Offering Circular

Rabobank Nederland

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

(a coöperatie formed under the laws of the Netherlands with its statutory seat in Amsterdam)

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch (Australian Business Number 70 003 917 655)

(a coöperatie formed under the laws of the Netherlands with its statutory seat in Amsterdam)

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch (Singapore Company Registration Number F03634W)

(a coöperatie formed under the laws of the Netherlands with its statutory seat in Amsterdam)

Euro 110,000,000,000
Global Medium-Term Note Programme
Due from seven days to perpetuity

Under the Global Medium-Term Note Programme described in this Offering Circular (the 'Programme'), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland', the 'Bank' or the 'Issuer'), may through its head office or through its branches listed above, subject to compliance with all relevant laws, regulations and directives, from time to time issue Global Medium-Term Notes (the 'Notes'). References herein to the 'Issuer' shall mean Rabobank Nederland, whether issuing Notes through its head office or through its branches listed above.

The branches through which Rabobank Nederland may issue Notes are Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch ('Rabobank Australia Branch') and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch ('Rabobank Singapore Branch'). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 110,000,000,000 (or the equivalent in other currencies). The Programme is, and Notes issued under it may be, denominated in 'euro', which means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992).

This Offering Circular is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the 'Prospectus Directive') and the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* and regulations thereunder (together 'Dutch securities laws') and has been approved by the Netherlands Authority for the Financial Markets *(Autoriteit Financiële Markten* or 'AFM'), in its capacity as competent authority under Dutch securities laws, in accordance with the provisions of the Prospectus Directive and Dutch securities laws on May 13, 2008. Application will be made for Notes issued under the Programme within 12 months of this Offering Circular to be admitted to trading on Euronext Amsterdam N.V.'s Euronext Amsterdam by NYSE Euronext ('Euronext Amsterdam') and to be admitted to the official list of the Luxembourg Stock Exchange (the "Official List") and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the 'Luxembourg Stock Exchange'). Euronext Amsterdam and the regulated market of the Luxembourg Stock Exchange are regulated markets for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. References in this Offering Circular to Notes being 'listed' (and all related references) shall mean that such Notes have been admitted to trading on a regulated market. Notes may also be listed on another stock exchange and unlisted Notes may also be issued under the Programme. The relevant final terms to this Offering Circular (the 'Final Terms') in respect of the issue of any Notes will specify whether such Notes will be listed on Euronext Amsterdam or the Official List (or any other stock exchange) or whether the Notes will not be listed. In relation to each separate issue of Notes, the price and amount of such Notes will be determined by the Issuer and the relevant Dealers in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms.

The Notes of each Tranche (as defined herein) in bearer form will initially be represented by a temporary global note in bearer form, without interest coupons (each a 'temporary Global Note'). Notes in registered form will be represented by registered certificates (each a 'Certificate'), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes (as defined below) of one Series and may be represented by a Global Certificate (as defined below). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ('NGN') form and they are intended to be eligible collateral for Eurosystem monetary policy, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the 'Common Safekeeper') for Euroclear Bank S.A./N.V. ('Euroclear') and Clearstream Banking, société anonyme ('Clearstream, Luxembourg').

Global Notes which are not issued in NGN form ('Classic Global Notes' or 'CGNs') and Certificates will, be deposited on the issue date of the relevant tranche either with (a) a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (the 'Common Depositary') or (b) such other clearing system as agreed between the Issuer and the relevant Dealer. Interests in temporary Global Notes will be exchangeable for interests in permanent global notes (each a 'permanent Global Note' and, together with the temporary Global Notes, the 'Global Notes'), or if so stated in the relevant Final Terms, definitive Notes ('Definitive Notes'), after the date falling 40 days after the completion of the distribution of such Tranche upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under 'Summary of Provisions Relating to the Notes while in Global Form'.

Notes of each Tranche of each Series to be issued in registered form ('Registered Notes') and which are sold in an 'offshore transaction' within the meaning of Regulation S ('Unrestricted Notes') under the U.S. Securities Act of 1933 (the 'Securities Act') will initially be represented by a permanent registered global certificate (each an 'Unrestricted Global Certificate'), without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a common depositary on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg, The Depository Trust Company ('DTC') or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer.

Registered Notes issued by Rabobank Nederland which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ('Restricted Notes') will initially be represented by a permanent registered global certificate (each a 'Restricted Global Certificate' and, together with the 'Unrestricted Global Certificate', the 'Global Certificates'), without interest coupons, which may be deposited on the issue date either with (a) a common depositary on behalf of Euroclear and Clearstream, Luxembourg, or (b) a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Beneficial interests in Global Certificates held by Euroclear, Clearstream, Luxembourg and/or DTC will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and/or DTC and their participants. See 'Clearing and Settlement'. The provisions governing the exchange of interests in the Global Notes and in each Global Certificate are described in 'Summary of Provisions Relating to the Notes while in Global Form'.

Senior Notes issued under the Programme have been rated AA+ by Fitch Ratings Ltd. Senior long-term Notes have been rated Aaa by Moody's Investors Service Ltd. ('Moody's') and AAA by Standard & Poor's Ratings Services ('Standard & Poor's'). Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to Senior Notes issued under the Programme and will be specified in the relevant Final Terms. None of these ratings is a recommendation to buy, sell or hold securities and any of them may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without prior notice.

Factors which may affect the ability of the Issuer to fulfil its obligations under the Programme and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out on pages 9 to 16.

This Offering Circular supersedes and replaces the Offering Circular dated May 14, 2007.

Arranger for the Programme
Credit Suisse

Dealers

Rabobank International
Citi
Daiwa Securities SMBC Europe
JPMorgan
Mizuho International

BNP PARIBAS
Credit Suisse
Goldman Sachs International
Merrill Lynch International
Morgan Stanley

UBS Investment Bank

The date of this Offering Circular is May 13, 2008

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in 'Summary — The Programme'). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Final Terms comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are being sold pursuant to an exemption from the registration requirements of such Act. The Notes include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act.

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

Your attention is drawn to the important information on pages 17 to 20.

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SUMMARY

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference, by any investor. The Issuer has civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in an EEA State, the claimant may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.

Unless the context otherwise requires, references in this summary to the 'Rabobank Group', 'Rabobank' or the 'Group' are to Rabobank Nederland and its members, subsidiaries and affiliates, and references to the 'Bank' are to Rabobank Nederland.

Rabobank

Rabobank, founded over a century ago, is one of the largest banking groups in the Netherlands and ranks in the top 25 banking institutions in the world in terms of total assets and Tier I capital. The Group is a cooperative banking organisation comprised of Rabobank Nederland (a cooperative entity licensed as a credit institution in the Netherlands), Rabobank Nederland's local member credit institutions (the 'Local Rabobanks') and numerous specialised finance and other subsidiaries. A system of cross guarantees provides for intra-Group credit support among Rabobank Nederland, all Local Rabobanks and certain subsidiaries in the event of a shortfall in assets in one of the entities. In the Netherlands, the Rabobank Group follows an 'all-finance' concept, meaning it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking 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 an all-finance provider, the Group focuses on operations that produce fee-based income in addition to the Group's traditional interest-based income sources. For example, Rabobank is active in asset management through Robeco Group N.V., the largest retail investment manager in the Netherlands in terms of assets under management, in which Rabobank Nederland owns a 100 per cent. equity interest. Internationally, Rabobank pursues a niche strategy in investment and international corporate banking through Rabobank International. At December 31, 2007, the Rabobank Group operated in the Netherlands through 174 Local Rabobanks, 1,159 branches and 3,102 points of contact and internationally through overseas offices in countries outside the Netherlands.

Rabobank's current ratings from Moody's and Standard & Poor's are Aaa and AAA respectively and AA+ from Fitch Ratings Ltd.

At December 31, 2007, Rabobank had total assets of EUR 571 billion, loans outstanding to private sector borrowers amounting to EUR 356 billion (net of reserves for loan losses), equity of EUR 31.4 billion, due to customers of EUR 249.5 billion and EUR 101.2 billion in savings accounts. Rabobank's net profit return on Tier 1 capital for the year ended December 31, 2007 was 10.1 per cent.

Objects

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

Market Position in the Netherlands

Rabobank has a customer base of approximately nine million customers, which means that more than half the population of the Netherlands buys one or more products from the Rabobank Group. Rabobank Nederland acts as central bank for 174 Local Rabobanks (at December 31, 2007), from which the Group's members are drawn. Through these Local Rabobanks and their branches and agencies, Rabobank has built a domestic customer franchise with substantial market shares (based on management estimates) in the following areas:

Residential mortgages: as of December 31, 2007 22.4 per cent. of the domestic share by amount is provided by Local Rabobanks and another 5.3 per cent. by Obvion N.V., Rabobank's mortgage loan joint venture with the ABPPension Funds, making Rabobank one of the largest residential mortgage providers in the Netherlands;

Savings deposits of individuals: as of December 31, 2007 41 per cent. market share by amount in the Dutch private savings deposits market, which provides a substantial part of the Bank's funding;

Lending to small and medium-sized Dutch businesses: in 2007 38 per cent. of small enterprises with less than 100 employees maintain their principal banking relationship with Rabobank; and

Agricultural loans: in 2007 84 per cent. by amount of all Dutch agricultural bank loans.

Focused International Expansion

Rabobank's international expansion strategy is focused on following Dutch corporates and individual customers overseas, providing financial services in sectors in which Rabobank has traditionally operated, such as the food and agriculture industries, and on establishing and developing retail operations abroad, or 'country-banking'.

Asset Quality Record

The value adjustments/average private sector lending ratio provides an indication of the probability of credit losses. At Group level, the average for the period 2002 to 2006 was 23 basis points and for 2007 was 22 basis points, reflecting Rabobank Group's favourable credit risk profile.

At December 31, 2007, economic country risk exposure to non-OECD countries represented 3.2 per cent. of the Group's total assets. Having taken into account country risk-reducing components, net country risk before provisions amounted to 1.2 per cent. of the Group's total assets.

Capitalisation

As a result of Rabobank's cooperative ownership structure, it is not allowed to pay dividends, which benefits its capital base. Because a large part of Rabobank's assets is invested in residential mortgages, its risk adjusted capital ratios compare favourably to its peer banks. At December 31, 2007, Rabobank had a Tier I ratio of 10.7 per cent.

Form of Notes

The Notes may be issued in bearer form only, in bearer form exchangeable for Registered Notes or in registered form only.

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers, except that, as at the date hereof, only Rabobank Nederland may issue Notes denominated in Sterling.

Maturities

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued with any maturity between seven days and perpetuity.

Denomination

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms.

Redemption

The Final Terms will specify the basis for calculating the redemption amounts payable, which may be by reference to stock, index or formula or as otherwise provided in the relevant Final Terms. Where the basis for calculating the redemption amounts or interest payable is by reference to stock, the Final Terms may also provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the stock or the issuer of the stock or the Issuer's and/or its Affiliates' (as defined further in the Terms and Conditions of the Notes) related hedging arrangements. Furthermore, where the basis for calculating the redemption amounts or interest payable is by reference to an index, the Final Terms may provide for the Notes to be adjusted on the occurrence of certain specified events affecting the index or its sponsor and the Final Terms may also provide for the Notes to be adjusted or redeemed on the occurrence of disruptions to the Issuer's and/or its Affiliates' related hedging arrangements. Where the basis for calculating the redemption amounts or interest payable is by reference to a formula or other variable, the Final Terms may also provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the underlying economic exposure of such formula or other variable or the Issuer's or its Affiliates' related hedging arrangements. In each case, the basis for adjustment or redemption is as more fully set out under the Terms and Conditions of the Notes.

Governing Law

Dutch law.

Listing

Euronext Amsterdam, the Luxembourg Stock Exchange, or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Risk Factors

The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the notes and the impact this investment will have on the potential investor's overall investment portfolio. Material risks that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme include Rabobank Group's exposure to credit risk and credit losses, country risk, interest rate risk, funding and liquidity risk, market risk, currency risk, operational risks, business and general eonomic conditions, legal risk, tax risk and the effect of governmental policy and regulation. Material risks relating to the structure of particular issuance of Notes may (depending on the terms of the particular issue) include that the market price of the Notes may be volatile, the Notes may not pay interest or the payment of interest may depend on the market value of other securities, payment of principal or interest may occur at a different time or in a different currency than expected and payment of principal may be in an amount less than the nominal amount of the Notes or even zero. Please see the heading 'Risk Factors'.

SUMMARY FINANCIAL INFORMATION

The following unaudited table presents certain historical consolidated financial information for the Rabobank Group as well as certain selected operating information about the Rabobank Group. This information should be read in conjunction with the Rabobank audited consolidated financial statements and the section entitled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' which appear elsewhere in this Offering Circular.

The three year key figures at and for the years ended December 31, 2005 to 2007 have been derived from the corresponding Rabobank financial statements, which have been audited by Ernst & Young Accountants, independent auditor in the Netherlands ('Ernst & Young'). The Rabobank audited consolidated financial statements for 2007, 2006 and 2005 have been prepared in accordance with IFRS. IFRS differs in certain significant respects from U.S. GAAP.

Key Figures	2007	2006	2005
Volume of services (in millions of euros)			
Total assets	570,503	556,455	506,573
Private sector lending	355,973	324,110	278,095
Due to customers	249,515	234,917	186,427
Assets managed and held in custody	301,300	291,200	224,200
Financial position and solvency (in millions of euros)			
Equity	31,375	29,377	26,349
Tier I capital	28,484	26,391	24,860
Qualifying capital	29,156	27,114	25,272
Risk-weighted assets	266,573	247,458	213,901
Tier I ratio	10.7	10.7	11.6
BIS ratio	10.9	11.0	11.8
Profit and loss account (in millions of euros)			
Total income	11,499	10,049	9,363
Operating expenses	7,709	6,887	6,242
Value adjustments	742	450	517
Taxation	386	367	521
Net profit	2,662	2,345	2,083
Ratios			
Net profit growth	13.5%	12.6%	16.2%
Return on equity	10.1%	9.4%	9.7%
Efficiency ratio	67.0%	68.5%	66.7%

RISK FACTORS

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

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

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

References in this chapter 'Risk Factors' to the 'Bank' are to Rabobank Group.

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

Business and general economic conditions

The profitability of the Rabobank Group could be adversely affected by a worsening of general economic conditions in the Netherlands or globally. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the activity level of customers. For example, an economic downturn or significantly higher interest rates could adversely affect the credit quality of the Rabobank Group's assets by increasing the risk that a greater number of its customers would be unable to meet their obligations. Moreover, a market downturn or worsening of the economy could cause the Rabobank Group to incur mark to market losses in its trading portfolios, or could reduce the fees the Rabobank Group earns for managing assets or the levels of assets under management. In addition, a market downturn could lead to a decline in the volume of customer transactions that the Rabobank Group executes and, therefore, a decline in the income it receives from fees and commissions and interest.

Credit risk

Rabobank Group pursues a prudent acceptation policy, 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.

An important element in the process of approving financing applications is the assigning of a rating that indicates the likelihood of a client being unable to repay the loan. This likelihood is referred to as the probability of default ('PD'). Rabobank Group applies the Rabobank Group Risk Rating ('RRR'), which reflects the counterparty's probability of default over a one-year period and which is applied to all larger corporate clients, financial institutions and public entities. The system comprises 25 ratings. Ratings R0 to R20 imply that financing commitments are met. R0 means the absence of risk and R20 means that the financial position of the clients is considered very weak. Ratings D1 to D4 indicate in principle that payment commitments are no longer being met and that the collectability of the loan is doubtful. D4 stands for bankruptcy or a comparable situation.

The portfolio's average rating is between R11 and R14. For 1% of the portfolio, the commitments are not being fully met and an adequate provision has been formed for this part of the portfolio. It should be noted that the breakdown indicates only the extent to which Rabobank Group expects that clients can or cannot meet their commitments.

Value adjustments/average private sector lending ratio

The 'value adjustments/average private sector lending ratio' provides an indication of the probability of value adjustments. At Group level, the average for the period 2002 to 2006 was 23 basis points[1] and for 2007 was 22 basis points, reflecting Rabobank Group's favourable credit risk profile. The ratio for the wholesale and international retail banking operations increased from 39 basis points in 2006 to 63 basis points in 2007 due to the challenging conditions in the financial markets. For the domestic retail operations this ratio declined from 7 basis points in 2006 to 6 basis points in 2007. The ratio for the leasing portfolio increased from 53 basis points in 2006 to 61 basis points in 2007. A main cause of this increase is the strong growth of the consumer lending portfolio.

Country risk

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

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

At Rabobank Group level, the country risk outstanding, including additional capital requirement and provision for country risks, is reported at every meeting of the Balance Sheet and Risk Management Committee ('BRMC') and the Country Limit Committee. The calculation of the additional capital requirement and the provision for country risk is made in accordance with Dutch Central Bank guidelines and concerns high-risk countries.

The net transfer risk before provisions for non-OECD countries was approximately 1.2% of total assets in 2007.

Interest rate risk

An important risk component for Rabobank Group is interest rate risk. Interest rate risk is the risk, outside the trading environment, of deviations in interest income and/or the market value of capital as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for 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.

Funding and liquidity risk

Liquidity risk is the risk that not all (re)payment commitments can be met. This could happen if clients or other professional counterparties suddenly withdraw more funding than expected, which cannot be met by the Bank's cash resources or by selling or pledging assets or by borrowing funds from third parties.

In addition to having a diversified funding base, maintaining appropriate levels of central bank-eligible collateral and limiting net cash outflows methods of managing and measuring liquidity risk include the CA/CL method (Core Asset/Core Liabilities). This analysis is based on the cash flow schedule of assets and liabilities. A quantification is made of the assets (and unused facilities) and liabilities that will probably still be or come on the balance sheet after a defined stress scenario has taken place. These remaining assets and liabilities are referred to as the core assets ('CA') and core liabilities ('CL') respectively. The CA/CL ratio is the liquidity ratio. Given the conservative weightings used, a ratio of below 1.2 is considered adequate. In 2007, this was the case for the scenarios used.

(1) One basis point is 0.01%.

Market risk

Market risk relates to changes in the value of the trading portfolio as a result of price movements in the market. Price changes include prices of interest rate products (interest rate), equities, currencies, certain commodities and derivatives. The exposure is calculated and consolidated on a daily basis and managed using a sophisticated system of limits. At a consolidated level, the exposure is expressed by the 'Value at Risk'. This measure, based on historic market developments, indicates the maximum loss that Rabobank Group can suffer subject to a certain confidence level and in 'normal' market conditions. The level of the Value at Risk reflects market developments and the positions taken by the Bank itself.

In order to understand the maximum potential risk, the effect of certain extreme events ('event risk') on the value of the portfolios is calculated. To this end, both actual and hypothetical scenarios are analysed. Sensitivity analyses are also used.

Currency risk

Currency risk positions are taken in both trading and non-trading books. As other market risks, the currency risk in the trading books is controlled using Value at Risk limits. Currency risk in the non-trading books relates exclusively to the translation risk on capital invested in foreign activities and issues of Trust Preferred Securities not denominated in euros. Translation risk is the risk that exists when assets or liabilities are denominated in a currency deviating from the presentation currency.

Operational risk

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

Legal risk

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

Tax risk

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

Effect of governmental policy and regulation

The Rabobank Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the Netherlands, the European Union, the United States and elsewhere. Areas where changes could have an impact include (but are not limited to): the monetary, interest rate and other policies of central banks and regulatory authorities; changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Rabobank Group operates; changes and rules in competition and pricing environments; developments in the financial reporting environment; or unfavourable developments producing social instability or legal uncertainty which in turn may affect demand for the Rabobank Group's products and

services. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

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

The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Equity Linked Notes, Index Linked Notes and Dual Currency Notes

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

1. the market price of such Notes may be volatile;
2. they may receive no interest or principal;
3. payment of principal or interest may occur at a different time or in a different currency than expected;
4. the amount of principal payable on redemption may be less than the nominal amount on such Notes or even zero;
5. a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
6. if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified;
7. the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield; and
8. Notes may contain broad Calculation Agent discretions to interpret, change or redeem the Notes, where such discretions are not required to be exercised in the interests of Noteholders.

Index Linked Notes differ from ordinary debt securities in that amounts due in respect of principal and/or interest will be dependent upon the performance of the underlying Index, which itself may contain substantial credit, interest rate or other risks. Additionally, for Index Linked Notes, the Final Terms may provide for the Notes to be adjusted or redeemed on the occurrence of certain specified events affecting the Index or the Sponsor. Furthermore, where Additional Disruption Events and Change in Law and/or Hedging Disruption and/or Increased Cost of Hedging are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed on the occurrence of disruptions to, or certain specified events effecting, the Issuer's and/or its Affiliates' related hedging arrangements.

