the close of business five Business Days prior to the date of despatch of the notice, such notice to be sent to the respective addresses of Holders stated in the Register.

- 3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

#### **4. QUORUM**

- 4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).
- 4.2 The quorum for passing an Extraordinary Resolution will be Holders present in person or by Representative holding or representing a majority in principal amount of the Capital Securities.
- 4.3 The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate principal amount of the Capital Securities.
- 4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the Chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting, if convened upon the request of Holders, will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only 7 clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of Capital Securities held by them (but comprising at least two individuals) will form a quorum.

#### **5. CHAIRMAN**

- 5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at each relevant meeting.

#### **6. RIGHT TO ATTEND AND SPEAK**

- 6.1 Any director, officer or solicitor of the Issuer or any person authorised in that behalf by the Issuer may attend any meeting and all such persons will have the right to speak at the meeting.

## 7. ADJOURNMENT

- 7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.
- 7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

## 8. ONLY PERSONS ON REGISTER RECOGNISED BY THE ISSUER

- 8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the Capital Securities therein mentioned whether such persons are or are not in fact the owners thereof.

## 9. AUTHORITY TO VOTE

- 9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.
- 9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the Capital Securities recorded as owned by them.

## 10. PROXIES

- 10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.
- 10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.
- 10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer must be deposited at such place as the Issuer may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of the Issuer not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.
- 10.4 An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 10.5 A proxy whether in a usual or common form or not will, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.

**10.6 An instrument of proxy in favour of:**

- (a) the general counsel of the Australian Branch of the Issuer; or
- (b) the chairman of the meeting,

(howsoever expressed) will be valid and effectual as though it were in favour of a named person and will in the case of paragraph (a) above constitute the person holding the office of the general counsel of the Australian Branch of the Issuer and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

**11. HOLDER MAY APPOINT ATTORNEY**

**11.1** Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

**12. CORPORATE REPRESENTATIVES**

**12.1** A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.

**12.2** A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

**13. VOTING PROCEDURE AND POLLS**

**13.1** A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or any representative of the Issuer or by one or more Holders holding or representing not less than 5% of the aggregate principal amount of the Capital Securities. Unless a poll is so demanded a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

**13.2** On a show of hands each Holder present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1.00 of principal amount of Capital Securities of which he is the Holder.

**13.3** If a poll is duly demanded it will be taken in such manner as the chairman of the meeting may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.

**13.4** In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded

will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

- 13.5 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.6 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.7 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.9 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the Capital Securities in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

#### **14. EXTRAORDINARY RESOLUTIONS**

- 14.1 The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which not less than 75% of the persons voting thereat upon a show of hands or if a poll is duly demanded then not less than 75% of the votes given on such a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, in addition to any other powers which by the Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely:
  - (a) power to sanction, either unconditionally or upon any conditions, the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Conditions or the Capital Securities;
  - (b) power to sanction any request from the Issuer for the exchange of the Capital Securities for, or the conversion of the Capital Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
  - (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer or against its assets however such rights arise;

- (d) power to assent to any amendment to the Conditions proposed or agreed to by the Issuer and to authorise the Issuer to execute any supplemental deed or agreement or fulfil any other requirements or to take any other action that may be necessary to effect such amendment;
- (e) power to give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of the Conditions;
- (f) power to sanction any scheme for the reconstruction or merger of the Issuer where such sanction is necessary; and
- (g) power to authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

14.3 An Extraordinary Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will be, as between the Issuer and the Holders, conclusive evidence that the circumstances justify the passing thereof, the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

## 15. MINUTES TO BE KEPT

15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at such meeting, by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Issuer and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolution were passed or proceedings had or by the chairman of the next succeeding meeting of Holders, will be *prima facie* evidence of the matters therein stated. Until the contrary is proved every such meeting in respect of the proceedings had held and convened and all resolutions passed or proceedings had held and convened and all resolutions passed or proceedings had thereat shall be deemed to have been duly passed and had.

## 16. RESOLUTIONS IN WRITING

16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate Capital Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution.

16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.