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

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

Partly paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

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

The Conditions may be amended by the Issuer (i) for the purposes of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein or (ii) in any manner which the Issuer may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons, to all of which each holder of Notes, Receipts and Coupons shall, by acceptance thereof, consent. The Conditions also provide for the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14 of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from the July 1, 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also with effect from July 1, 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person

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

Basel Capital Requirements Directive

The introduction in 2007 of the general agreement of the Basel Committee for Bank Supervision for the International Convergence of Capital Measurements and Capital Standards of June 2004, or Basel II, is likely to bring changes to banks' capital ratios, including those of the Issuer. The direction and magnitude of the impact of Basel II will depend on the particular asset structures of each bank and its precise impact on the Issuer cannot be quantified with certainty at this time. The Issuer expects to incur costs in complying with the new guidelines. The new guidelines may also require the Issuer to operate its business in ways that may be less profitable than its present operations. The Issuer cannot predict the precise effects of the potential changes that might result from implementation of the proposals on both its own financial performance or the impact on the pricing of its Notes issued under this Programme. Prospective investors in the Notes should consult their own advisers as to the consequences for them of the potential application of the Basel II.

Change of law

The conditions of the Notes are based on Dutch law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to Dutch law or administrative practice after the date of this Offering Circular.

Minimum Specified Denomination

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of € 50,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of € 50,000 (or its equivalent) that are not integral multiples of € 50,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the 'Investor's Currency') other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's

Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. If the Notes are denominated in a currency other than the currency of the country in which the Noteholder is resident, the Noteholder is exposed to the risk of fluctuations in the exchange rate between the two aforementioned currencies. The Noteholder may also be exposed to a foreign exchange risk if the reference obligation is denominated, or based on prices in a currency other than the currency in which the relevant Note is denominated. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

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

IMPORTANT INFORMATION

Responsibility statement

Rabobank Nederland, having taken all reasonable care to ensure that such is the case, confirms that, to the best of its knowledge, the information contained in this Offering Circular with respect to itself as well as with respect to itself and its members, subsidiaries and affiliates taken as a whole (the 'Group' or the 'Rabobank Group') and the Notes or otherwise is in accordance with the facts and does not omit anything likely to affect the import of such information. Rabobank Nederland accepts responsibility accordingly.

Documents incorporated by reference

This Offering Circular should be read and construed in conjunction with the relevant Final Terms and the following documents which have been previously published or are published simultaneously with the Offering Circular and that have been approved by the Netherlands Authority for the Financial Markets (AFM) or filed with it and shall be incorporated in, and form part of, this Offering Circular:

(a) the audited consolidated and unconsolidated financial statements of Rabobank Nederland for the years ended December 31, 2005, 2006 and 2007 (together with the audit reports thereon and explanatory notes thereto);

(b) the articles of association of Rabobank Nederland, last amended on January 2, 2007;

(c) the Terms and Conditions of the Rabobank Nederland Global Medium Term Note programmes dated October 7, 2003, October 15, 2004, July 11, 2005, May 31, 2006 and May 14, 2007;

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

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

Supplemental offering circular

This Offering Circular is a base prospectus for purposes of the Prospectus Directive and Dutch securities laws and has been approved by the Netherlands Authority for the Financial Markets (AFM) on May 13, 2008 in accordance with the provisions of the Prospectus Directive and Dutch securities laws.

The Issuer has agreed, in connection with any listing of the Notes on the Luxembourg Stock Exchange, to supply the Luxembourg Stock Exchange with such documents and information as may be necessary in connection with the listing of the Notes on the Luxembourg Stock Exchange. The Issuer will prepare a revised or Supplemental Offering Circular setting out the changes in the operations and financial condition of the Issuer at least every year after the date of this Offering Circular and each subsequent Offering Circular.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in this Offering Circular or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes, the Issuer shall prepare and publish an amendment or supplement to this Offering Circular or a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and (in the case of Restricted Notes issued by Rabobank Nederland) within the United States to 'qualified institutional buyers' in reliance on Rule 144A under the Securities Act ('Rule 144A'). Prospective purchasers are hereby notified that sellers of Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular or any Final Terms or any other offering material relating to the Notes, see 'Plan of Distribution' and 'Transfer Restrictions'.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the 'SEC'), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Arranger and the Dealers (excluding Rabobank International) have not separately verified the information contained in this Offering Circular. None of the Dealers (excluding Rabobank International) or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Dealers or the Arranger that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Prospective investors should have regard to the factors described under the section headed 'Risk Factors' in this Offering Circular. This Offering Circular does not describe all of the risks of an investment in the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers nor the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any tranche of a Series of Notes (a 'Tranche'), the Dealer or Dealers (if any) named as the stabilising manager(s) (the 'Stabilising Manager(s)') (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The audited consolidated financial statements for the years ended December 31, 2005, December 31, 2006 and December 31, 2007 and the corresponding summary figures contained in this Offering Circular have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU pursuant to EU Regulation No 1606/2002. In addition, prospective investors should be aware that IFRS and Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP") differ in certain significant respects. None of the financial statements presented herein have been reconciled to U.S. GAAP. If such reconciliation were to be performed or an attempt would have been made to identify relevant differences between IFRS and U.S. GAAP would vary materially and adversely from the corresponding items as presented under IFRS. Investors are encouraged to contact their own financial advisors if they have any questions with respect to U.S. GAAP.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to 'U.S.$', 'US$', 'USD' and 'U.S. Dollars' are to the lawful currency of the United States, to 'AUD' and 'Australian Dollars' are to the lawful currency of Australia, to 'New Zealand Dollars' is to the lawful currency of New Zealand, to 'euro', 'EUR' and '€' are to 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, to 'sterling', 'pounds sterling' or '£' are to the lawful currency of the United Kingdom, and to '¥', 'JPY' and 'Yen' are to the lawful currency of Japan.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ('RSA') WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Available information under Rule 144A

Rabobank Nederland is exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934 (the 'Exchange Act'). As long as Rabobank Nederland is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, it will furnish its Annual Report and certain other periodic reports and information to the SEC. At such time of filing Rabobank Nederland will be exempt from providing the information required under Rule 144A(d)(4) described in the paragraph below. Copies of the materials furnished to the SEC may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and will also be available for inspection and copying at the regional office of the SEC located at Citicorp Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661.

Rabobank Nederland has agreed that, for so long as any Notes issued by it are 'restricted securities' within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Rabobank Nederland is not, nor does it intend to become, a reporting company under Section 13 or Section 15(d) of the Exchange Act. Any such request for information should be directed to Rabobank Nederland at its office set out at the end of this Offering Circular.

Forward-looking statements

This Offering Circular includes 'forward-looking statements' within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Issuer's products), are forward-looking statements.

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

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

These forward-looking statements speak only as of the date of this Offering Circular. Other than as required by law or the rules and regulations of the relevant stock exchange, the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Special considerations

Index Linked Notes are not in any way sponsored, endorsed, sold or promoted by the Sponsor (as defined in the 'Terms and Conditions of the Notes') and the Sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Index and/or the figure at which the Index stands at any particular time on any particular day or otherwise. Each Index is calculated by a third party independent from the Issuer and, therefore, the Issuer will not accept any liability for any act or failure to act by the relevant Sponsor in connection with, among other things, the calculation, adjustment, maintenance or cancellation of the Index.

Equity Linked Notes are not in any way sponsored, endorsed, sold or promoted by the issuer of the Underlying Securities and the issuer of the Underlying Securities makes no warranty or representation whatsoever, express or implied, as to the future performance of the Underlying Securities.

The Issuer, including its branches and any group company, is acting solely in the capacity of an arm's length contractual counterparty and not as a purchaser's financial adviser or fiduciary in any transaction unless the Issuer has agreed to do so in writing.

A prospective purchaser may not rely on the Issuer, the Dealers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above and none of the Issuer nor the Dealers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in 'Terms and Conditions of the Notes' below shall have the same meanings in this general description. The Bank may agree with any Dealer that Notes may be issued in a form other than that contemplated in 'Terms and Conditions of the Notes' herein, in which event (in the case of listed Notes only) a supplement to this Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The following general description is qualified in its entirety by the remainder of this Offering Circular.

Issuer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), including issuing through: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch
Description:	Global Medium-Term Note Programme
Date:	May 13, 2008
Size:	Up to Euro 110,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Use of proceeds:	The net proceeds from the issues of the Notes will be used by the Issuer in connection with its banking business.
Arranger:	Credit Suisse Securities (Europe) Limited
Dealers:	BNP PARIBAS Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Daiwa Securities SMBC Europe Limited Goldman Sachs International J.P. Morgan Securities Ltd. Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc UBS Limited The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to 'Permanent Dealers' are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to 'Dealers' are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent:	Deutsche Bank AG, London Branch

Method of Issue: The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a 'Series') having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first interest payment and nominal amount, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms.

Issue Price: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes: The Notes may be issued in bearer form only ('Bearer Notes'), in bearer form exchangeable for Registered Notes ('Exchangeable Bearer Notes') or in registered form only. Each Tranche of Bearer Notes and Exchangeable Bearer Notes will initially be represented by a temporary Global Note, without interest coupons, which will be deposited on the issue date with (i) a common depositary on behalf of Euroclear and Clearstream, Luxembourg in the case of a temporary Global Note which is in CGN form and (ii) with a Common Safekeeper for Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer in the case of a temporary Global Note which is in NGN form and is intended to be eligible collateral for Eurosystem monetary policy. No interest will be payable in respect of a temporary Global Note except as described under 'Summary of Provisions Relating to the Notes while in Global Form'. Interests in a temporary Global Note will be exchangeable for interests in a permanent Global Note or, if so stated in the relevant Final Terms, for Definitive Notes, after the date falling 40 days after the completion of the distribution of the Tranche as certified in writing by the relevant Dealer upon certification as to non-U.S. beneficial ownership. Interests in a permanent Global Note will be exchangeable for Definitive Notes in bearer form or (in the case of Exchangeable Bearer Notes) registered form as described under 'Summary of Provisions Relating to the Notes while in Global Form'. Only Rabobank Nederland may issue bearer Notes in NGN form.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series and may be represented by a Global Certificate. Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Certificate, without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg, DTC or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (a) with a common depositary on behalf of Euroclear and Clearstream, Luxembourg, or (b) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. Only Rabobank Nederland may issue Notes which are offered and sold in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act and are issued as Restricted Notes or Notes represented by a Restricted Global Certificate.

Beneficial interests in Global Certificates held by Euroclear, Clearstream, Luxembourg and/or DTC will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and/or DTC and their participants. See 'Clearing and Settlement'.

The provisions governing the exchange of interests in a Global Note for another Global Note and Definitive Notes and the exchange of interests in each Global Certificate for individual Certificates are described in 'Summary of Provisions Relating to the Notes while in Global Form'. Interests in Global Certificates may be exchanged for individual Certificates in certain circumstances. See 'Summary of Provisions relating to the Notes while in Global Form' and 'Clearing and Settlement'.

Clearing Systems: Clearstream, Luxembourg, Euroclear, DTC, Clearstream Banking AG and Euroclear France and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes: On or before the issue date for each Tranche, if the relevant Global Note representing Bearer Notes or Exchangeable Bearer Notes is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the Issue Date for each Tranche if the relevant Global Note representing Bearer Notes or Exchangeable Bearer Notes is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, or the Certificate representing Registered Notes may (or, in the case of Notes to be listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with Clearstream Banking AG, Euroclear France or any other clearing system or may be delivered outside any clearing system provided that, save in the case of delivery to Clearstream Banking AG or Euroclear France, the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers, except that, as at the date hereof, only Rabobank Nederland may issue Notes denominated in Sterling.

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity between seven days and perpetuity.

Denomination: Definitive Notes will be in such denominations as may be specified in the relevant Final Terms. Registered Notes will be in amounts of the denomination or integral multiples thereof specified in the relevant Final Terms. Additionally unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Service and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent). Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate and sold pursuant to Rule 144A under the Securities Act, in amounts of U.S.$100,000 (or its

	equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.$1,000, in certain limited circumstances described in 'Summary of Provisions Relating to the Notes while in Global Form' and 'Clearing and Settlement'.
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to EURIBOR, LIBOR, LIBID or LIMEAN or (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin, or (iii) using any other method of determination as may be provided in the Final Terms. Interest periods will be specified in the relevant Final Terms.
Original Issue Discount Notes (including Zero Coupon Notes):	Original Issue Discount Notes may be issued at their nominal amount or at a discount and may or may not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.
Equity Linked Notes:	Payments of principal in respect of Equity Linked Redemption Notes or of interest in respect of Equity Linked Interest Notes will be calculated by reference to a single equity security or basket of equity securities on such terms as may be specified in the relevant Final Terms. Equity Linked Redemption Notes may be settled at maturity or otherwise by receipt by the Noteholder(s) of a Final Redemption Amount or by delivery of the Underlying Securities, in each case as specified in the relevant Final Terms.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to a single index or basket of indices and/or formula on such terms as may be specified in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	The Final Terms will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock, index or formula or as otherwise provided in the relevant Final Terms.
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.

Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	Unless otherwise agreed upon by the Issuer and the relevant Dealer or Dealers in respect of any issue as set forth in the relevant Final Terms, the Notes will constitute unsubordinated and unsecured obligations of the Issuer all as described in 'Terms and Conditions of the Notes'.
Subordination:	If the Issuer and the relevant Dealer or Dealers agree and so specify in the relevant Final Terms, and subject to compliance with all relevant laws, regulations and directives, the Notes may constitute subordinated and unsecured obligations of the Issuer.
Cross Default:	See 'Terms and Conditions of the Notes — Events of Default'.
Negative Pledge:	In respect of Senior Notes only, see 'Terms and Conditions of the Notes — Negative Pledge relating to the Senior Notes'.
Rating:	Senior Notes issued under the Programme have been rated AA+ by Fitch Ratings Ltd. Senior long term Notes issued under the Programme have been rated Aaa by Moody's and AAA by Standard & Poor's. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating applicable to Senior Notes issued under the Programme and will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption:	Except as provided in 'Optional Redemption' above, Notes will be redeemable at the option of the Issuer prior to maturity (i) for tax reasons; (ii) in the case of Equity Linked Notes, and the Notes so specify, for reasons affecting an Underlying Security or its Company; (iii) in the case of Index Linked Notes, for reasons affected the Index or its Sponsor; (iv) in the case of Equity Linked Notes, Index Linked Notes and other Notes under which amounts payable may be determined by reference to a formula, and the Notes so specify, for reasons of disruption to, or increase in cost of, the Issuer's or its Affiliates' related hedging arrangements. See 'Terms and Conditions of the Notes — Redemption, Purchase and Options'.
Taxation:	Rabobank Nederland is a Dutch resident for tax purposes. For the Dutch tax consequences of the Noteholders see 'Taxation'.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Netherlands, Australia or Singapore, as the case may be, subject to the exceptions and limitations as described in 'Terms and Conditions of the Notes — Taxation'.
Risk Factors:	The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. A description of the material risks relating to the Notes and to the Issuer is contained under the heading 'Risk Factors'.
Governing Law:	The laws of the Netherlands.
Listing:	Euronext Amsterdam, the 'Bourse de Luxembourg' of the Luxembourg Stock Exchange, or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Subscription period:	If applicable, see the relevant Final Terms.
Effective yield:	If applicable, see the relevant Final Terms.

Selling Restrictions:	United States, European Economic Area, United Kingdom, the Netherlands, Australia, Singapore, the Republic of France and Japan. See 'Plan of Distribution'. For the purposes of Regulation S under the Securities Act, Category 2 selling restrictions shall apply. In the case of Bearer Notes offered to non-U.S. persons and certain eligible U.S. persons, such Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the 'D Rules') unless (i) the relevant Final Terms states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the 'C Rules') or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute 'registration required obligations' for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable. In the case of a distribution under Rule 144A of the Securities Act, Notes will be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).
Transfer Restrictions:	There are restrictions on the transfer of Registered Notes offered and sold pursuant to Rule 144A under the Securities Act. See 'Transfer Restrictions' and 'Plan of Distribution'.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. These terms and conditions as completed, amended, supplemented or varied by the Final Terms (and subject to simplification by the deletion of non-applicable provisions) (the 'Conditions') shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. References in the Conditions to 'Notes' are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the date of issue of the Notes (the 'Issue Date'), the 'Agency Agreement') dated May 13, 2008, between Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ('Rabobank Nederland' or the 'Issuer'), acting through its head office or through one of the following of its branches, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch ('Rabobank Australia Branch') and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch ('Rabobank Singapore Branch'), Deutsche Bank AG, London Branch as fiscal agent and the other agents named in it and with the benefit of a Covenant (as amended or supplemented as at the Issue Date, the 'Covenant') dated May 13, 2008 executed by the Issuer and the fiscal agent in relation to the Notes. The fiscal agent, the paying agents, the registrar, the exchange agent, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the 'Fiscal Agent', the 'Paying Agents' (which expression shall include the Fiscal Agent), the 'Registrar', the 'Exchange Agent', the 'Transfer Agents' and the 'Calculation Agent(s)'. The Noteholders (as defined below), the holders of the interest coupons (the 'Coupons') relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the 'Talons') (the 'Couponholders') and the holders of the receipts for the payment of instalments of principal (the 'Receipts') relating to Notes in bearer form of which the principal is payable in instalments (the 'Receiptholders') are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

As used in these Conditions, 'Tranche' means Notes which are identical in all respects.

1. Definitions

(a) In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

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

'Affected Index' means, in respect of Index Linked Notes that relate to a Basket of Indices, an Index for which an Index Valuation Date or Averaging Date is affected by the occurrence of a Disrupted Day.

'Affected Security' means, in respect of Equity Linked Notes that relate to a Basket of Underlying Securities, an Underlying Security for which an Equity Valuation Date or Averaging Date is affected by the occurrence of a Disrupted Day.

'Affected Underlying Securities' has the meaning contained in Condition 7(*f*)(iii).

'Affiliate' means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person (for such purposes, 'control' of any entity or person means ownership of a majority of the voting power of the entity or person).

'Amortisation Yield' shall have the meaning contained in Condition 7(*b*)(i)(B).

'Amortised Face Amount' shall have the meaning contained in Condition 7(*b*)(i)(B).

'Averaging Date' means each date specified as an Averaging Date in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day in the opinion of the Calculation Agent. If such day is a Disrupted Day, then:

(i) in respect of an Index, the Averaging Date shall be determined in accordance with Condition 8*(b)*(ii); or

(ii) in respect of an Underlying Security, the Averaging Date shall be determined in accordance with Condition 9(*c*)(ii).

'Basket' means, in respect of Index Linked Notes, a Basket comprised of each Index specified in the Final Terms in the relative weighting specified in the Final Terms, and in respect of Equity Linked Notes, a Basket comprised of each Underlying Security specified in the Final Terms in the relative proportion/number specified in the Final Terms.

'Bearer Notes' shall have the meaning contained in Condition 2.

'Broken Amount' means, in respect of any Interest Payment Date, the amount specified in the relevant Final Terms.

'Business Centre(s)' shall have the meaning given to it in the relevant Final Terms.

'Business Day' means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency (which in the case of Australian Dollars shall be Sydney and in the case of New Zealand Dollars shall be Wellington); and/or

(ii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centre(s); and/or

(iii) in the case of euro, a day on which the TARGET system is operating (a 'TARGET Business Day').

'Calculation Amount' shall have the meaning given to it in the relevant Final Terms.

'Certificates' shall have the meaning contained in Condition 2.

'Change in Law' means that, on or after the Issue Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Underlying Security (in the case of Equity Linked Redemption Notes) or any relevant security/commodity comprised in an Index (in the case of Index Linked Redemption Notes) or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

'Clearing System Business Day' means, in respect of a clearing system, any day on which such clearing system is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

'Company' means, in respect of an Underlying Security, the issuer of the Underlying Security specified as such in the relevant Final Terms.

'Control' shall have the meaning contained in Condition 14(*e*)(v).

'Day Count Fraction' means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the 'Calculation Period'):

(i) if 'Actual/Actual' or 'Actual/Actual-ISDA' is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of:

(A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if 'Actual/365 (Fixed)' is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if 'Actual/360' is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if '30/360', '360/360' or 'Bond Basis' is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

(v) if '30E/360' or 'Eurobond Basis' is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30

(vi) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

(vii) if 'Actual/Actual-ICMA' is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

'Delisting' means, in respect of an Underlying Security, that the Exchange announces that, pursuant to the rules of such Exchange, the Underlying Security ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) and such Underlying Security is no longer listed on an Exchange acceptable to the Issuer.

'Delivery Agent' means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) or, if different, as specified in the applicable Final Terms.

'Delivery Day' means, in respect of an Underlying Security, a day on which Underlying Securities comprised in the Underlying Security Amount may be delivered to Noteholders in the manner which the Calculation Agent has determined in its sole and absolute discretion to be appropriate.

'Delivery Expenses' means the expenses, including all costs, taxes, duties and/or expenses including stamp duty reserve tax and/or other costs, duties or taxes arising from or in connection with the delivery and/or transfer of any Underlying Securities Amount.

‘Delivery Notice’ means a written notice substantially in such form as the Issuer may determine, which must specify the name and address of the relevant Noteholder and the securities account in Euroclear, Clearstream, Luxembourg or other clearing system to be credited with the relevant Underlying Securities Amount and authorise the production of such notice in any applicable administrative or legal proceedings and copies may be obtained from any Agent.

‘Determination Date’ means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

‘Determination Period’ means the period from and including a Determination Date in any year to but excluding the next Determination Date.

‘Disrupted Day’ means (i) in respect of an Underlying Security or an Index, any Scheduled Trading Day on which (a) the Exchange fails to open for trading during its regular trading session, (b) any Related Exchange fails to open for trading during its regular trading session or (c) a Market Disruption Event has occurred and (ii) in respect of a Multi-Exchange Index, the Sponsor fails to publish the level of the Index.

‘Disruption Cash Settlement Price’ means, in respect of each Note, an amount in the Specified Currency equal to the fair market value of the Affected Underlying Securities less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

‘Documents’ shall have the meaning contained in Condition 14(*c*)(i)(a).

‘DTC’ shall mean the Depository Trust Company or any successor thereto.

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

‘Equity Linked Interest Note’ means a Note in respect of which the amount in respect of interest payable is calculated by reference to an Underlying Security and/or Underlying Securities and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

‘Equity Linked Note’ means an Equity Linked Interest Note or an Equity Linked Redemption Note.

‘Equity Linked Redemption Note’ means a Note in respect of which the amount in respect of principal payable is calculated by reference to an Underlying Security and/or Underlying Securities and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

‘Equity Valuation Date(s)’ means the date or dates specified as such in the relevant Final Terms or if that day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day in the opinion of the Calculation Agent. If such day is a Disrupted Day, then the Equity Valuation Date shall be determined in accordance with Condition 8(*b*)(i).

'Euro-zone' means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

'Event of Default' shall have the meaning contained in Condition 13.

'Exchange' means:

(i) in respect of any securities comprised in an Index, each exchange or quotation system, (from time to time) on which, in the determination of the Sponsor for the purposes of that Index, such securities are listed, such other stock exchange or quotation system specified in the relevant Final Terms or notified from time to time to Noteholders in accordance with Condition 17 and (in any such case) any successor to such exchanges or quotation systems or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); or

(ii) in respect of an Underlying Security, each exchange or quotation system specified as such for such Underlying Security in the relevant Final Terms or notified from time to time to Noteholders in accordance with Condition 17 and any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Security has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Security on such temporary substitute exchange or quotation system as on the original Exchange).

'Exchange Business Day' means, in respect of an Underlying Security or an Index, as the case may be, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

'Exchange Disruption' means (i) in respect of an Underlying Security, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Underlying Security on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the Underlying Security on any relevant Related Exchange and (ii) in respect of an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in its sole and absolute discretion) the ability of market participants in general (a) to effect transactions in, or obtain market values for, in the case of a Multi-Exchange Index, any security comprised in the Index on any relevant Exchange or, in the case of any other Index, securities that comprise 20 per cent. or more of the level of the Index on any relevant Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

'Exchangeable Bearer Notes' shall have the meaning contained in Condition 2.

'Exercise Notice' shall have the meaning contained in Condition 7(*e*).

'Extraordinary Dividend' means, in respect of an Underlying Security, an amount specified or otherwise determined as provided in the relevant Final Terms. If no Extraordinary Dividend is specified or otherwise determined as provided in the relevant Final Terms, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent.

'Fixed Coupon Amount' shall have the meaning given to it in the relevant Final Terms.

'Fractional Amount' means any fractional interest in one Underlying Security to which a Noteholder would be entitled pursuant to Condition 7(*f*)(ii).

'Fractional Cash Amount' means, in respect of each Note and in respect of Underlying Securities of a Company, the amount in the Specified Currency (rounded to the nearest smallest transferable Unit of such currency, half such a unit being rounded downwards) determined by the Calculation Agent in its sole and absolute discretion in accordance with the following formula:

Fractional Cash Amount = (the Reference Price x Fractional Amount x FX Rate).

Where:

'FX Rate' means, in respect of an Underlying Security, the prevailing spot rate determined by the Calculation Agent in its sole and absolute discretion as the number of units of the Specified Currency that could be bought with one unit of the currency in which the relevant Underlying Security is quoted on the relevant Exchange on the relevant Valuation Date.

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

'Holder' shall have the meaning contained in Condition 2.

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

'Index' or 'Indices' means, subject to adjustment in accordance with Condition 9, the Index or Indices specified as such in the relevant Final Terms.

'Index Cancellation' means, in respect of an Index, that on or prior to any Valuation Date a relevant Sponsor cancels the Index and no Successor Index exists.

'Index Disruption' means, in respect of an Index, that on any Valuation Date the Sponsor fails to calculate and announce a relevant Index.

'Index Linked Interest Note' means a Note in respect of which the amount in respect of interest payable is calculated by reference to an Index and/or Indices and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

'Index Linked Note' means an Index Linked Interest Note and/or an Index Linked Redemption Note.

'Index Linked Redemption Note' means a Note in respect of which the amount in respect of principal payable is calculated by reference to an Index and/or Indices and/or a formula as agreed between the Issuer and the relevant Dealer(s), as indicated in the relevant Final Terms.

'Index Modification' means, in respect of an Index, that on or prior to any Valuation Date a relevant Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and capitalisation and other routine events).

'Index Valuation Date(s)' means the date or dates specified as such in the relevant Final Terms or if that day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day in the opinion of the Calculation Agent. If such day is

a Disrupted Day, then the Index Valuation Date shall be determined in accordance with Condition 9(*c*)(i).

'Insolvency' means by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceedings affecting, a Company, at any time (i) all the Underlying Securities of such Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Securities of such Company become legally prohibited from transferring them.

'Interest' shall have the meaning contained in Condition 11.

'Interest Accrual Period' means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

'Interest Amount' means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

'Interest Commencement Date' means the Issue Date or such other date as may be specified in the relevant Final Terms.

'Interest Determination Date' means, with respect to a Rate of Interest and Interest Accrual Period, the date specified in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling, (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

'Interest Payment Date' means the date on which interest for the relevant period falls due.

'Interest Period' means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

'Interest Period Date' means each Interest Payment Date unless otherwise specified hereon.

'ISDA Definitions' means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

'Market Disruption Event' means (i) in respect of an Underlying Security, the occurrence or existence on any Scheduled Trading Day of any Trading Disruption or an Exchange Disruption, which in either case the Calculation Agent determines in its sole and absolute discretion is material, or an Early Closure, and (ii) in respect of an Index, the occurrence or existence on any Scheduled Trading Day of a Trading Disruption or an Exchange Disruption, which in either case the Calculation Agent determines in its sole and absolute discretion is material, or an Early Closure, provided that, in the case of a Multi-Exchange Index, the securities comprised in the Index in respect of which a Trading Disruption, Exchange Disruption or an Early Closure occurs or exists amount, in the determination of the Calculation Agent, in aggregate to 20 per cent. or more of the level of the Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a security/commodity included in the relevant Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the relevant Index attributable to that security/commodity relative to (ii) the overall level of the relevant

Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Calculation Agent.

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

'Merger Event' means, in respect of any Underlying Securities, any (i) reclassification or change of the Underlying Securities that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Securities outstanding, to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the relevant Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Securities of the relevant Company that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Securities (other than such Underlying Securities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Company or its subsidiaries with or into another entity in which such Company is the continuing entity and which does not result in a reclassification or change of all of such Underlying Securities outstanding but results in the outstanding Underlying Securities (other than Underlying Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Securities immediately following such event (a 'Reverse Merger'), in each case if the Merger Date is on or before the relevant Valuation Date.

'Multi-Exchange Index' means an Index in respect of which there is more than one Exchange.

'Nationalisation' means the event in which all the assets or substantially all the assets of a Company or the Underlying Securities of such a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

'Noteholder' shall have the meaning contained in Condition 2.

'Potential Adjustment Event' means, with respect to any Company, any of the following:

(i) a subdivision, consolidation or reclassification of the relevant Underlying Securities (unless resulting in a Merger Event) or a free distribution or dividend of any such Underlying Securities to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution, issue or dividend to existing holders of the relevant Underlying Securities of (a) such Underlying Securities or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the Company equally or proportionately with such payments to holders of such Underlying Securities or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Company as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

(iii) an Extraordinary Dividend;

(iv) a call by it in respect of any Underlying Securities that are not fully paid;

(v) a repurchase by the Company or any of its subsidiaries of its Underlying Securities, whether out of profits or capital and whether the consideration for such repurchase is in cash, new shares, securities or otherwise;

(vi) in respect of the Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent in its sole and absolute discretion, provided

that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;

(vii) an adjustment to the settlement terms of listed contracts on any Underlying Security traded on a Related Exchange; or

(viii) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Underlying Securities.

'Presentation Date' means the date specified in the relevant Final Terms.

'Principal' shall have the meaning contained in Condition 11.

'Rate of Interest' means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

'Record Date' shall have the meaning contained in Condition 10(*b*)(ii).

'Reference Banks' means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

'Reference Level' means:

(a) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on the Valuation Date (as defined below) and, if specified in the applicable Final Terms, without regard to any subsequently published correction; and

(b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent at such Valuation Time) on the Valuation Date and, if specified in the applicable Final Terms, without regard to any subsequently published correction.

'Reference Price' means:

(a) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Security, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Security quoted on the relevant Exchange and, if specified in the applicable Final Terms, without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless the Valuation Date is a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) for the Underlying Security determined, at the Calculation Agent's discretion, either by reference to the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Security or by reference to such other factors and source(s) as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

(b) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Security as the official closing price (or the price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Security quoted on the relevant Exchange as determined by or on behalf of the Calculation Agent and, if specified in the applicable Final Terms, without regard to any subsequently published correction (or if, in the opinion of the Calculation Agent, no such official closing price (or price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless the Valuation Date is a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date, if a Valuation Time is specified in the applicable Final Terms) for the Underlying Security determined, at the Calculation Agent's discretion, either by reference to the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Security or by reference to such other factors and source(s) as the Calculation Agent shall decide). Each amount determined pursuant to the foregoing shall be converted, if the Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

'Reference Rate' means the rate specified as such in the relevant Final Terms.

'Register' shall have the meaning contained in Condition 2.

'Registered Notes' shall have the meaning contained in Condition 2.

'Related Exchange' means, in respect of an Underlying Security or Index, as the case may be, each exchange or quotation system (as specified in the relevant Final Terms or notified from time to time to Noteholders in accordance with Condition 17), if any, on which the Underlying Security or index, is traded or quoted, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Security or Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Security or Index on such temporary substitute exchange or quotation system as on the original Related Exchange) and as may be selected from time to time by the Calculation Agent, Provided That where 'All Exchanges' is specified as the Related Exchange in the relevant Final Terms, 'Related Exchange' shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Security or Index.

'Relevant Date' shall have the meaning contained in Condition 11.

'Relevant Screen Page' means such page, section, caption, column or other part of a particular information service as may be specified hereon.

'Restricted Global Certificate' shall mean a permanent registered global certificate which will initially represent Registered Notes issued by Rabobank Nederland which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the United States Securities Act of 1933 (the 'Securities Act').

'Reverse Merger' has the meaning given to it in the definition of Merger Event.

'Scheduled Closing Time' means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange and Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside the hours of the regular trading session.

'Scheduled Trading Day' means, (i) in respect of an Underlying Security or an Index (other than a Multi-Exchange Index), any day on which each Exchange and Related Exchange are scheduled to be open for trading for their respective trading sessions, and (ii) in respect of a Multi-Exchange

Index, any day on which the Sponsor is scheduled to publish the level of the Index and each Related Exchange is scheduled to be open for trading for its respective trading session.

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

'Senior Note' means a Note specified as such in the relevant Final Terms.

'Settlement Disruption Event' means, in respect of any Series, (i) an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of (one of) the Underlying Securities comprised in any Underlying Securities Amount by or on behalf of the Issuer, in accordance with these Conditions and/or applicable Final Terms, is not reasonably practicable; or (ii) the existence of any prohibition or material restriction imposed by applicable law (or by order, decree or regulation of any governmental entity, stock exchange or self-regulating body having jurisdiction), including prohibitions or restrictions resulting from action taken or not taken by the Issuer and/or any Affiliate of the Issuer on the ability of the Issuer or any of its Affiliates engaged in hedging transactions relating to the Underlying Securities to transfer the Underlying Securities or a particular class of Underlying Securities comprised in any Underlying Securities Amount.

'Solvency Rules' means the solvency rules pursuant to the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* to which the Issuer is subject.

'Specified Currency' means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

'Sponsor' means, in respect of an Index, the corporation or other entity specified as such in the relevant Final Terms.

'Subordinated Notes' means Tier 2 Notes, Tier 3 Notes and subordinated perpetual Notes.

'Substituted Debtor' shall have the meaning contained in Condition 14(*c*)(i).

'Successor Index' shall have the meaning contained in Condition 9(*a)*.

'Successor Sponsor' shall have the meaning contained in Condition 9(*a)*.

'TARGET Business Day' means a day on which the TARGET System is open for business.

'TARGET System' means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

'Tender Offer' means, in respect of any Underlying Security, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant Company, as determined by the Calculation Agent, in its sole and absolute discretion, based upon the making of filings with governmental or self-regulatory agencies, or such other information as the Calculation Agent determines to be relevant.

'Tender Offer Date' means, in respect of a Tender Offer, the date on which voting shares in the amount of applicable thresholds are actually purchased or otherwise obtained, as determined by the Calculation Agent in its sole and absolute discretion.

'Tier 2 Notes' means Subordinated Notes which qualify as 'Tier 2 Capital' under the Solvency Rules.

'Tier 3 Notes' means Subordinated Notes which qualify as 'Tier 3 Capital' under the Solvency Rules.

'Trading Disruption' means (i) in respect of an Underlying Security, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Underlying Security on the Exchange or (b) in futures or options contracts relating to the Underlying Security on any relevant Related Exchange, and (ii)_in respect of an Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) on any relevant

Exchange(s) relating to (in the case of a Multi-Exchange Index) any security comprised in the Index or (in the case of any other Index) securities that compromise 20 per cent. or more of the level of the relevant Index or (b) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

'Underlying Securities' means the shares or other securities or different classes of shares or other securities specified as such in the relevant Final Terms.

'Underlying Securities Amount' means, subject to Conditions 7 and 8, in respect of each Note, the number of Underlying Securities so specified in the relevant Final Terms.

'Underlying Securities Delivery Date' means, in respect of an Underlying Security, subject to Condition 7, the Maturity Date or, if such day is not a Delivery Day, the first succeeding day that is a Delivery Day.

'Unit' shall have the meaning contained in Condition 6(*i*)(iii).

'Valid Date' means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

'Valuation Date' means each Equity Valuation Date, Index Valuation Date and Averaging Date, as applicable.

'Valuation Time' means, the time specified as such in the relevant Final Terms or if no such time is specified (i) in respect of an Underlying Security, the close of trading on the relevant Exchange in relation to that Underlying Security, or (ii) in respect of an Index the time with reference to which the Sponsor calculates the closing level of the Index or, in each case, such other time as the Calculation Agent may select and as notified to Noteholders by the Issuer in accordance with Condition 17. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

(b) References to capitalised terms not defined in Condition 1(*a*) above are to those terms as defined in the first paragraph of the preamble to these Conditions or in the relevant Final Terms.

2. Form, Denomination and Title

The Notes are issued in bearer form ('Bearer Notes', which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ('Registered Notes') or in bearer form exchangeable for Registered Notes ('Exchangeable Bearer Notes') in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

This Note is a Senior Note or a Subordinated Note, in each case as indicated in the relevant Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ('Certificates') and, save as provided in Condition 3(*c*), each Certificate shall represent the entire holding of Registered Notes by the same holder. Notes issued by Rabobank Nederland and sold in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by a Restricted Global Certificate in registered form.

Title to the Bearer Notes and the Receipts, Coupons and Talons appertaining thereto shall pass by delivery and title to the Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the 'Register'), unless applicable law provides otherwise or provides for additional formalities for transfer of title. In so far as applicable law requires notification to the debtor for a valid transfer of title to the Registered Notes, the registration of the transfer by the Registrar shall constitute evidence of this notification. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, 'Noteholder' means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), and 'holder' (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

3. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 3(*f*), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or such other form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer and the Fiscal Agent), duly completed and executed, together with any other evidence as the Registrar or Transfer Agent may reasonably require. In so far as applicable law requires notification to the debtor for a valid transfer of title to the Registered Notes, the registration of the transfer by the Registrar shall constitute evidence of this notification. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholder's option, or a partial redemption of, in respect of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 3(*a*), (*b*) or (*c*) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(*d*), 'business day' means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an Option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, 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 or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(*d*), or (iii) after any such Note has been called for redemption. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

4. Status of Notes

(a) Senior Notes

The Senior Notes and the Receipts and Coupons relating to them constitute unsubordinated and (subject to Condition 5) unsecured obligations of the Issuer and such Senior Notes or, as the case may be, Receipts and Coupons of that Issuer shall at all times rank *pari passu* and without any preference among themselves (save for certain mandatory exceptions provided by law). The payment obligations of the Issuer under the Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable law and subject to Condition 5, at all times rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) Subordinated Notes

Subject to exceptions provided by mandatory applicable law, the payment obligations under each of the Subordinated Notes constitute unsecured obligations of the Issuer and shall, in case of (a) the bankruptcy of the Issuer; (b) a situation in which an 'emergency regulation' *(noodregeling)* as contemplated in paragraph 3.5.5.1 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*, as modified or re-enacted from time to time, (such situation hereinafter being referred to as a 'Moratorium') is applicable to the Issuer; or (c) dissolution *(ontbinding)* of the Issuer, rank:

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

(ii) *pari passu* amongst themselves and with any other present and future indebtedness which ranks by or under its own terms or otherwise, pari passu with the Subordinated Notes; and

(iii) senior to any other present and future indebtedness which ranks by or under its own terms or otherwise, subordinate or junior to the Subordinated Notes.

By virtue of such subordination (i) payments to the holders of the Subordinated Notes will, in case of bankruptcy or dissolution of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after all payment obligations of the Issuer ranking senior to the Subordinated Notes have been satisfied, (ii) any right of set-off by the holder of any Subordinated Note in respect of any amount owed to such holder by the Issuer under or in connection with such Subordinated Note shall be excluded and (iii) each holder of a Subordinated Note shall, by virtue of being the holder of any Subordinated Note, be deemed to have waived all such rights of set-off.

5. Negative Pledge relating to the Senior Notes

So long as any of the Senior Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement), the Issuer undertakes not to secure any of its other indebtedness, whether present or future, which is both (a) represented by bonds, notes or other securities which have an initial life exceeding two years and which are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market and (b) not Domestic Indebtedness.

In this Condition 5, 'Domestic Indebtedness' means the indebtedness as referred to under (a) above of the Issuer which is denominated or payable (at the option of any party) in euro unless 50 per cent. or more thereof in aggregate principal amount is initially offered or sold outside the Netherlands.

6. Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(*j*).

(b) Interest on Floating Rate Notes, Index Linked Interest Notes and Equity Linked Interest Notes

(i) *Interest Payment Dates:* Each Floating Rate Note, Index Linked Interest Note and Equity Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(*j*). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, 'Interest Payment Date' shall mean each date which falls the number of months or other period specified in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest on Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final

Terms and the provisions below relating to ISDA Determination, Screen Rate Determination or any other method of determination which may be provided in the relevant Final Terms shall apply if specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), 'ISDA Rate' for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the relevant Final Terms;

(y) the Designated Maturity is a period specified in the relevant Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), 'Floating Rate', 'Calculation Agent', 'Floating Rate Option', 'Designated Maturity', 'Reset Date' and 'Swap Transaction' have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or

any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) Rate of Interest for Index Linked Interest Notes

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or a Basket of Indices or formula as specified in the relevant Final Terms.