16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

**Parties**

**RABO CAPITAL SECURITIES LIMITED**  
*(Issuer)*

**NZX LIMITED**  
*(NZX)*

**LISTING AGREEMENT**  
**NZDX MARKET**

AGREEMENT dated the 15<sup>th</sup> day of April, 2009

## PARTIES

**Rabo Capital Securities Limited** ("the Issuer")

**NZX Limited** ("NZX")

### 1. INTERPRETATION

In this Agreement:

"NZDX Listing Rules" means the NZDX Listing Rules of NZX as in force from time to time and expressions defined in the NZDX Listing Rules have the same meaning.

### 2. COMPLIANCE WITH THIS AGREEMENT

In consideration of the Issuer, upon Listing, paying to NZX such fees as prescribed by NZX from time to time, NZX agrees to List the Issuer on the NZDX Market and the parties agree to be bound by the terms and conditions of this Agreement.

### 3. COMPLIANCE WITH NZDX LISTING RULES

The Issuer will at all times while it is listed by NZX (whether or not any of its Securities are Quoted) comply with all of the obligations imposed on the Issuer under the NZDX Listing Rules.

### 4. ACKNOWLEDGEMENTS

Without limiting clause 3 or any provision of the NZDX Listing Rules, the Issuer acknowledges that:

- (a) NZX may amend the NZDX Listing Rules from time to time, and all such amendments shall be binding upon the Issuer;
- (b) NZX Regulation Personnel are empowered by the NZDX Listing Rules to inspect the records of the Issuer and all Subsidiaries of the Issuer at the expense of the Issuer and, in certain circumstances, to disclose any information obtained;
- (c) the NZDX Listing Rules are for the benefit of, and enforceable by, not only NZX, but every Security Holder and former Security Holder of the Issuer, and the Contracts (Privity) Act 1982 shall apply accordingly;
- (d) under the NZDX Listing Rules, NZX may at its absolute discretion and at any time suspend or cancel the listing of the Issuer or the Quotation of any of its Securities; and
- (e) the Issuer will not be Listed and its Securities will not be quoted on the NZDX Market until such time as NZX publishes a Listing Notice that the Issuer is Listed on

the NZDX Market effective on the date set out in the Listing Notice.

## 5. WAIVER

The Issuer:

- (a) will not take any proceedings of any kind against NZX, any director, officer or employee of NZX, any NZX Regulation Personnel, or any delegate of NZX, for anything any such person may do or say, or fail to do or say, in the course or purported course of exercising any of his or her duties or powers under the NZDX Listing Rules or under this Agreement, unless it is shown that such person acted in bad faith; and
- (b) will ensure that no Subsidiary, director, officer, employee, agent or delegate of the Issuer or any Subsidiary takes any such proceedings.

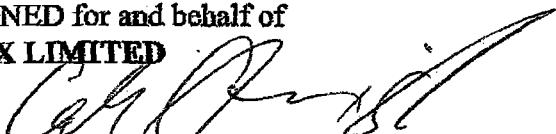
## SIGNED AS AN AGREEMENT

SIGNED for and behalf of  
**RABO CAPITAL SECURITIES LIMITED**

  
\_\_\_\_\_  
Director

P. Mitchell  
Name of Director

SIGNED for and behalf of  
**NZX LIMITED**

  
\_\_\_\_\_  
Authorised Signatory

In the presence of:   
\_\_\_\_\_  
Kristin Braude

Name: \_\_\_\_\_

Occupation: Solicitor

Address: 23 Sape Tce Karori Wellington



## **CERTIFICATE OF REGISTRATION OF PROSPECTUS**

**(Under Section 42(5) of the Securities Act 1978)**

**RABO CAPITAL SECURITIES LIMITED**

**2221873**

This is to certify that a Prospectus, for RABO CAPITAL SECURITIES LIMITED, dated the 17th day of April 2009 was registered on the 17th day of April 2009.

A handwritten signature in black ink, appearing to read 'Neville Harris'.

Neville Harris  
Registrar of Companies  
Dated this 4th day of May 2009