(d) Rate of Interest on Equity Linked Notes

In the case of Equity Linked Notes, the Rate of Interest or amount of interest payable in respect of each Interest Accrual Period or on each specified Interest Payment Date, as the case may be, shall be determined by reference to an Underlying Security or a Basket of Underlying Securities or formula in the manner specified in the relevant Final Terms.

(e) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(*b*)(i)).

(f) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating the Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

(g) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.

(h) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to

accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 11).

(i) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with paragraph *(b)* above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes 'unit' means the lowest amount of such currency that is available as legal tender in the country of such currency.

(j) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(k) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(*b*)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 13, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 6 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(l) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) Deferral of Interest on Tier 3 Notes

If required under the Solvency Rules, notwithstanding anything to the contrary contained elsewhere in this Condition 6, interest on the Tier 3 Notes will not be payable on any Interest Payment Date if and to the extent that at the time of, or as a result of such payment the Issuer's actual Own Funds (as defined below) would amount to less than such percentage of the Issuer's required minimum amount of Own Funds as required under the Solvency Rules. Any interest in respect of the Tier 3 Notes not paid on an interest payment Date on which such interest would otherwise be payable will constitute arrears of interest ('Arrears of Interest') and will become payable and will be paid by the Issuer as soon as and to the extent that the Issuer will, after such payment has been made, meet the solvency test referred to in the previous sentence. Any Arrears of Interest will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which a Moratorium is declared in respect of the Issuer. Where any amount of interest or Arrears of Interest is not paid in full, each part payment shall be made pro rata to the Tier 3 Noteholders and shall be in respect of the interest accrued furthest from the date of payment. Any Arrears of Interest shall not themselves bear interest.

'Own Funds' means the amount of shareholders' and other funds which qualify as actual own funds *(toetsingsvermogen)* under the Solvency Rules.

7. Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 7, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise

provided in these Terms and Conditions or in the relevant Final Terms, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

(i) *Zero Coupon Notes*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(*c*) or upon it becoming due and payable as provided in Condition 13 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(*c*) or upon it becoming due and payable as provided in Condition 13 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(*d*).

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

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(*c*) or upon it becoming due and payable as provided in Condition 13, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Note or an Equity Linked Note) or at any time (if this Note is neither a Floating Rate Note, an Index Linked Note nor an Equity Linked Note) (but subject to consent thereto having been obtained from the Dutch Central Bank *(De Nederlandsche Bank N.V.)* in the case of Subordinated Notes) on giving not less than 30 nor more than 45 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 7(*b*) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the Netherlands, in respect of any Issuer, Australia in respect of Rabobank Australia Branch and Singapore in respect of Rabobank Singapore Branch or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem

have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption at the Option of the Issuer

If Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

(e) Redemption at the Option of Noteholders

If Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ('Exercise Notice') in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Delivery of Underlying Securities

(i) If Physical Settlement is specified as applicable in the relevant Final Terms, the Notes will be redeemed by way of delivery of Underlying Securities and the Issuer will transfer, or procure the delivery by the Delivery Agent of, in respect of each Note, the Underlying Securities Amount to or to the order of the Noteholder (as specified by the Noteholder). In order to obtain delivery of the Underlying Securities Amount, the relevant Noteholder must deliver to any Paying Agent, on or before the Presentation Date, the relevant Note(s) and a duly completed Delivery Notice. No Delivery Notice may be withdrawn after receipt thereof by a Paying Agent. Any determination as to whether such notice has been properly completed and delivered shall be made by the relevant Paying Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder. If the relevant Note and the related Delivery Notice are delivered or are deemed to be delivered to any Paying Agent on a day that is not a Business Day, such Note and Delivery Notice shall be deemed to be delivered on the next following Business Day.

If the holder of a Note does not deliver the Note and a Delivery Notice, in each case as set out above, on or before the Presentation Date as provided above, then the Issuer shall have no obligation to make delivery of the Underlying Securities Amount in respect of such Note unless and until a duly completed Delivery Notice (together with the relevant Note) are each delivered as provided above and delivery of such Underlying Securities Amount shall be made as soon as possible thereafter but not earlier than the Underlying Securities Delivery Date.

All Delivery Expenses shall be for the account of the relevant Noteholder and no delivery and/or transfer of any Underlying Securities Amount shall be required to be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by such Noteholder.

For the avoidance of doubt, the relevant holder of a Note shall not be entitled to any additional or further payment by reason of the delivery of the Underlying Securities Amount in respect of such Note occurring after the Underlying Securities Delivery Date as a result of such Delivery Notice or Note being delivered after the Presentation Date.

The Issuer shall on the Underlying Securities Delivery Date, deliver or procure the delivery of the Underlying Securities Amount in respect of each Note to such account at Clearstream, Luxembourg, Euroclear or the other clearing system as may be specified in the relevant Delivery Notice at the risk and expense of the relevant Noteholder. As used herein, 'delivery' in relation to any Underlying Securities Amount means the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Underlying Securities Amount in accordance with the relevant Delivery Notice and 'deliver' shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of such Underlying Securities Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars, incompatible or incorrect information being contained in the Delivery Notice or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Underlying Securities comprising the Underlying Securities Amount or any interest therein by any Noteholder or any other person.

Noteholders should note that the actual date on which they become holders of the Underlying Securities comprising the Underlying Securities Amount will depend, among other factors, on the procedures of the relevant clearing systems and share registrar and the effect of any Settlement Disruption Events.

No Noteholder will be entitled to receive dividends or other distributions declared or paid in respect of the Underlying Securities to which such Note gives entitlement or to any other rights relating to or arising out of such Underlying Securities if the date on which the Underlying Securities are quoted ex-dividend or ex-the relevant right falls before the date on which the Underlying Securities are credited into the securities account of the Noteholder.

(ii) Notes to be redeemed in accordance with this Condition 7 to the same Noteholder will be aggregated for the purpose of determining the Underlying Securities Amount to which such Notes give entitlement (and, for the avoidance of doubt, in the case of a Basket per particular class of Underlying Securities comprised in that Basket). The Noteholders will not be entitled to any interest or other payment or compensation if and to the extent that the delivery of the Underlying Securities Amount will take place after the earlier of the (a) Optional Redemption Date or (b) the Maturity Date (as specified in these Conditions). The number of Underlying Securities comprising the Underlying Securities Amount in respect of a Note will be calculated on the basis of the prevailing formula in the relevant Final Terms rounded down to the next whole integral number of Underlying Securities. Entitlement to the remaining fractions of Underlying Securities will be settled by payment of the Fractional Cash Amount in respect of those fractions rounded up to two decimals, as calculated by the Calculation Agent.

(iii) *Settlement Disruption*

If the Calculation Agent determines that delivery of any Underlying Securities Amount in respect of any Note by the Issuer in accordance with these Conditions is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the Underlying Securities Delivery Date in respect of such Note shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder by mail addressed to it at the address specified in the relevant Delivery Notice or in accordance with Condition 17 provided that the Calculation Agent may determine in its sole discretion that the Issuer satisfy its obligations in respect of the relevant Note by delivering or procuring the delivery of such Underlying Securities Amount using such other commercially reasonable manner as it may select and in such event the Underlying Securities Delivery Date shall be such day as the Calculation Agent deems appropriate in connection with delivery of such Underlying Securities Amount in such other commercially reasonable and lawful manner. No Noteholder shall be entitled to any payment whether of interest or otherwise on such Note in the

event of any delay in the delivery of the Underlying Securities Amount pursuant to this paragraph and no liability in respect thereof shall attach to the Issuer.

Where a Settlement Disruption Event affects some but not all of the Underlying Securities comprising the Underlying Securities Amount, the Underlying Securities Delivery Date for the Underlying Securities comprising such Underlying Securities Amount but not affected by the Settlement Disruption Event will be the originally designated Underlying Securities Delivery Date.

For so long as delivery of part or all of the Underlying Securities comprising the Underlying Securities Amount (the 'Affected Underlying Securities') in respect of any Note is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of physical delivery of the Affected Underlying Securities and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of each relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price on the third Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 17. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 17.

The Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 17 that a Settlement Disruption Event has occurred.

(g) Redemption of Equity Linked Notes following Nationalisation, Delisting, Insolvency, Merger Event or Tender Offer

If Nationalisation, Delisting, Insolvency, Merger Event or Tender Offer is specified as applicable in the relevant Final Terms and the Calculation Agent determines that any such event has occurred, the Issuer may, having given:

(i) not less than 5 days' notice to the Noteholders in accordance with Condition 17; and

(ii) not less than 7 days before the giving of the notice referred to in (i) above, notice to the Fiscal Agent, redeem all, but not some only, of the Notes then outstanding on the date specified in the notice referred to in (i) above at the Early Redemption Amount specified in the relevant Final Terms together with, if so specified in the Final Terms, interest accrued to (but excluding) the date of redemption.

(h) Redemption of Index Linked Notes following an Index Modification, Index Cancellation or Index Disruption Event

If an Index Modification, Index Cancellation or Index Disruption Event occurs, the Issuer in its sole and absolute discretion may redeem all, but not some only, of the Notes at the Early Redemption Amount together with, if so specified in the applicable Final Terms, interest accrued to (but excluding) the date of redemption.

Any determination made that the Notes are to be redeemed in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17, together with the date of such redemption.

(i) Redemption of Equity Linked Notes and Index Linked Notes following an Additional Disruption Event

If Additional Disruption Events are specified as applicable in the relevant Final Terms and an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may redeem all, but not some only, of the Notes at the Early Redemption Amount, together with, if so specified in the applicable Final Terms, interest accrued to (but excluding) the date of redemption.

Any determination made that the Notes are to be redeemed in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17, together with the date of such redemption.

(j) Redemption for Illegality

In the event that the Issuer determines in good faith that the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with

any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than ten (10) nor more than 30 days' notice to Noteholders in accordance with Condition 17 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(k) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the provisions specified hereon.

(l) Purchases

The Issuer and any of its subsidiaries (with the consent of the Dutch Central Bank in the case of Subordinated Notes) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(m) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries (other than Bearer Notes purchased in the ordinary course of business of dealing in securities or in the name of another party) may be surrendered for cancellation and, in each case, if so surrendered, will be cancelled forthwith together with all Notes redeemed by the Issuer (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith), and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Notes may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each Note, together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar.

(n) Deferral of Principal of Tier 3 Notes

The principal of Tier 3 Notes will not be repayable on the due date thereof if and to the extent that at the time or as a result of such payment the Issuer's actual Own Funds (as defined in Condition 6(*m*)) would amount to less than such percentage of the Issuer's required minimum amount of Own Funds under the Solvency Rules. Any principal of Tier 3 Notes not paid on the date on which such principal would otherwise be payable will be paid by the Issuer and to the extent that the Issuer will meet the solvency test referred to in the previous sentence. Any arrears of principal will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which a Moratorium is declared in respect of the Issuer. Where any amount of interest or principal is paid in part, each part payment shall be made pro rata to the Tier 3 Noteholders. Any arrears of principal shall continue to bear interest at the rate applicable to the relevant Tier 3 Notes.

(o) Condition to Early Redemption

Early redemption of the Subordinated Notes may only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank *(De Nederlandsche Bank N.V.).*

8. Provisions Applicable to Equity Linked Notes

The following provisions apply to Equity Linked Notes:

(a) Correction of an Underlying Security Price

If Correction of Underlying Security Prices is specified as applying in the applicable Final Terms and the price of an Underlying Security published on the Equity Valuation Date or Averaging Date, as the case may be, is subsequently corrected and the correction (the 'Corrected Underlying Security Price') is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Underlying Security Price shall be

deemed to be the closing price for such Underlying Security for the Equity Valuation Date or Averaging Date, as the case may be, and the Calculation Agent shall notify the Issuer and the Fiscal Agent of (a) that correction and (b) the amount of principal and/or interest (if any) that is payable as a result of that correction and as soon as reasonably practicable thereafter, the Issuer shall make payment of such amount in accordance with Condition 10.

(b) Disrupted Days

(i) If the Calculation Agent determines that any Equity Valuation Date is a Disrupted Day in respect of an Underlying Security, then:

(A) where the Notes are specified in the relevant Final Terms to relate to a single Underlying Security, the Equity Valuation Date in respect of that Underlying Security shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of that Underlying Security, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Equity Valuation Date in respect of that Underlying Security, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Price as its good faith estimate of the value for the Underlying Security as at the Valuation Time on that eighth Scheduled Trading Day; or

(B) where the Notes are specified in the relevant Final Terms to relate to a Basket of Underlying Securities, the Equity Valuation Date in respect of each Underlying Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Equity Valuation Date in respect of each Affected Security shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of the Affected Security unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day in respect of the Affected Security. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Equity Valuation Date in respect of the Affected Security, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Price of the Affected Security as its good faith estimate of the value for the Affected Security as at the Valuation Time on that eighth Scheduled Trading Day.

(ii) If the Calculation Agent determines that any Averaging Date is a Disrupted Day in respect of an Underlying Security, then:

(A) if 'Omission' is specified in the relevant Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Price. If no Averaging Date would occur through the operation of this provision, then for the purposes of determining the Reference Price on the final Averaging Date, Condition 8(*b*)(i) will apply as if such Averaging Date were an Equity Valuation Date that was a Disrupted Day;

(B) if 'Postponement' is specified in the relevant Final Terms, such Averaging Date shall be deferred in accordance with Condition 8(*b*)(i) as if it were an Equity Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Equity Linked Notes; or

(C) if 'Modified Postponement' is specified in the relevant Final Terms, then:

(a) where the Notes are specified in the relevant Final Terms to relate to a single Underlying Security, the Averaging Date in respect of that Underlying Security shall be the first succeeding Valid Date if the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of that Underlying Security (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Price of one

such Underlying Security as its good faith estimate of the value for the Underlying Security as at the Valuation Time on that eighth Scheduled Trading Day; or

(b) where the Notes are specified in the relevant Final Terms to relate to a Basket of Underlying Securities, the Averaging Date in respect of each Underlying Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date in respect of each Affected Security shall be the first succeeding Valid Date in respect of the Affected Security. If the first succeeding Valid Date in relation to an Affected Security has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date, then, (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of the Affected Security (irrespective of whether such day is already an Averaging Date, and (ii) the Calculation Agent shall determine the Reference Price of the Affected Security as its good faith estimate of the value for the Affected Security as at the Valuation Time on that eighth Scheduled Trading Day.

(c) Consequences of a Potential Adjustment Event

If Potential Adjustment Event is specified as applicable in the relevant Final Terms, as soon as reasonably practicable following the occurrence of any Potential Adjustment Event, the Calculation Agent shall, in its sole discretion, determine (as soon as practicable thereafter) whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Underlying Security and, if so, the appropriate adjustment, if any, to be made to any of these Conditions (including without limitation to the Final Redemption Amount and/or Underlying Securities Amount) or the relevant Final Terms in relation to the Notes to account for the diluting or concentrative effect of such event or otherwise necessary to preserve the economic equivalent of the rights of the Noteholders under the Notes immediately prior to such event, such adjustment to be effective as of the date determined by the Calculation Agent (provided that no adjustments will be made to account solely for changes in volatility, except dividend, stock loan rate or liquidity).

In determining whether an adjustment should be made as a result of the occurrence of a Potential Adjustment Event, if options contracts or futures contracts on the Underlying Securities are traded on any stock exchange, the Calculation Agent may have regard to, but shall not be bound by, any adjustment to the terms of the relevant options contract or futures contract made and announced by such stock exchange. Any adjustments made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

(d) Consequences of a Merger Event or Tender Offer

If a Merger Event or Tender Offer, as the case may be, is specified as applicable in the relevant Final Terms, and a Merger Event or Tender Offer occurs, then on, or after the relevant Merger Date or Tender Offer Date, as the case may be, the Calculation Agent shall:

(i) (A) make such adjustment to the exercise, settlement, payment or any other terms of the Notes, as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event or Tender Offer, as the case may be, (provided that no adjustments will be made to account solely for changes in volatility, excepted dividends, stock loan rate or liquidity relative to the relevant Underlying Securities or to the Notes), which may, but need not be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer, as the case may be, by an options exchange to options on the relevant Underlying Securities traded on such options exchange, and (B) determine the effective date of any adjustment; or

(ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, then the Issuer shall redeem the Notes at their Early Redemption Amount as at the Merger Date or the Tender Offer Date, as the case may be, in accordance with Condition 7(*g*).

Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

(e) Consequences of a Nationalisation, Delisting or Insolvency

If Nationalisation, Delisting or Insolvency are specified as applicable in the relevant Final Terms then, if a Nationalisation, Delisting or Insolvency event occurs, as the case may be, the Issuer, in its sole and absolute discretion, may:

(i) (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment to any one or more of the Final Redemption Amount and/or the Underlying Securities Amount and/or any other terms of these Terms and Conditions and/or the relevant Final Terms to account for the Nationalisation, Delisting or Insolvency event, as the case my be, and (B) determine the effective date of any adjustment. In determining whether an adjustment should be made as a result of the occurrence of a Nationalisation, Delisting or Insolvency, as the case may be, if options contracts or futures contracts on the Underlying Securities are traded on any stock exchange, the Calculation Agent may have regard to, but shall not be bound by, any adjustment to the terms of the relevant options contract or futures contract made and announced by such stock exchange. Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17; or

(ii) redeem the Notes in accordance with Condition 7(*g*).

(f) Consequences of an Additional Disruption Event

If Additional Disruption Events are specified as applicable in the relevant Final Terms then, if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

(i) (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment to any one or more of the Final Redemption Amount and/or the Underlying Securities Amount and/or any other terms of these Terms and Conditions and/or the relevant Final Terms to account for the Additional Disruption Event, and (B) determine the effective date of any adjustment; or

(ii) redeem the Notes at their Early Redemption Amount in accordance with Condition 7(*i*).

Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

(g) Adjustments for Equity Linked Redemption Notes in respect of Underlying Securities quoted in European Currencies

In respect of Equity Linked Redemption Notes relating to Underlying Securities originally quoted, listed and/or dealt as of the Issue Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Underlying Securities are at any time after the Issue Date quoted, listed and/or dealt exclusively in Euro on the relevant Exchange or, where no Exchange is specified in the relevant Final Terms, the principal market on which those Underlying Securities are traded, then the Calculation Agent will adjust any one or more of the Final Redemption Amount and/or the Underlying Securities Amount and/or any of the other terms of these Terms and Conditions and/or the relevant Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition will affect the currency denomination of any payment obligation arising out of the Notes.

9. Provisions Applicable to Index Linked Notes

The following provisions apply to Index Linked Notes:

(a) Adjustments for Successor Sponsors and Successor Indices

If the Index or one of the Indices is (i) not calculated and announced by the Sponsor but is calculated and published by a successor to the Sponsor (the 'Successor Sponsor') acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the

Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index or (iii) not in existence on or prior to the Valuation Date, but the Calculation Agent considers there to be in existence at such time an alternative index which, if substituted for the relevant Index, would materially preserve the economic equivalent of the rights of the Noteholders under the Notes immediately prior to such substitution, then the relevant successor Index (the 'Successor Index') will be deemed to be the Index so calculated and published by the Successor Sponsor or that successor or the alternative index, as the case may be.

(b) Correction of an Index

If Correction of an Index is specified as applying in the applicable Final Terms and the official closing level of an Index published on the Index Valuation Date or Averaging Date, as the case may be, is subsequently corrected and the correction (the 'Corrected Index Level') is published by the Index Sponsor of (if applicable) the Successor Sponsor prior to the Correction Cut-Off Date specified in the applicable Final Terms, then such Corrected Index Level shall be deemed to be the closing level of such Index for the Index Valuation Date or Averaging Date, as the case may be, and the Calculation Agent shall notify the Issuer and the Fiscal Agent of (a) that correction and (b) the amount of principal and/or interest (if any) that is payable as a result of that correction and as soon as reasonably practicable thereafter, the Issuer shall make payment of such amount in accordance with Condition 10.

(c) Disrupted Days

(i) If the Calculation Agent determines that any Valuation Date is a Disrupted Day in respect of an Index, then:

(A) where the Notes are specified in the relevant Final Terms to relate to a single Index, the Index Valuation Date for such Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day for such Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Index Valuation Date in respect of that Index, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day; or

(B) where the Notes are specified in the relevant Final Terms to relate to a Basket of Indices, the Index Valuation Date in respect of each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Index Valuation Date in respect of each Affected Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of the Affected Index unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day in respect of the Affected Index. In that case, (a) the eighth Scheduled Trading Day shall be deemed to be the Index Valuation Date in respect of the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (b) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Affected Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Affected Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day.

(ii) If the Calculation Agent determines that any Averaging Date is a Disrupted Day in respect of an Index, then:

(A) if 'Omission' is specified in the relevant Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Level. If no Averaging Date would occur through the operation of this provision, then for the purposes of determining the Reference Level on the final Averaging Date, Condition 9(*c*)(ii) will apply as if such Averaging Date were an Index Valuation Date that was a Disrupted Day;

(B) if 'Postponement' is specified in the relevant Final Terms, then such Averaging Date shall be deferred in accordance with Condition 9(*c*)(i) as if it were an Index a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Index Linked Notes; or

(C) if 'Modified Postponement' is specified in the relevant Final Terms:

(a) where the Notes are specified in the relevant Final Terms to relate to a single Index, the Averaging Date in respect of that Index shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of that Index (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day; or

(b) where the Notes are specified in the relevant Final Terms to relate to a Basket of Indices, the Averaging Date in respect of each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date in respect of each Affected Index shall be the first Valid Date in respect of the Affected Index unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day in respect of the Affected Index. If the first succeeding Valid Date in relation to an Affected Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date, then (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date in respect of the Affected Index (irrespective of whether such day is already an Averaging Date), and (ii) the Calculation Agent shall determine the Reference Level of the Affected Index as at the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Affected Index last in effect prior to the occurrence of the first Disrupted Day, using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Affected Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

(d) Consequences of Index Modification, Index Cancellation and Index Disruption Event

If the Calculation Agent determines in its sole and absolute discretion that an Index Modification, Index Cancellation or Index Disruption Event has occurred, then the Issuer may:

(i) require the Calculation Agent to determine if such Index Modification, Index Cancellation or Index Disruption Event has a material effect on the Notes and, if so, the Rate of Interest, the Final Redemption Amount and/or any other relevant terms, using, in lieu of a published level of the relevant Index, the level of the relevant Index as at the relevant Valuation Time at the relevant Valuation Date, as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the relevant Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant stock exchange); or

(ii) redeem the Notes at their Early Redemption Amount in accordance with Condition 7(*h*).

(e) Consequences of an Additional Disruption Event

If Additional Disruption Events are specified as applicable in the relevant Final Terms then, if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

(i) (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment to any one or more of the Final Redemption Amount and/or any other terms of these Terms and Conditions and/or the relevant Final Terms to account for the Additional Disruption Event, and (B) determine the effective date of any adjustment; or

(ii) redeem the Notes at their Early Redemption Amount in accordance with Condition 7(*i*).

Any adjustment made in accordance with this Condition shall be notified to Noteholders in accordance with Condition 17.

10. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 10(*f*)(vi)) or Coupons (in the case of interest, save as specified in Condition 10(*f*)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States and Australia by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency, or in the case of euro, in a city in which banks have access to the TARGET System and in the case of Japanese yen, the transfer shall be to a non-resident Japanese yen account with a bank in Japan (in the case of payment to a non-resident of Japan).

(b) Registered Notes

(i) Payments of principal (which for the purposes of this Condition 10(*b*) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 10(*b*) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in case of Registered Notes to be cleared through DTC, on the fifteenth DTC business day before the due date for payment thereof (the 'Record Date'). For the purpose of this Condition 10(*b*), 'DTC business day' means any day on which DTC is open for business. Payments of interest on each Registered Note shall be made in the relevant

currency by cheque drawn on a bank mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register, provided that no such cheque will be mailed to an address in Australia. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency specified by the payee with a bank in the principal financial centre for such currency, or in the case of euro, in a city in which banks have access to the TARGET System and in the case of Japanese yen, the transfer shall be to a non-resident Japanese yen account with a bank in Japan (in the case of payment to a non-resident of Japan).

(iii) Payments through DTC: Registered Notes, if specified in the relevant Final Terms, will be issued in the form of one or more Global Certificates and may be registered in the name of, or in the name of a nominee for, DTC. Payments of principal and interest in respect of Registered Notes denominated in U.S. Dollars will be made in accordance with (i) and (ii) above. Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a Nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments or principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to such Issuer.

(d) Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 11. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent initially appointed by the Issuer and its respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, the Registrar, any Transfer Agent, the Exchange Agent or the Calculation Agent(s)

and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes in Luxembourg, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, (vi) an Exchange Agent, (vii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and Receipts and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes, Index Linked Notes or Equity Linked Notes), they should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 12).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note, Index Linked Note or an Equity Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary

another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 12).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this paragraph, 'business day' means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as 'Financial Centres' in the relevant Final Terms and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency (which in the case of Australian Dollars shall be Sydney and in the case of New Zealand Dollars shall be Wellington); or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

11. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer to the Principal Paying Agent shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands (in the case of Rabobank Nederland, Rabobank Australia Branch and Rabobank Singapore Branch), Australia (in the case of Rabobank Australia Branch) and Singapore (in the case of Rabobank Singapore Branch), or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the 'Additional Amounts') as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

(i) in the country of incorporation of the Issuer (or in the case of Rabobank Australia Branch, Australia, or in the case of Rabobank Singapore Branch, Singapore) (each, as the case may be, a 'Relevant Taxing Jurisdiction');

(ii) in a Relevant Taxing Jurisdiction of the Issuer (wherein and whereof the Issuer is obliged to withhold tax) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within such Relevant Taxing Jurisdiction in respect of such Note, Receipt or Coupon by reason of such holder having some connection with the Relevant Taxing Jurisdiction of the Issuer other than by reason only of holding such Note or Coupon or the receipt of the relevant payment in respect thereof;

(iii) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment;

(iv) 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;

(v) (except in the case of Registered Notes) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union;

(vi) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the expiry of such period of 30 days;

(vii) if the Issuer and the relevant Dealer or Dealers in respect of any issue as set forth in the relevant Final Terms provide hereon that the Notes are Domestic Notes for the purpose of this Condition; or

(viii) in relation to Notes issued by Rabobank Australia Branch, if such Additional Amounts are payable by reason of the Noteholder being an associate of the Issuer for the purposes of Section 128F(6) of the Income Tax Assessment Act 1936 of Australia.

As used in these Conditions, 'Relevant Date' in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) 'principal' shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) 'interest' shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) 'principal' and/or 'interest' shall be deemed to include any Additional Amounts that may be payable under this Condition 11.

12. Prescription

Claims against the Issuer for payment of principal or interest in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years from the date on which such payment first becomes due.

13. Events of Default

If, in the case of an issue of Senior Notes, any of the following events (each an 'Event of Default') occurs or, in the case of an issue of Subordinated Notes, the event specified in (iv) occurs, the holder of any Note may by written notice to the Issuer at its specified office declare such Note to be forthwith due and payable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer and provided that repayment of any Subordinated Note under this Condition will only be effected after the Issuer has obtained the prior written consent of the Dutch Central Bank *(De Nederlandsche Bank N.V.)*:

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

(ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure continues for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or

(iii) the Issuer fails in the due repayment of borrowed money which exceeds euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the Issuer or the Issuer fails to honour any guarantee or indemnity in excess of euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the Issuer, provided that in each case no Event of Default shall be deemed to have occurred if the Issuer shall contest its liability in good faith or shall have been ordered not to make such payment by a competent court; or

(iv) 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 Noteholders) or an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Article 3:160 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*, as modified or re-enacted from time to time, of

the Netherlands in respect of Rabobank Nederland, Rabobank Australia Branch or Rabobank Singapore Branch; or

(v) the Issuer compromises with its creditors generally or such measures are officially decreed; or

(vi) the Issuer shall cease to carry on the whole or a substantial part of its business (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of the Noteholders).

14. Meeting of Noteholders, Modifications and Substitutions

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of any of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment of such meeting or the majority required to pass the Extraordinary Resolution. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modification and Amendment of Agency Agreement

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

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

(c) Substitution of the Issuer

(i) The Issuer or any previous substitute of the Issuer under this Condition 14 may, and the Noteholders and the Couponholders hereby irrevocably agree in advance that the Issuer or any previous substitute of the Issuer under this Condition may, at any time, substitute any company (incorporated in any country in the world) controlling, controlled by or under common control with Rabobank Nederland as the principal debtor in respect of the Notes or to undertake its obligations in respect of the Notes through any of its branches (any such company or branch, the 'Substituted Debtor'), provided that:

(a) such documents shall be executed by the Substituted Debtor and (if the Substituted Debtor is not the Issuer) the Issuer or any previous substitute as aforesaid as may be necessary to give full effect to the substitution (together the 'Documents') and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer or any previous substitute as aforesaid;

(b) without prejudice to the generality of sub-paragraph (a) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands (where the Issuer is Rabobank Nederland acting through its head office), Australia (where the Issuer is Rabobank Australia Branch) or Singapore (where the Issuer is Rabobank Singapore Branch), or is undertaking its obligations with respect to the Notes through a branch in another such territory, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 11 above with the substitution for the references to the Netherlands, Australia or Singapore as appropriate (or any previously substituted territory as the case may be) with territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes or, where such Issuer is undertaking its obligations with respect to the Notes through a branch, with the addition of references to the territory in which such branch is located;

(c) the Documents shall contain a warranty and representation (1) that the Substituted Debtor and the Issuer (or any previous substitute as aforesaid) have obtained all necessary governmental and regulatory approvals and consents for such substitution and (if the Substituted Debtor is not Rabobank Nederland) for the giving by Rabobank Nederland of the Substitution Guarantee (as defined below) in respect of the obligations of the Substituted Debtor, that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (2) that the obligations assumed by the Substituted Debtor and (if the Substituted Debtor is not Rabobank Nederland) the Substitution Guarantee (as defined below) given by Rabobank Nederland are each valid and binding in accordance with their respective terms and enforceable by each Noteholder and that, in the case of the Issuer undertaking its obligations with respect to the Notes through a branch, the Notes remain the valid and binding obligations of such Issuer;

(d) Condition 13 shall be deemed to be amended so that it shall also be an Event of Default under the said Condition if the Substitution Guarantee (as defined below) shall cease to be valid or binding on or enforceable against Rabobank Nederland; and

(e) a Supplemental Offering Circular produced and (i) submitted to the AFM for approval, and (ii) following such approval be published in accordance with Article 14 of the Prospectus Directive,

and (if the Substituted Debtor is not Rabobank Nederland) upon the Documents becoming valid and binding obligations of the Substituted Debtor, Rabobank Nederland hereby irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of Rabobank Nederland herein referred to as the 'Substitution Guarantee' and being substantially in the form of the Guarantee contained in Schedule 9 of the Agency Agreement, which shall apply mutatis mutandis to issues of Notes by the Substituted Debtor).

(ii) Upon the Documents becoming valid and binding obligations of the Substituted Debtor and (if the Substituted Debtor is not the Issuer) the Issuer and subject to notice having been given in accordance with paragraph (iv) below, the Substituted Debtor shall be deemed to be named in the Notes and Coupons as the principal debtor in place of the Issuer as issuer (or of any previous substitute under these provisions) and the Notes and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents together with the notice referred to in paragraph (iv) below shall, in the case of the substitution of any other

company as principal debtor, operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes and Coupons.

(iii) The Documents referred to in paragraph (i) above shall be deposited with and held by the Fiscal Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Issuer) the Issuer by any Noteholder and Couponholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Issuer) the Issuer acknowledge the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes and Coupons or the Documents.

(iv) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 17.

(v) For the purposes of this Condition 14, the term 'control' means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in relationship to such first-mentioned company, and for this purpose 'voting shares' means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and 'controlling', 'controlled' and 'under common control' shall be construed accordingly.

15. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by such Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as such Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes which have the same terms and conditions as the Notes (except for the Issue Price, the Issue Date and the first Interest Payment Date) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to 'Notes' shall be construed accordingly.

17. Notices

Notices to the holders of Registered Notes shall be published in accordance with the procedure set out in this Condition for Bearer Notes and 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. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on Euronext Amsterdam and the rules of such exchange so require, in the Euronext Daily Official List and a daily newspaper with general circulation in the Netherlands and so long as the Notes are listed on the Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) respectively. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock

exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 17.

18. Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

The competent courts of Amsterdam, the Netherlands (and, in the case of Rabobank Nederland, also the United States Federal and New York State courts sitting in New York City, the Borough of Manhattan) are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons and, accordingly, any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ('Proceedings') may be brought in such courts. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

(c) Service of Process

Rabobank Nederland irrevocably appoints its New York branch at 245 Park Avenue, New York, New York 10167 as its agent in New York to receive, for it and on its behalf, service of process in any Proceedings in New York. For the avoidance of doubt, service of process upon Rabobank Nederland at Croeselaan 18, 3521 CB Utrecht, the Netherlands will also constitute service of process upon Rabobank Australia Branch and Rabobank Singapore Branch. Such service shall be deemed completed on delivery to the relevant process agent (whether or not it is forwarded to and received by Rabobank Nederland). If for any reason either process agent ceases to be able to act as such or no longer has an address in Utrecht or New York City, Rabobank Nederland irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 17. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Each Tranche of Notes in bearer form will be initially represented by a temporary Global Note, in bearer form without coupons, which will be deposited on behalf of the subscribers of the relevant Notes as follows:

(a) if the Global Notes are stated in the applicable Final Terms to be issued in CGN form, in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, the Global Notes will be deposited with a common depositary (the 'Common Depositary') for Euroclear and Clearstream, Luxembourg on or prior to the original issue date of the Tranche; or

(b) if the Global Notes are stated in the applicable Final Terms to be issued in CGN form, in the case of a Tranche intended to be cleared through an alternative clearing system, the Global Notes will be deposited as otherwise agreed between the Issuer and the relevant Dealer, on or about the issue date of the relevant Notes; or

(c) if the Global Notes are stated in the applicable Final Terms to be issued in NGN form, they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper.

In the case of (c) above, depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

No interest will be payable in respect of a temporary Global Note except as provided below. Each Tranche of Notes in registered form will be represented by Certificates and may be represented by a Global Certificate.

Upon deposit of the temporary Global Note(s) (if the Global Note(s) are in CGN form) with the Common Depositary or registration of the Registered Notes in the name of the nominee for Euroclear and/or Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid and, in the case of Notes held through Euroclear France, the 'intermédiaries habilités' (each an 'Approved Intermediary') who are entitled, directly or indirectly, to hold such Notes according to the records of Euroclear France) will likewise credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Upon deposit of the temporary Global Note(s) (if the Global Note(s) are in NGN form), the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Upon the initial deposit of a Global Certificate in respect of and registration of Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Any payment due in respect of a Global Note or a Global Certificate will be made to each of Euroclear, Clearstream, Luxembourg, DTC or an Approved Intermediary in respect of the portion of the Global Note or a Global Certificate held for its account. An accountholder with Euroclear, Clearstream, Luxembourg or Approved Intermediary with an interest in a temporary Global Note will be required, in order to have credited to its account any portion of any payment, to present a certificate in the form set out in the Agency Agreement substantially to the effect that the beneficial owner of the relevant interest in the Global Note is not within the United States or a U.S. person as such terms are defined by the U.S. Internal Revenue Code and the regulations thereunder.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or Approved Intermediary, or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or such Approved Intermediary or

clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC, Euroclear France or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes.* Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

   1.1 if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see 'Summary of the Programme — Selling Restrictions'), in whole, but not in part, for the Definitive Notes defined and described below and

   1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

   Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes.* Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under 'Partial Exchange of Permanent Global Notes', in part for Definitive Notes or, in the case of 2.1 below, Registered Notes:

   2.1 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and

   2.2 otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an 'Alternative Clearing System') and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

3. *Unrestricted Global Certificates*. If the Final Terms state that the Unrestricted Notes are to be represented by an Unrestricted Global Certificate on issue, transfers of the holding of such Notes represented by any Unrestricted Global Certificate pursuant to Condition 3(*b*) may only be made in part:

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

   3.2 if principal in respect of any Note is not paid when due; or

   3.3 with the consent of the Issuer,

   provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4. *Restricted Global Certificates.* If the Final Terms state that the Restricted Notes issued by Rabobank Nederland are to be represented by a Restricted Global Certificate on issue, transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 3(*b*) may only be made in part:

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

4.2 if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a 'clearing agency' registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

4.3 if principal in respect of any Note is not paid when due; or

4.4 with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 4.1 or 4.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out under 'Transfer Restrictions'.

5. *Partial Exchange of Permanent Global Notes.* For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

6. *Delivery of Notes.* If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Offering Circular, 'Definitive Notes' means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

   In the event that a Global Note is exchanged for Definitive Notes, such Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

7. *Exchange Date.* 'Exchange Date' means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the

specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

8. *Legend.* Each Global Note and any Bearer Note, Talon, Coupon or Receipt issued in compliance with the D Rules under TEFRA will bear the following legend:

   'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165*(j)* and 1287*(a)* of the Internal Revenue Code.'

   The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Bearer Notes or any related Coupons.

   In the case of Restricted Notes issued by Rabobank Nederland, each Restricted Global Certificate and each Certificate issued in exchange for a beneficial interest in a Restricted Global Certificate will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Rule 144A as described under 'Transfer Restrictions'.

Amendment to Conditions

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions as set forth in the Global Notes and, where indicated, the Global Certificates:

1. *Payments.* No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Conditions 10(*e*)(viii) and 11(v) will apply to Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

2. *Prescription.* Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of five years from the date on which such payment first becomes due.

3. *Meetings.* The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. *Cancellation.* Cancellation of any Note represented by a permanent Global Note that is required to be cancelled will be effected by reduction in the nominal amount of the relevant permanent Global Note.

5. *Purchase.* Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. *Issuer's Option.* Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system or Approved Intermediary in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, Clearstream Banking AG, Euroclear France or any other clearing system (as the case may be) (with such partial redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

7. *Noteholders' Options.* Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8. *NGN nominal amount.* Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9. *Events of Default.* Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 13 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Covenant executed by the Issuer and the Fiscal Agent on May 13, 2008 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes represented by such Global Certificate, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

10. *Notices.* So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on Euronext Amsterdam or on the Luxembourg Stock Exchange and the rules of such exchange so require, notices shall also be published in the Euronext Daily Official List and a daily newspaper having general circulation in the Netherlands and/or either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes (subject to the provisions of the applicable Final Terms and relevant provisions of law) and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from the issues of the Notes will be used by the Issuer in connection with its banking business.

CLEARING AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Issuer may make applications in respect of Notes in CGN form to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes in CGN form, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depositary for Clearstream, Luxembourg and/or Euroclear or an alternative clearing system as agreed between the Issuer and Dealer. Transfers of interests in such temporary Global Notes in CGN form or permanent Global Notes in CGN form will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or, if appropriate, the alternative clearing system. The Issuer may make applications in respect of Notes in NGN form, to the Common Safekeeper for acceptance in its book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes in NGN form, a temporary Global Note and/or a permanent Global Note in bearer form without coupons will be deposited with the Common Safekeeper. Transfers of interests in such temporary Global Notes in NGN form, or permanent Global Notes in NGN form will be made in accordance with the normal operating procedures of the Common Safekeeper. Each Global Note deposited with the Common Safekeeper or with a common depositary on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Registered Notes

The Issuer may make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate or (in the case of Restricted Notes issued by Rabobank Nederland) a Restricted Global Certificate. Each Unrestricted Global Certificate or (in the case of Restricted Notes issued by Rabobank Nederland) Restricted Global Certificate deposited with a nominee for Clearstream, Luxembourg and/or Euroclear will have an ISIN and a Common Code.

Rabobank Nederland and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes issued by Rabobank Nederland represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under 'Transfer Restrictions'. In certain circumstances, as described below in 'Transfers of Registered Notes', transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates are deposited, and DTC will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Tranche may hold their beneficial interests in an Unrestricted Global Certificate only through Clearstream, Luxembourg or Euroclear. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such Restricted Global Certificate. Rabobank Nederland expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. Rabobank Nederland also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of Rabobank Nederland, any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or (in the case of Restricted Notes issued by Rabobank Nederland) a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate, in amounts of U.S.$100,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.$1,000, in certain limited circumstances described below.

Transfers of Registered Notes

Transfers of interests in Global Certificates within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Clearstream, Luxembourg or Euroclear. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in 'Plan of Distribution') relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent of details of that account at either Euroclear or Clearstream, Luxembourg or DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under 'Transfer Restrictions', cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and/or Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the Custodian and the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream,

Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see 'Transfer Restrictions'.

DTC has advised Rabobank Nederland that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised Rabobank Nederland as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a 'banking organisation' under the laws of the State of New York, a member of the U.S. Federal Reserve System, a 'clearing corporation' within the meaning of the New York Uniform Commercial Code and a 'clearing agency' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Certificates will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in 'Summary of Provisions Relating to the Notes while in Global Form — Exchange — Restricted Global Certificates' or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in 'Summary of Provisions Relating to the Notes while in Global Form — Exchange — Unrestricted Global Certificates'. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the SEC

under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Registered Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

General

For a listing on Euronext Amsterdam, Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. or its legal successor ('Euroclear Nederland') will be involved in clearing and settlement.

DESCRIPTION OF BUSINESS OF THE RABOBANK GROUP

General

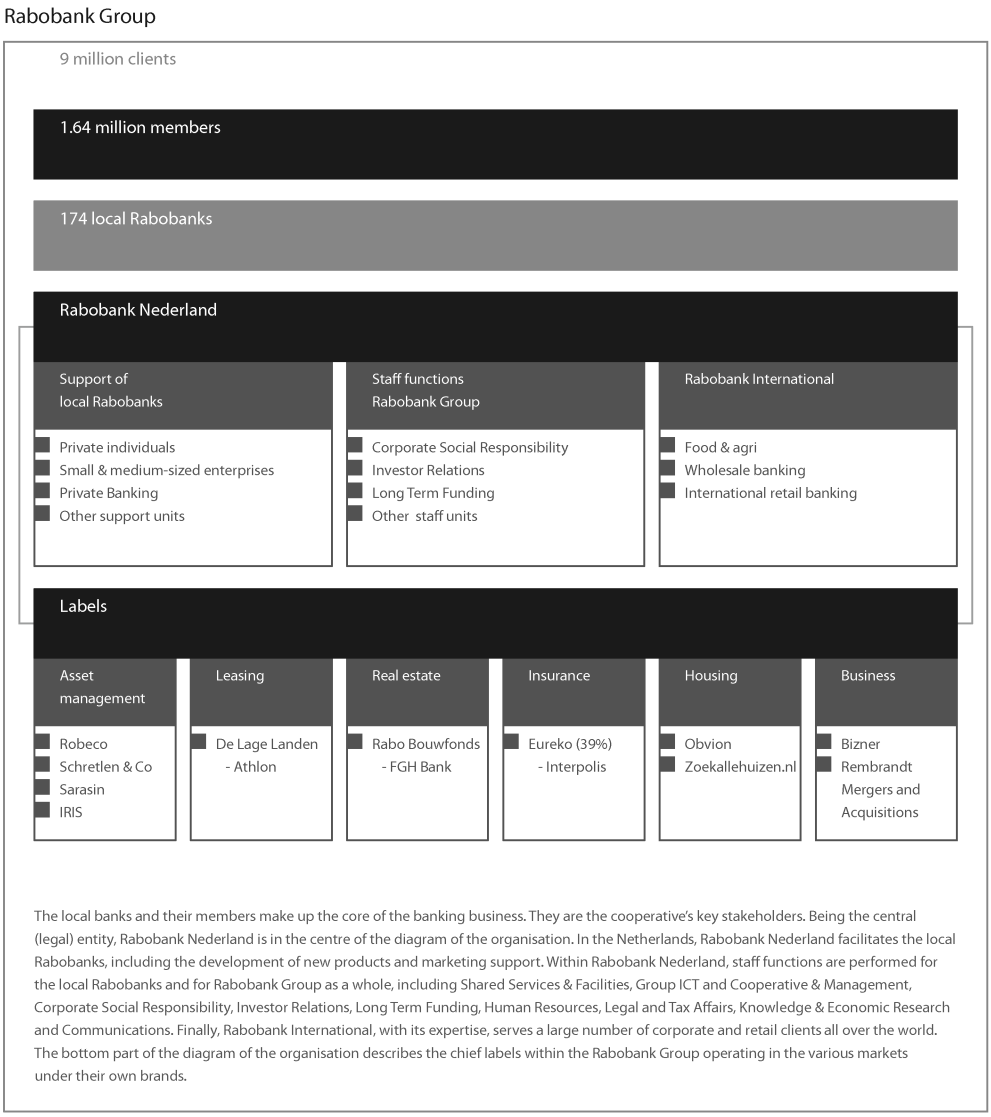
The Rabobank Group is one of the largest banking organisations in the Netherlands and the largest mortgage lending and savings organisation in the Netherlands by market share. We are one of the 25 largest banking institutions in the world in terms of assets and Tier I capital. We offer a broad range of financial, insurance and asset management services across retail, corporate and commercial sectors, both domestically and internationally. The Rabobank Group has the highest credit ratings awarded by the international rating agencies Moody's (Aaa since 1986) and Standard & Poor's (AAA since 1985). On a consolidated basis, our total assets were € 571 billion at December 31, 2007. At December 31, 2007, we had 54,737 full-time equivalent employees ('FTEs').

The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative local Rabobanks, which are members of Rabobank Nederland and are also licensed banks, and Rabobank Nederland's subsidiaries. We had 174 local Rabobanks, 1,159 branches and 3,102 points of contact located throughout the Netherlands at December 31, 2007. The local Rabobanks are themselves cooperative entities that draw all of their members from their customers. See 'The Rabobank Group Structure'.

The various entities within the Rabobank Group comprise a network of 'competence centres' which provide financial services and products to the local Rabobanks and to each other. This networked expertise allows us to respond actively to the growing demand from business clients and private individuals for a balanced package of financial services and products. We therefore seek to combine the best of two worlds: the local presence of the local Rabobanks and the expertise and scale of a large organisation. The underlying purpose of Rabobank Nederland's cooperative structure is to provide high quality services and products to its customers at reasonable prices, while maintaining the financial stability of the Rabobank Group.

Historically, we have engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, we have 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, we have increased both the number and type of products and services available to our 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, we pursue an 'all-finance' concept, meaning that we provide 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, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

Through Rabobank Nederland, the local Rabobanks and our 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. The diagram below sets forth the organisational structure of Rabobank Nederland, the local Rabobanks and the subsidiaries that engage in our core business areas.



Domestic Retail Banking

We provide a variety of lending and savings services in the Netherlands through our network of local Rabobanks and their domestic offices and agencies. From January 1, 2007 through December 31, 2007, we had a market share of 27.7% of new home mortgages in the Dutch mortgage market (22.4% by local Rabobanks and 5.3% by Obvion N.V. ('Obvion'); source: Dutch Land Registry Office *(Kadaster)*). In 2007, we had an 84% market share of loans and advances made by banks to the Dutch primary agricultural sector (measured by our own surveys). In 2007, we also had a 38% market share of domestic loans to the trade, industry and services sector (i.e., small enterprises with less than 100 employees; measured by our own surveys). At December 31, 2007 we had a 41% market share in the Dutch savings market (source: Statistics Netherlands *(Centraal Bureau voor de Statistiek)*). The foregoing percentages in this paragraph should be read as percentages of the relevant Dutch market as a whole.

For the year ended December 31, 2007, our Domestic Retail Banking operations accounted for 60%, or € 1,815 million, of our operating profit before taxation. As the Rabobank Group conducts more activities than these five core business areas, the Group's operating profits of the five core business areas do not add up to 100% of consolidated operating profit before taxation.

Wholesale and International Retail Banking

Through Rabobank International, we provide a variety of wholesale banking services, including advising on mergers and acquisitions and stock transactions, lending and providing special financing arrangements to both domestic and international corporate clients. Rabobank International is also responsible for the international retail operations. For the year ended December 31, 2007, our Wholesale

and International Retail Banking operations accounted for 11%, or € 338 million, of our operating profit before taxation.

Asset Management and Investment

We provide asset management, investment and private banking services to private, institutional and corporate investors through a number of subsidiaries. Robeco is the competence centre for asset management services within the Rabobank Group, offering financial products and services to our Asset Management and Investment operations. Schretlen operates our private banking activities in the Netherlands and internationally private banking and institutional clients are serviced by Sarasin in which Rabobank holds a majority stake (69% voting rights). On January 1, 2008 the internet-brokerage activities which are conducted under the trade name Alex were sold. For the year ended December 31, 2007, our Asset Management and Investment operations (including Alex) accounted for 16%, or € 487 million of our operating profit before taxation.

Leasing

Our leasing activities are undertaken primarily by De Lage Landen. De Lage Landen provides factoring and leasing services to corporate borrowers, mainly in the food and agribusiness, car leasing, technology, healthcare and banking industries, and offers consumer loans under the new brand Freo. At December 31, 2007, De Lage Landen had a loan portfolio of approximately € 20.7 billion. Operating profit before taxation from our Leasing operations, at € 301 million, accounted for 10% of our operating profit before taxation for the year ended December 31, 2007.

Real Estate

We provide a variety of real estate services to institutional and corporate clients through Rabo Bouwfonds. Rabo Bouwfonds consists of three divisions: Development (consisting of Bouwfonds Property Development and Rabo Vastgoed), Finance (mainly FGH Bank) and Rabo Bouwfonds Real Estate Investment Management (REIM, consisting of FGH Asset Management and Bouwfonds Asset Management). For the year ended December 31, 2006, our Real Estate operations accounted for 7%, or € 209 million, of our operating profit before taxation.

Recent Developments

Rabobank receives approval for majority stake in Polish Bank BGZ ("BGZ")

On April 4, 2008 Rabobank received permission from the Polish Financial Supervision Authority to achieve a majority position in BGZ. Rabobank will cross the 50% threshold in BGZ by acquiring a 12.87% stake currently held by the European Bank for Reconstruction and Development. This will enable Rabobank to gain a majority stake of 59.35% in BGZ. Rabobank first acquired a 35.4% stake in BGZ in 2004, which was increased further to 46.48% mainly by conversion of bonds into shares.

Rabobank sells Alex Beleggersbank

On October 31, 2007 Rabobank Nederland announced the sale of Alex Beleggersbank for € 390 million to the listed internet broker BinckBank. The sale of Alex Beleggersbank was the outcome of an exploratory process following Rabobank's announcement in March 2007 regarding the review of Alex's strategic positioning in the Rabobank Group. The transaction was closed on January 1, 2008.

Issue of Capital Securities

On October 8, 2007, Rabobank issued NZ$900 million Perpetual Non-Cumulative Capital Securities. On October 22, 2007, Rabobank issued U.S.$750 million Perpetual Non-Cumulative Capital Securities.

Status of financial markets

Since the beginning of the second half of 2007, world financial markets have been adversely affected as a result of rising default levels on sub-prime mortgages in the United States. These circumstances have generally resulted in a reappraisal of risk and increased liquidity risk. Management believes the Rabobank Group has minimal exposure to sub-prime mortgages in the United States.

Tango Finance Limited

On December 6, 2007, Rabobank announced that it had agreed a plan to take the assets of Tango Finance Limited (Tango), a structured investment vehicle (SIV), which Rabobank sponsors, onto its balance

sheet. Tango, as other SIVs, has experienced funding challenges in recent months. Since Rabobank believes there is no immediate prospect of the funding situation for SIVs improving in 2008 and to prevent a potential sale of high quality assets, the bank was prepared to take the remaining assets of Tango onto its balance sheet early 2008. Despite market conditions, Tango has funded itself successfully through a combination of asset sales, repo transactions and allowing income note investors to redeem income notes in exchange for buying portfolios of assets. Such investors purchased more than € 5 billion in assets, and Rabobank took the remaining assets (€ 4.8 billion) on its balance sheet in 2008. The impact of purchasing those assets on the balance sheet of Rabobank and its solvency is not material.

Certain information on important Rabobank Group companies

Robeco Groep N.V.

Robeco has its statutory seat in Rotterdam, the Netherlands. Robeco provides investment management services, financial services and acts as a holding and financing company. Its issued and fully paid-up share capital amounted to € 4,537,803 (4,537,803 shares with a nominal value € 1 each) as of December 31, 2007. Rabobank Nederland's share in its issued capital is 100 per cent. Robeco's net result in 2007 was € 200 million, corresponding to € 44.07 per share. As at December 31, 2007, Rabobank Nederland's liabilities to Robeco amounted to € 311 million (bonds), € 1,195 million (current account) and € 115 million (professional securities transactions). Rabobank Nederland's claims on Robeco as at December 31, 2007 amounted to € 271 million (loans) and € 699 million (current account).

De Lage Landen International B.V.

De Lage Landen has its statutory seat in Eindhoven, the Netherlands. De Lage Landen provides factoring, car leasing and vendor lease services. Its issued share capital amounts to € 98,470,307 all of which is owned by Rabobank Nederland. De Lage Landen's net profit in 2007 was € 234 million (before minority interest). As at December 31, 2007, Rabobank Nederland's liabilities to De Lage Landen amounted to € 1,778 million. As at December 31, 2007 Rabobank Nederland's claims on De Lage Landen amounted to € 19,253 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.

Rabobank Group strategy

Under the Strategic Framework 2005 – 2010 the objective is for Rabobank Group to remain a Dutch bank with a dominant market position in food agri, among private individuals and in the small and medium-sized enterprises sector. In addition, Rabobank intends to remain a cooperative, although exceptions may be made for subsidiaries and equity investments. Rabobank aims to maintain its AAA rating. Rabobank Group's strategic course will be driven by sustained organic growth. Rabobank Group distinguishes three areas in which it seeks growth:

- growth in the Dutch all-finance market, through further strengthening of Rabobank's position in the top end of the private and corporate markets;
- continued international expansion as a leading international food & agri bank;
- further growth of and synergy between the Rabobank Group entities.

The implementation of the Strategic Framework is designed to enable Rabobank Group to provide optimum services to its clients both in the Netherlands and abroad while maintaining its sound financial ratios and remaining a good and attractive employer.

Domestic strategy: leader in the all-finance market

Market leadership in the Dutch all-finance market is the main goal. In addition to the mass market for banking services to private individuals, small and medium-sized enterprises and the agricultural sector – where Rabobank believes it is the market leader – there remain growth opportunities in the top end of the private and corporate markets. Further, Rabobank Group focuses on the 'segments of the future', i.e. large cities, young people and ethnic minorities. Rabobank believes that the insurance, investment, consumer credit and real estate product markets likewise still offer opportunities for further growth.

Domestic retail banking: responding to a changing environment

Rabobank leverages its distribution strength as the 'nearby bank' of the Netherlands, not just physically but also – and increasingly – via such distribution channels as the Internet, television and mobile phones. Because Rabobank wishes to remain in the forefront in this market, it continues its investment efforts in these new forms of distribution. Rabobank seeks to respond to differences in client segments and geographical differences by tailored market strategies with distinct brands and distribution channels.

Strategy abroad: global food & agri bank

Rabobank believes that expansion of its international activities is necessary because it is what Dutch corporate clients expect. In particular, small and medium-sized Dutch enterprises with international operations as well as multinational enterprises have shown a preference for utilising banking service providers combining established operations in the Netherlands with an international banking presence. In addition, international growth is desirable in order to be and remain attractive as an employer.

As a result, Rabobank Group's global food & agri bank, Rabobank International, focuses on becoming the world's leading food & agri bank. This ambition dovetails with Rabobank Group's cooperative origins as a financier of the Dutch agricultural sector and the expertise it has developed.

Wholesale banking

In order to realise its strategy, Rabobank International will aim to strengthen its position further among the large players in this sector. The global product groups comprise Global Financial Markets, Leveraged Finance and Structured Finance. Rabobank International has a global network in almost 30 countries, with hundreds of branches abroad. The international branch network will focus its wholesale banking activities both on international food & agri clients and on Dutch wholesale clients. The geographical focus of the wholesale banking activities is on Europe and on the countries where Rabobank International has retail banking operations. Intensified collaboration with other Rabobank Group entities should result in additional growth of these activities in years to come.

International retail banking

In order to grow its international retail banking business, Rabobank Group will focus on food & agri. This involves providing services to the agricultural sector as well as to small and medium-sized enterprises and private individuals in rural areas in selected countries. Going forward, the international retail banking activities are expected to make a greater contribution to Rabobank International's net profit.

For the expansion of its international retail banking network, Rabobank International focuses on three growth markets, with its prime focus on traditionally agricultural countries with stable political climates and structurally attractive agricultural sectors, such as the United States and Australia. Rabobank International also focuses on countries in Central and Eastern Europe that have growing agricultural sectors, such as Poland. It also focuses on fast-growing emerging countries with large agricultural sectors, such as Brazil, Chile, China, India and Indonesia. Most projects in these countries are on a smaller scale, and are of relatively minor financial significance to Rabobank.

In 2002, Rabobank International started its "Direct Banking" activities in Belgium. Thereafter, Internet banks were opened abroad, in Ireland, New Zealand and Australia. These banks are currently in the start-up phase.

Strategy for subsidiaries and equity investments

Rabobank Group's subsidiaries and equity investments play an important role in the realisation of its market leadership ambitions. Rabobank's target for its subsidiaries is to obtain leading market positions within the timeline set out in the Strategic Framework. Rabobank Group has a 39% interest in Eureko. Rabobank is the largest distributor of insurance products in the Netherlands, Eureko being the largest insurer in the Netherlands. Rabobank aims to intensify its collaboration with Eureko.

Synergy between Rabobank Group entities

The local Rabobanks offer a broad range of Robeco's investment products to their clients and they work closely with Schretlen & Co. to provide services to high net-worth clients. In the Netherlands, many of De Lage Landen's products are sold via the local Rabobanks and Rabobank International. Rabo Bouwfonds works closely with the local Rabobanks. Because the local Rabobanks are firmly rooted in the local communities, they have detailed knowledge of the market and clients' main housing requirements, which

enables Rabo Bouwfonds to respond to these wishes. In addition, Rabo Bouwfonds finances commercial real estate and sells real estate funds to clients of the local Rabobanks. The ambition is to strengthen the cooperation between the Rabobank Group entities further.

Organisational implications

Rabobank Group's strategic ambitions have been embedded in a cooperative and high-quality organisation driven by corporate social responsibility.

Cooperative roots

The cooperative is and remains Rabobank's cornerstone. The local Rabobanks and Rabobank Nederland, which is also the holding company of the Rabobank Group's subsidiaries and equity investments, are managed in accordance with the cooperative model and will continue to be so.

Leading in human resources management (HRM) policy

The quality of our people is of paramount importance to our strategy. Rabobank's HRM policy is aimed at attracting and developing talent, broadening its management and improving the flow of staff.

Sustainability

Non-governmental organizations, public authorities and consumers increasingly demand that commercial enterprises conduct their business with regard for the quality of life of our planet. Rabobank Group has also made a commitment to deal carefully with issues such as human rights and the use of scarce sources of (fossil) energy. Accordingly, Rabobank Group intends to maintain and further expand its strong position in sustainable entrepreneurship and corporate social responsibility.

Rabo Development

The Rabo Development initiative was launched in 2004. Its aim is to help a number of rural banks in developing countries grow into fully fledged 'Rabobanks'. Over the next few years, the activities will focus on a limited number of countries including China and several East African countries. Rabo Development invests in these banks by acquiring minority interests. In addition, it provides management support and technical assistance, e.g. by seconding Rabobank staff on a temporary basis.

Business Activities of the Rabobank Group

Domestic Retail Banking

Our Domestic Retail Banking operations are primarily undertaken by the local Rabobanks and Obvion. Our Domestic Retail Banking operations include making loans, taking deposits and providing fund transfers and non-credit service operations, primarily in the Netherlands. Each of the local Rabobanks provides credit and deposit services. In keeping with the all-finance concept, each of the local Rabobanks distributes insurance products and also provides, either directly or through the Rabobank Group's specialised subsidiaries, investment and a wide variety of other services to customers in the local Rabobank's specific geographical business area. Obvion provides mortgage finance and operates through independent agents. Obvion is a joint venture between Rabobank Group and Algemeen Burgelijk Pensioenfonds.

At December 31, 2007 we had a 41% market share in the Dutch savings market measured as a percentage of the amount of deposits (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). For the year ended December 31, 2007, our Domestic Retail Banking operations accounted for 50%, or € 5,795 million, of our total income and 60%, or € 1,815 million, of our operating profit before taxation. At December 31, 2007, our Domestic Retail Banking operations employed 29,304 FTEs.

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. We have 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 our 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.

Local Rabobanks

With 1,159 branches (the most branches of any financial institution in the Netherlands), 877 cash dispensing machines in public locations, service shops, agencies and other points of contacts as of December 31, 2007, the local Rabobanks had 3,102 points of contact. Through the local Rabobanks and Obvion, we are the largest mortgage lending institution in the Netherlands, with a market share of 27.7%, based on the amount of new Dutch residential mortgages in 2007. We are the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector. At December 31, 2007 €244.1 billion of our total lending (except government lending) or approximately 68%, was granted by Domestic Retail Banking. Loans made by the Wholesale and International Retail Banking business amounted to € 77.7 billion, or 22%, of our total lending to the private sector.

The following table sets forth savings and loans outstanding of the Rabobank Group by sector at the dates indicated:

(in billions of euro)	**December 31, 2007**	**December 31, 2006**
Mortgage loans	243.5	221.0
Food and agri sector	59.4	52.5
Small and medium sized business sector	116.4	105.5
Savings	101.2	89.5

With 41% of the Dutch savings market as of December 31, 2007, we are also the largest savings institution in the Netherlands measured as a percentage of the amount of deposits (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Of the total savings in the Netherlands, 39% are held by the local Rabobanks and 2% are held with Roparco, the savings arm of Robeco. We offer our clients a number of different savings options, including savings via the telephone and the internet. The www.rabobank.nl website is one of Europe's most frequented internet banking sites, and the largest internet bank in the Netherlands with approximately 15 million visits a month. We also offer internet banking services to our customers in Belgium, Ireland, New Zealand and, since early 2007, Australia. Private customers are also able to use the services of IRIS, a securities research institute established jointly with Robeco, in order to help them manage their investment decisions.

Obvion N.V.

Obvion, our mortgage loan joint venture with the ABP pension fund, sells mortgage loans under its own brand via independent agents in the Netherlands. Through Obvion, we are targeting an increasing portion of the Dutch market share in order to strengthen our market leadership in mortgage loans. Obvion's market share in the Netherlands at December 31, 2007 stood at 5.3% (source: Dutch Land Registry Office (*Kadaster*)).

Rabohypotheekbank N.V.

Rabohypotheekbank, with its statutory seat in Amsterdam, the Netherlands, provides mortgage lending documentation services to all of our local Rabobanks and is owned 95% by the local Rabobanks and 5% by Rabobank Nederland.

Rabohypotheekbank also serves as a supplementary financing vehicle for the local Rabobanks in the event that they choose not to make certain mortgage loans to their customers entirely on their own, either for liquidity or lending limit reasons or because of the nature of the required financing. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank Nederland and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At December 31, 2007, Rabohypotheekbank had assets of € 12.7 billion.

Wholesale and International Retail Banking

Through Rabobank International we provide a variety of Wholesale and International Retail Banking services, including lending and special financing arrangements to both domestic and international corporate

clients and advising on mergers and acquisitions and capital markets transactions. For the year ended December 31, 2007, our Wholesale and International Retail Banking operations accounted for 22%, or € 2,546 million, of our total income and 11%, or € 338 million, of our operating profit before taxation. At December 31, 2007, our Wholesale and International Retail Banking operations employed 9,957 FTEs.

Rabobank International

Our business banking division, Rabobank International, operates on a global scale. The subsidiaries within our Rabobank International division have a comprehensive international network of offices with 285 offices in 29 countries outside the Netherlands. Rabobank International provides sophisticated financial products aimed at professional counterparts in the international financial markets. This involves trading, arbitrage and structured finance activities that have been placed in the various divisions of Rabobank International. However, its activities are primarily focused on enterprises in the food and agribusiness sector. In financing foreign corporate clients in the food services and agribusiness industries, Rabobank International concentrates on providing financing to entities engaged in processing and trading agricultural commodities, rather than primary agricultural activities. Rabobank International also makes loans to international corporate and government borrowers. At December 31, 2007, following earlier acquisitions in Australia and New Zealand in the 1990s and the former state-owned Irish ACC Bank and Valley Independent Bank in the United States in 2002, we are continuing to expand our country banking model on a global scale. In 2003, we strengthened our position as a leading lender to rural clients in Australia and New Zealand through the purchase of the rural lending portfolio of the New Zealand bank AMP Bank Limited. In order to sustain the platform for further growth in the Australian market, we decided to continue the activities of Primary Industry Bank of Australia under the Rabobank brand and its official name has become Rabobank Australia Limited.

Also in 2003, we acquired two banks in the United States: Lend Lease Agri-Business and Ag Services of America, Inc. Lend Lease Agri-Business now operates under the name Rabo Agrifinance and offers long-term financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. In December 2004, we acquired a 35% interest in the Polish bank BGZ which was expanded to 46% in 2007. On April 4, 2008 Rabobank received regulatory approval from the Polish Financial Supervision Authority to acquire an additional 12.87% of BGZ. BGZ is the leading bank for the Polish agricultural and food economy sectors. In 2005 Rabo Ag Services, specialised in harvest financing, mainly to American corn and soy growers, merged with Rabo Agrifinance into Rabo Agrifinance. In 2005, the name of Valley Independent Bank was changed to Rabobank North America. In early 2006, Rabobank International acquired all the shares of Community Bank of Central California (CBCC) and in 2007 of Mid-State Bank & Trust (MDST). CBCC and MDST were merged into Rabobank, N.A. In 2007 Rabobank International also acquired two Indonesian banks (Hagabank and Bank Hagakita) and HNS Banco in Chile. Rabobank International's retail activities accounted for approximately 24% of Rabobank International's total income in 2007.

Asset Management and Investment

We provide asset management and investment services to private, institutional and corporate investors primarily through the following subsidiaries: Robeco (asset management), Schretlen (private banking) and Sarasin (private banking). For the year ended December 31, 2007, our Asset Management and Investment operations accounted for 13%, or € 1,479 million, of our total income and 16%, or € 487 million, of our operating profit before taxation. At December 31, 2007, our Asset Management and Investment operations employed 3,468 FTEs.

Robeco Group N.V.

Robeco is headquartered in Rotterdam, the Netherlands, and has offices in Belgium, France, Germany, Switzerland, Italy and the United States. Robeco is engaged in asset management for private, institutional and corporate investors. Robeco also acts as the competence centre for asset management services within the Rabobank Group, offering financial products and services to our other Asset Management and Investment operations. Robeco is the Dutch market leader in investment funds, with € 145.8 billion in assets under management at December 31, 2007. At December 2007 institutional clients accounted for approximately 54% of the assets managed by Robeco. Approximately 35% of the assets managed comes from the United States where Robeco has its subsidiaries Robeco USA and Harbor Capital Advisors. Rabobank Nederland owns a 100% equity interest in Robeco.

Schretlen & Co. N.V.

As the asset management specialist for the high net-worth clients of the local Rabobanks, Schretlen undertakes our private banking activities both in the Netherlands and internationally. Schretlen's operations are headquartered in Amsterdam, the Netherlands. Schretlen's services are available to private individuals with a minimum of € 500,000 freely available for investment. In addition, Schretlen, in cooperation with the local Rabobanks, offers a standardised form of asset management, Rabobank Managed Investment, for private individuals with a minimum of € 150,000 in assets managed. The local Rabobanks, by using the standardised form of asset management, can offer their clients the choice of five standard investment portfolios, each managed by Schretlen and each with varying levels of risk. In addition, Schretlen focuses on small and medium-sized institutional investors. Schretlen had approximately € 8.4 billion in assets under management at December 31, 2007.

Bank Sarasin & Cie AG

In 2002, we acquired a 28% equity stake in Bank Sarasin & Cie AG ('Sarasin'), corresponding with 16.31% of the voting rights in Sarasin, with the option to increase our stake to a majority stake at any time before June 30, 2009. In December 2006 we exercised the option and purchased another 18% of equity corresponding with 52% of the voting rights. We now hold 46% of Sarasin's equity capital and 69% of its voting rights. Sarasin offers investment consultancy and portfolio management services to private persons in Switzerland. At December 31, 2007, Sarasin had € 50.2 billion in assets under management.

Leasing

Our leasing activities are undertaken primarily by De Lage Landen which provides factoring and leasing services to corporate borrowers, primarily in the food and agribusiness, technology, health care and banking industries in both the Netherlands and internationally. De Lage Landen is headquartered in Eindhoven, the Netherlands.

In the Netherlands, De Lage Landen focuses on leasing, trade finance products and consumer finance. Leasing products include equipment leases, ICT leases, vendor leases and car and commercial vehicle leases (Translease). In 2006 De Lage Landen acquired Athlon Car Lease, which strengthened its position in the car leasing business in the Netherlands. De Lage Landen's strength in the Netherlands lies in its fast settlement of standard lease contracts and its specialist knowledge of various industry branches. De Lage Landen's product range is marketed in the Netherlands through the local Rabobanks. De Lage Landen also directly markets its products.

Internationally, De Lage Landen specialises in asset financing and vendor finance services, offering lease facilities for sales support via the sales channels of manufacturers and distributors of capital goods. De Lage Landen operates in more than 29 countries in Europe and the Americas, and also in Australia and New Zealand. De Lage Landen concentrates on enterprises with activities in agricultural machinery, telecommunications, computers, photocopiers, (internal) means of transport and medical equipment. De Lage Landen has a leading position in the vendor finance market.

At December 31, 2007, De Lage Landen had a lease portfolio of approximately € 20.7 billion. Of this amount, € 12.5 billion was attributable to Europe, € 8.0 billion was attributable to America and € 0.2 billion was attributable to the rest of the world. Operating profit before taxation from our Leasing operations at € 301 million accounted for 10% of our operating profit before taxation for the year ended December 31, 2007.

At December 31, 2007, our Leasing operations employed 4,411 FTEs.

Real Estate

We provide a variety of real estate services to institutional and corporate clients through Rabo Bouwfonds. Rabo Bouwfonds consists of three divisions: Development (consisting of Bouwfonds Property Development and Rabo Vastgoed), Finance (mainly FGH Bank) and Rabo Bouwfonds Real Estate Investment Management (REIM, consisting of FGH Asset Management and Bouwfonds Asset Management). In 2007 Rabo Bouwfonds sold over 14,000 houses and, as of December 31, 2007 € 5.1 billion of real estate assets under management.

The Finance division, mainly consisting of FGH Bank, is specialised in commercial real estate financing. FGH Bank conducts its activities under its own trademark within the Rabobank Group. The majority of the portfolio relates to investment financing. In addition, FGH Bank is active in project and land financing, trade

financing, 'sell off' financing (i.e. selling rented houses to sitting tenants), operating leases, mortgage financing and interest rate derivatives. At December 31, 2007, the Finance division had a financing portfolio of approximately € 13.5 billion in the Netherlands.

Operating profit before taxation from our Real Estate operations at € 209 million accounted for 7% of our operating profit before taxation for the year ended December 31, 2007.

At December 31, 2007, our Real Estate operations employed 1,700 FTEs.

Competition

We compete in the Netherlands with several other large commercial banks and financial institutions, such as ABN Amro, ING and Fortis (which, in October 2007, acquired a partial share in ABN Amro), 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.

In the Dutch market, we have a leading position in several financial services: newly granted mortgage loans (27.7% in 2007; source: Dutch Land Registry Office *(Kadaster)*), private savings (41% as of December 31, 2007; source: Statistics Netherlands *(Centraal Bureau voor de Statistiek)*), small and medium-sized enterprises (38% in 2007, based on our own surveys) and the agricultural sector (84% in 2007, based on our own surveys). We also considerably strengthened our share of the larger corporate market in the past few years. We also face strong competition in the international banking market. Percentages in this paragraph should be read as percentages of the relevant Dutch market as a whole.

Employees

We believe that achieving our clients' goals through financial services goes hand-in-hand with the personal development of our employees. Accordingly, in our view, good working conditions, terms of employment and ongoing development of our managers and employees are preconditions for achieving our strategy. Management believes its employee relations are good. In September 2007, we reached agreement with our unions on a new two year Collective Labour Agreement.

In 2007, the number of employees at the combined local Rabobanks decreased by 138. This decrease was mainly due to mergers of local banks. At December 31, 2007 the Rabobank Group had 60,342 employees (being 54,737 FTEs), an increase of 4,133 compared to December 31, 2006 mainly due to acquisitions.

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. At December 31, 2007, the local Rabobanks owned 1,159 branch offices within the Netherlands. In addition, our 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

We seek to conduct our business activities in a manner that is responsive to economic, social and environmental concerns. Therefore, we consider environmental and social issues in client acceptance and in assessing credit applications. The business activities of our clients must be compliant with environmental and social laws, regulations and standards such as respect for human rights, climate change, consumer interests and the well-being of animals.

In 2007 we finalised the introduction of corporate social responsibility assessments in our national and international lending business. Partly on the basis of such guidelines as the Global Reporting Initiative ('GRI') and the Global Compact, 10 social themes have been embedded in these lending procedures. All new credit applications from clients will be tested against them, regardless of a client's industry or country of operation. Thus, Rabobank Group limits the social risks that are directly associated with its economic activities.

Early identification and analysis of relevant trends and problems enable Rabobank to assess relevant risks sooner and to manage them better, to respond to commercial opportunities and to conduct its business in a more sustainable manner.

Legal Proceedings

We are involved in governmental, litigation and arbitration proceedings in the Netherlands and in foreign jurisdictions, including the United States, involving claims by and against us which arise in the ordinary course of our businesses, including in connection with our 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 our financial condition or profitability, given our 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.

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 December 22, 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 in the same proportion as the proportion which existed in the year preceding the year of issue between its balance sheet total and the sum of the balance sheet totals of all local Rabobanks unless the General Meeting decides otherwise. Since 1995, no new shares have been issued. At December 31, 2007, 1.4 million shares (for an aggregate amount of € 638 million) had been issued to the local Rabobanks.

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, referenced below.

Rabobank Nederland's functions within the Rabobank Group can be broadly divided into several areas. Traditionally, an important task of Rabobank Nederland has always been its function as bankers' bank. Another major task is the service task. As far as service is concerned, the first priority is to provide service to the local banks 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)*. 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. At December 31, 2007, the local Rabobanks had approximately 1.64 million members, which was similar to the previous year. 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. 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. Participating entities within the Rabobank Group are:

Rabobank Nederland
The 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.

In addition, Rabobank Nederland provides 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 on a consolidated basis, based on article 3:111 of the Financial Supervision Act, 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. Each local Rabobank is also required by Rabobank Nederland to keep a certain portion of its own deposits on current account with Rabobank Nederland.

Supervision on market conduct

Pursuant to Section 2:105 of the Financial Supervision Act, Rabobank Nederland has been designated by the Minister of Finance as an undertaking which is deemed to have a collective licence, applying both to itself and to all local Rabobanks. As a consequence of this collective licence, the supervision by the Netherlands Authority for the Financial Markets *(Autoriteit Financiële Markten),* as far as compliance with the rules on market conduct pursuant to the Financial Supervision Act is concerned, will be directed at Rabobank Nederland. In turn, Rabobank Nederland plays a central role in the supervision of the conduct of the local Rabobanks. The articles of association of Rabobank Nederland were amended on January 2, 2007, a day after the entry into force of the Financial Supervision Act, in order to provide a statutory basis for this supervisory task of Rabobank Nederland.

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

The following discussion should be read in conjunction with the financial statements and the notes thereto of the Rabobank Group included in this Offering Circular. The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). No reconciliation of the financial statements of the Rabobank Group included in this Offering Circular to U.S. GAAP has been prepared. Certain financial data in this chapter has not been directly extracted from the audited financial statements but instead is unaudited and derived from the accounting records of Rabobank Nederland.

Business Overview

The Rabobank Group is one of the largest banking organisations in the Netherlands and the largest mortgage lending and savings organisation in the Netherlands by market share. We are one of the 25 largest banking institutions in the world in terms of assets and Tier I capital. We offer a broad range of financial, insurance and asset management services across retail, corporate and commercial sectors, both domestically and internationally. The Rabobank Group has the highest credit ratings awarded by the international rating agencies Moody's (Aaa since 1986) and Standard & Poor's (AAA since 1984). On a consolidated basis, our total assets were € 571 billion at December 31, 2007. At that date, we had 54,737 or FTEs.

The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative local Rabobanks which are members of Rabobank Nederland and are also licensed credit institutions, and Rabobank Nederland's specialised subsidiaries. We had 174 local Rabobanks and 1,159 branches located throughout the Netherlands at December 31, 2007. The local Rabobanks are themselves cooperative entities that draw all of their members from their customers. See 'The Rabobank Group Structure'.

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

The various entities within the Rabobank Group comprise a network of 'competence centres' which provide financial services and products to the local Rabobanks and to each other. This networked expertise allows us to respond actively to the growing demand from private individuals and business clients for a balanced package of financial services and products. We therefore seek to combine the best of two worlds: the local presence of the local Rabobanks and the expertise and scale of a large organisation. The underlying purpose of Rabobank Nederland's cooperative structure is to provide high quality services and products to its customers at reasonable prices, while maintaining the financial stability of the Rabobank Group.

Historically, we have engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, we have 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, we have increased both the number and type of products and services available to our 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 we pursue an 'all-finance' concept, meaning that we provide 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, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

Through Rabobank Nederland, the local Rabobanks and our specialised 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.

Factors Affecting Results of Operations

General Market Conditions

Our results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and increased competition. The credit turmoil, which started in August 2007, affects all banks particularly on the funding side due to the liquidity shortage. Due to this turmoil, Rabobank expects an increase in credit spreads on the asset side of its balance sheet. So far, the more difficult economic environment has not led to materially higher corporate or retail loan provisioning by the Rabobank Group.

In 2007, approximately 75% of our total income and 79% of our consolidated results were derived from our Dutch operations. Accordingly, changes in the Dutch economy, the levels of Dutch consumer spending and changes in the Dutch real estate market, securities and other markets may have a material effect on our operations. However, because of our high level of product diversification, we have not experienced major fluctuations in our levels of profitability in the past. Outside of the Netherlands, the markets we focus on, i.e. principally food and agribusiness, are impacted by business cycles only in a limited way.

Although we expect that the foregoing factors will continue to affect our consolidated results of operations, we believe that the impact of any one of these factors is mitigated by our high level of product diversification. However, a protracted economic downturn in the Netherlands or our other major markets could have a material negative impact on our results of operations.

Interest Rates

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can materially affect our results. For example, the relatively low interest rate risk environment in the Netherlands and our other major markets has driven growth in mortgage volumes, which is positive. However, a low interest rate environment also adversely affected our results, due to the structure of our balance sheet. We have a high level of non- and low-interest bearing liabilities (our reserves, balances on payment accounts and current accounts). Generally, a sustained period of lower interest rates will reduce the yields on the assets that are financed with these liabilities. Conversely, rising interest rates should, over time, increase investment income but may, at the same time, reduce the market value of pre-existing investment portfolios. Rising rates can also lead to higher or lower interest margins depending on whether our interest-earning assets reprice at a faster rate than interest-bearing liabilities or the degree to which the spreads on assets or liabilities narrow or widen.

As discussed under 'Risk Management — Interest Rate Risk', we generally take a limited interest rate position that is managed within strict limits and designed to take advantage of expected changes in interest rates and the yield curve.

Stock Market Fluctuations

Following a broad based increase in global stock markets between 2002 and 2007, equity markets have been adversely affected since the outbreak of the credit turmoil in August 2007. Stock prices have dropped significantly, particularly in early 2008. Uncertainty among investors and market volatility remain high. While higher volatility has been a positive factor for our fee and commission income, a further decline in the stock markets could adversely affect our results and our other financial assets.

Critical Accounting Policies

We have identified below the accounting policies that are most critical to our business operations and the understanding of our results. In each case, the application of these policies requires management to make complex judgements based on information and financial data that may change in future periods, the results of which can have a significant effect on our results of operations. As a result, determinations regarding these items necessarily involve the use of assumptions and judgments as to future events and are subject to change. Different assumptions or judgments could lead to materially different results. See the footnotes to our audited consolidated financial statements elsewhere in this Offering Circular for additional discussion of the application of our accounting policies.

Value adjustments

Management regularly assesses the adequacy of the provision for loan losses, by performing ongoing evaluations of the loan portfolio. Rabobank Group's policies and procedures to measure impairment are

IFRS compliant. Rabobank considers a loan to be impaired when based on current information and events. It is probable that Rabobank will not be able to collect all amounts due (principal and interest) according to the original contractual terms of the loan.

Rabobank distinguishes:

- Specific provisions for impaired corporate loans. For these loans, impairment is measured on a case by case basis. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan's effective rate;
- collective retail provisions for loans that are not significant enough to be assessed individually. Retail portfolios of loans that are not individually assessed for impairment are grouped into pools, based on similar risk characteristics and are collectively assessed for impairment; and
- an IBNR (Incurred But Not Reported) provision for losses on loans that have been incurred but have not yet been individually identified at the balance sheet date. Non-impaired loans are included in groups with similar risk characteristics and are collectively assessed for the potential losses, based on Expected Loss parameters. Furthermore, a factor is used which assumes that within six months impairment will be discovered.

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

A Provisioning Committee headed by a member of the Executive Board decides twice a year on provision-taking for all impaired loans above a certain threshold (currently over € 20 million).

Trading activities

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

International Financial Reporting Standards

As from 2005, Rabobank Group prepares its financial statements in accordance with IFRS, as adopted by the European Commission.

Results of operations

	Year ended December 31,		
(in millions of euro)	2007	2006	2005
Interest	6,771	6,472	6,261
Fees and commission	2,857	2,296	2,060
Other income	1871	1281	1,042
Total income	11,499	10,049	9,363
Staff costs	4,445	4,117	3,880
Other administrative expenses	2,846	2,429	2,031
Depreciation	418	341	331
Operating expenses	7,709	6,887	6,242
Gross profit	3,790	3,162	3,121
Value adjustments	742	450	517
Operating profit before taxation	3,048	2,712	2,604
Taxation	386	367	521
Net Profit	2,662	2,345	2,083

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income grew by 14% in 2007 to € 11,499 million compared to € 10,049 million in 2006, with a particularly strong contribution from commission and other income. Interest accounted for 59% of total income in 2007.

Interest. Interest income was 5% higher, at € 6,771 million compared to € 6,472 million in 2006. Due to higher interest rates, fewer clients settled their mortgage loans prematurely. Income from penalty interest declined. The margin in domestic retail banking declined as a result of the continued competition in the mortgages market. The margin in the leasing activities declined likewise. The growth in lending offset the effects of the lower penalty interest income and the lower interest margin.

Fees and commission. Total fees and commission were 24% higher, at € 2,857 million compared to € 2,296 million in 2006. The increase in asset management commission was largely due to the fact that Sarasin was consolidated as of the end of 2006. Further, the investment performance of the Transtrend Diversified Trend Program and the expansion of the interest in Transtrend contributed to the higher commission income.

Other income. Other income was 46% higher, at € 1,871 million compared to € 1,281 million in 2006, with a strong contribution from the parts of Bouwfonds which had been acquired in December 2006. The acquisition of Athlon in the second half of 2006 and the sale of activities at Sarasin contributed to the increase in other income. Income from the Eureko participation, which is included in other income, was lower.

Operating expenses. Total operating expenses increased by 12% in 2007 to € 7,709 million compared to € 6,887 million in 2006. Staff costs accounted for 58% of total expenses.

Staff costs. The higher staffing level caused staff costs to go up by 8% to € 4,445 million compared to € 4,117 million in 2006. In 2007, several acquisitions resulted in an increase in staff numbers by approximately 2,800 FTEs. Rabobank Group's total number of employees grew by 8% in 2007 to 54,737 (50,573) FTEs.

Other administrative expenses. The growth in activities, both organic and due to acquisitions, caused a 17% increase to € 2,846 million in other administrative expenses compared to € 2,429 million in 2006.

Depreciation. Depreciation charges were 23% higher, at € 418 million compared to € 341 million in 2006, mainly because of higher depreciation on buildings and proprietary software.

Value adjustments. Value adjustments, which comprise bad debt expenses and losses incurred on financial assets, increased by 65% in 2007 to € 742 million compared to € 450 million in 2006. The increase is due to higher value adjustments on the item available-for-sale financial assets. This corresponds to 22 basis points of average lending (15 in 2006), which is in line with the five-year average (based on the period 2002-2006) of 23 basis points.

Taxation. Taxation recognised in 2007 amounted to € 386 million compared to € 367 million in 2006. This is equivalent to an effective tax rate of 12.7% (13.5% in 2006). One of the contributors to the lower effective tax rate was the reduction in the Dutch corporate tax rate. In addition profits from participations and associations, which are exempt from taxation, contributed to the lower effective tax rate.

Net profit. Rabobank Group's net profit grew by 14% in 2007 to € 2,662 million compared to € 2,345 million in 2006. After deduction of the portion attributable to minority interests and payments on Rabobank Member Certificates, Capital Securities and Trust Preferred Securities III-VI, the sum remaining was € 1,937 million compared to € 1,757 million in 2006.

Year ended December 31, 2006 compared to year ended December 31, 2005

Total income. Total income grew by 7% in 2006 to € 10,049 million compared to € 9,363 million in 2005, with particularly strong increases in commission and other income. Interest accounted for 64% of total income in 2006.

Interest. Interest income increased by 3% to € 6,472 million compared to € 6,261 million in 2005. Fierce competition in the domestic mortgages market caused interest margins to narrow. Due to the higher interest rates, fewer clients settled their mortgage loans prematurely. Income from penalty interest declined. Margins in wholesale banking and leasing operations also declined. Increased lending, however, offset the effects of tighter interest margins.

Fees and commission. Fees and commission income increased by 11% to € 2,296 million compared to € 2,060 million in 2005, mainly due to higher asset management and insurance commissions. The improved investment climate resulted in an increase in assets managed and held in custody.

Other income. Other income rose by 23% to € 1,281 million compared to € 1,042 million in 2005, partly as a result of the growth in car lease activities resulting from the acquisition of Athlon. Likewise, income from the participations in the Gilde funds was higher in 2006.

Operating expenses. Total operating expenses increased by 10% to € 6,887 million compared to € 6,242 million in 2005, with staff costs accounting for 60% of total costs.

Staff costs. The increase in employee numbers and standard salary increases caused staff costs to increase by 6% to € 4,117 million compared to € 3,880 million in 2005. Various acquisitions and the increase of Rabobank's interest in Sarasin resulted in the need to comply with strong growth of approximately 3,400 FTEs. The employee numbers were higher due to both organic growth and the need to comply with new regulations. In 2006, Rabobank Group's total number of employees grew by 11% to 50,573 (2005: 45,580) FTEs.

Other administrative expenses. The growth in activities caused an increase in other administrative expenses. Operating expenses increased by 20% to € 2,429 million compared to € 2,031 million in 2005. More costs were incurred in order to comply with new laws and regulations in 2006, and the additions to reorganisation and legal provisions were higher in 2006.

Depreciation. Depreciation rose by 3% to € 341 million compared to € 331 million in 2005.

Value adjustments. Value adjustments, which comprise bad debt expenses and losses incurred on financial assets, declined by 13% to € 450 million compared to € 517 million in 2005 as a result of positive economic developments and a further improvement in the quality of the loans portfolio. The risk-related costs were 20 basis points of the average risk-weighted assets compared to 25 in 2005 which is below the five-year average (based on the period 2002-2006) of 30 basis points.

Taxation. Taxation amounted to € 367 million compared to € 521 million in 2005, which is equivalent to an effective tax rate of 13.5%, compared to 20% in 2005. The reduction in the Dutch corporate tax rate from 31.5% to 29.6% contributed to the decrease in the effective tax rate. Higher results from the participations in the Gilde funds, which are exempt from taxation, likewise

contributed to a lower tax burden. The decrease in the effective tax rate was also partly due to non-recurring tax income.

Net profit. Rabobank Group achieved a 13% increase in net profit to € 2,345 million compared to € 2,083 million in 2005. After deduction of the portion attributable to minority interests and payments on Rabobank Member Certificates and Trust Preferred Securities III-VI, the sum remaining of € 1,757 million compared to € 1,577 million in 2005 has been appropriated to equity.

Segment Discussion

Domestic Retail Banking

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

	Year ended December 31,		
(in millions of euro)	2007	2006	2005
Interest	4,391	4,226	4,202
Fees and commission	1,379	1,259	1,205
Other income	25	66	24
Total income	5,795	5,551	5,431
Staff costs	2,072	2,118	1,990
Other administrative expenses	1,618	1,607	1,581
Depreciation	145	152	164
Operating expenses	3,835	3,877	3,735
Gross profit	1,960	1,674	1,696
Value adjustments	145	139	175
Operating profit before taxation	1,815	1,535	1,521
Taxation	466	444	497
Net Profit	1,349	1,091	1,024

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income was 4% higher, at € 5,795 million compared to € 5,551 million in 2006, mainly due to growth in interest income.

Interest. Despite competition in the mortgages market and lower income from penalty interest, interest income in 2007 was 4% higher, at € 4,391 million compared to € 4,226 million in 2006. The increases in both lending and savings offset the effects of lower mortgage margins and lower penalty interest income.

Fees and commission. Commission income from payment transactions and other financial services were major factors in the 10% rise in fees and commission income to € 1,379 million, compared to € 1,259 million in 2006. Commission income from insurance activities was 1% lower, at € 376 million compared to € 379 million in 2006.

Other income. Other income decreased by € 41 million to € 25 million compared to € 66 million in 2006. The decrease was mainly due to lower income from associates.

Operating expenses. Total operating expenses were 1% lower in 2007, at € 3,835 million compared to € 3,877 million in the previous year.

Staff costs. The staffing level in the Domestic Retail Banking business declined by 71 FTEs to 29,304 FTEs. Accordingly, staff costs were 2% lower, at € 2,072 million compared to € 2,118 million in 2006.

Other administrative expenses. Other administrative expenses were 1% higher, at € 1,618 million compared to € 1,607 million in 2006, partly as a result of higher training costs and higher marketing expenses.

Depreciation. Depreciation decreased by € 7 million to € 145 million compared to € 152 million in 2006, mainly due to lower depreciation on property and equipment.

Value adjustments. The increase in the item value adjustments was broadly in line with the growth in lending. Value adjustments rose by 4% to € 145 million in 2007 compared to € 139 million in the previous year. This corresponds to 6 basis points of average lending and is lower than the five-year average of 12 basis points.

Taxation. Taxation increased in 2007 by € 22 million to € 466 million compared to € 444 million in the previous year. The lower effective tax rate is the result of the reduction in the Dutch corporate tax rate from 29.6% to 25.5%.

Net profit. Net profit increased by 24% to € 1,349 million compared to € 1,091 million in 2006.

Year ended December 31, 2006 compared to year ended December 31, 2005

Total income. Total income increased by 2% to € 5,551 million compared to € 5,431 million in 2005, mainly due to higher commission income.

Interest. Despite the lower margin on mortgages and a decline in penalty interest, interest income was up 1% to € 4,226 million compared to € 4,202 million in 2005. Growth in lending offset the effect of lower interest margin.

Fees and commission. Because the local Rabobanks sold more insurance policies, the associated commission income increased by 4% to € 379 million compared to € 364 million in 2005. In addition, commission income from corporate treasury products was the main contributor to the increase in total commission income, increasing by 4% to € 1,259 million compared to € 1,205 million in 2005. In 2006, customers placed considerably more investment orders at the local Rabobanks. Due to the introduction of lower commission rates in 2006, this did not result in an increase in securities commission income.

Other income. Other income increased by € 42 million to € 66 million compared to € 24 million in 2005. This was mainly the result of higher income from associates.

Operating expenses. Total operating expenses increased by 4% to € 3,877 million compared to € 3,735 million in 2005.

Staff costs. The growth in staff numbers contributed to the 6% increase in staff costs to € 2,118 million compared to € 1,990 million in 2005. The increase in staffing level was due particularly to the need for compliance with new laws and regulations. In particular, Projects under the Identification (Provision of Services) Act and the Disclosure of Unusual Transactions (Financial Services) Act resulted in higher expenses. Likewise, the mergers of the local Rabobanks resulted in a temporary deployment of extra staff in 2006.

Other administrative expenses. Other administrative expenses increased by 2% to € 1,607 million compared to € 1,581 million in 2005.

Depreciation. Depreciation charges on property, plant and equipment were lower, causing depreciation to decline by € 12 million to € 152 million compared to € 164 million in 2005.

Value adjustments. The improved economic climate was a major contributor to the 20% decline of the item value adjustments to € 139 million compared to € 175 million in 2005. Risk-related costs decreased to 10 basis points of the average risk-weighted assets compared to 14 in 2005 which is below the five-year average (based on the period 2002-2006).

Taxation. Taxation in 2006 amounted to € 444 million compared to € 497 million to 2005. The reduction in the Dutch corporate tax rate from 31.5% to 29.6% contributed to the decrease in effective tax rate.

Net profit. Net profit was 7% higher at € 1,091 million compared to € 1,024 million in 2005.

Wholesale and International Retail Banking

The following table sets forth certain summarised financial information for the Rabobank Group's Wholesale and International Retail Banking business for the years indicated:

	Year ended December 31,		
(in millions of euro)	2007	2006	2005
Interest	1,832	1,649	1,477
Fees and commission	394	372	354
Other income	320	601	395
Total income	2,546	2,622	2,226
Staff costs	890	867	760
Other administrative expenses	772	668	477
Depreciation	53	51	40
Operating expenses	1,715	1,586	1,277
Gross profit	831	1,036	949
Value adjustments	493	234	259
Operating profit before taxation	338	802	690
Taxation	(56)	115	117
Net Profit	394	687	573

Year ended December 31, 2007 compared to year ended December 31, 2006 based on the restated figures

Total income. Total income declined by 3% in 2007 to € 2,546 million compared to € 2,622 million in the previous year. Although some units within Global Financial Markets benefited from the turbulence in the financial markets, income at Global Financial Markets fell by € 497 million to € 268 million. At the same time, Participations had a strong year. Income at Global Financial Markets is largely recognised in other income. As a result, other income was 47% lower, at € 320 million (2006: € 601 million). Like many others, Leveraged Finance and Structured Finance were hindered by the subprime crisis in the American mortgages market. Income from Leveraged Finance was 7% lower and income from Structured Finance was 5% lower.

Income from Corporate Banking activities was 11% higher. Of total income, 24% (19% in 2006) is from the international retail banking business. Income from the Retail Banking activities was 23% higher, at € 624 million (2006: 506 million). ACCBank's income showed a marginal increase, which was in line with the slight growth in lending. Income from the retail banks in other regions rose as a result of both organic growth and acquisitions.

Interest. Interest increased by 11% to € 1,832 million compared to € 1,649 million in 2006 mainly due to the growth in lending in the international retail banking business and Corporate Banking activities.

Fees and commission. Fees and commission income increased by 6% to € 394 million compared to € 372 million in 2006 due to higher commission with respect to lending and securities transactions.

Other income. Other income decreased by 47% to € 320 million compared to € 601 million in 2006. The main reason for the decrease is the turbulence in the financial market. As a consequence of this trading income was lower at Global Financial Markets.

Operating expenses. Operating expenses increased by 8% to € 1,715 million compared to € 1,586 million in 2006.

Staff costs. Staff costs increased by 3% to € 890 million compared to € 867 million in 2006 due to the increase of the number of FTEs.

Other administrative expenses. Other administrative expenses increased by 16% to € 772 million compared to € 668 million in 2006 mainly due to the expansion of activities.

Depreciation. Depreciation increased in 2007 by € 2 million to € 53 million compared to € 51 million in 2006.

Value adjustments. As a result of the credit market crisis, the item value adjustments increased to € 493 million in 2007 compared to € 234 million in 2006. This corresponds to 63 (2006: 39) basis points of average lending and is higher than the five-year average of 46 basis points.

Taxation. Taxation decreased with € 171 million to € (56) million compared to € 115 million in 2006. The lower result from Global Financial Markets and the higher income from Participations, the latter being largely tax-exempt because of participation exemption, contributed to the decline in taxation.

Net profit. Net profit decreased by € 293 million to € 394 million compared to € 687 million in 2006.

Year ended December 31, 2006 compared to year ended December 31, 2005

Total income. Total income increased by 18% in 2006 to € 2,622 million compared to € 2,226 million in 2005. The margin on lending by the wholesale banking business was under pressure. Income from Global Financial Markets increased by 14%. Within Corporate Finance, Leveraged Finance made a strong contribution to results, thus offsetting the slight decline in income from Structured Finance. The growing demand for acquisition finance drove up income at Leveraged Finance by 31%. Income from Rabo Participations and the Gilde funds were considerably higher due to improved results on divestments of participating interests and revaluations, which contributed to the growth in other income. The international retail banking business accounted for 19% of total income. Income from retail activities increased by 10% to € 506 million compared to € 460 million in 2005. ACCBank's income was under pressure as a result of a decrease in lending. Income from the other retail banking activities increased as a result of organic growth and the acquisition in the United States of Community Bank of Central California (CBCC), which is consolidated in the figures as from February 2006.

Interest. Due to a tighter margin on lending, interest income increased by 12% to € 1,649 million compared to € 1,477 million in 2005, despite strong growth in lending.

Fees and commission. Fees and commission income increased by 5% to € 372 million compared to € 354 million in 2005. This was mainly the result of higher commission income in respect of lending.

Other income. Other income increased by € 206 million to € 601 million compared to € 395 million in 2005. Income from Rabo Participations and the Gilde funds were considerably higher due to improved results on exits and revaluations.

Operating expenses. Total operating expenses rose by 24% to € 1,586 million compared to € 1,277 million in 2005.

Staff costs. The increase in staffing level led to staff costs increasing by 14% to € 867 million compared to € 760 million in 2005. The expansion of activities caused the number of staff to increase by 12% to 6,684 FTEs. Approximately 260 FTEs are from the former CBCC.

Other administrative expenses. Partly due to the acquisition of CBCC and the increase in regulations, other administrative expenses were € 191 million higher at € 668 million compared to € 477 million in 2005. The integration of CBCC resulted in an additional charge in 2006. In addition, more project costs were incurred due to compliance with Basel II and 'other compliance projects'.

Depreciation. Depreciation of buildings and software was higher, causing depreciation charges to rise by € 11 million to € 51 million compared to € 40 million in 2005.

Value adjustments. In 2006, value adjustments were 10% lower, at € 234 million compared to € 259 million in 2005 as a result of healthy global economic growth and further improvement in the portfolio. The risk-related costs were 40 (2005: 56) basis points of the average risk-weighted assets which is below the five-year average (based on the period 2002-2006).

Taxation. Taxation in 2006 amounted to € 115 million compared to € 117 million in 2005. Taxes were lower as result of the reduction in the Dutch corporate tax rate from 31.5% to 29.6% and as a result of higher results from participations in the Gilde funds, which are exempt from taxation.

Net profit. Net profit increased by € 114 million to € 687 million compared to € 573 million in 2005.

Asset Management and Investment

The following table sets forth certain summarised financial information for the Rabobank Group's Asset Management and Investment business for the years indicated:

Year ended December 31,

(in millions of euro)	2007	2006	2005
Interest	82	86	61
Fees and commission	1,089	648	600
Other income	308	102	57
Total income	1,479	836	718
Staff costs	581	330	278
Other administrative expenses	386	210	177
Depreciation	24	11	13
Operating expenses	991	551	468
Gross profit	488	285	250
Value adjustments	1	0	0
Operating profit before taxation	487	285	250
Taxation	125	62	76
Net Profit	362	223	174

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income increased by 77% to € 1,479 million compared to € 836 million in 2006. Increases in both commission and other income were important drivers for the growth.

Interest. Interest decreased by € 4 million to € 82 million compared to € 86 million in 2006.

Fees and commission. Fees and commission income increased by € 441 million to € 1,089 million compared to € 648 million in 2006. The increase in commission income was largely due to Sarasin's full consolidation as from year-end 2006. The strong investment performance of the Transtrend Diversified Trend Program and the expansion of the Group's interest in Transtrend also contributed to the increase in commission income.

Other income. Other income increased by € 206 million to € 308 million compared to € 102 million in 2006. The gains from the sale at Sarasin of both its Luxembourg and its brokerage activities were important drivers for this increase.

Operating expenses. Total operating expenses were 80% higher in 2007, at € 991 million compared to € 551 million in the previous year. The increase was largely the result of the consolidation of Sarasin.

Staff costs. Staff costs increased by € 251 million to € 581 million compared to € 330 million in 2006, mainly due to the consolidation of Sarasin at the end of 2006.

Other administrative expenses. Other administrative expense were € 176 million higher at € 386 million compared to € 210 million in 2006. The increase was also mainly due to the consolidation of Sarasin.

Depreciation. Depreciation increased by € 13 million to € 24 million compared to € 11 million in 2006. Besides the consolidation of Sarasin, the increase was also the result of higher depreciation on software.

Value adjustments. Value adjustments increased from zero in 2006 to € 1 million in 2007.

Taxation. Taxation increased by € 63 million to € 125 million compared to € 62 million to 2006.

Net profit. Net profit increased by 62% to € 362 million compared to € 223 million in 2006.

Year ended December 31, 2006 compared to year ended December 31, 2005

Total income. Total income increased by 16% to € 836 million compared to € 718 million in 2005 due to the growth in assets managed and held in custody.

Interest. Interest income increased by € 25 million to € 86 million compared to € 61 million in 2005 mainly due to lower interest expenses on derivatives.

Fees and commission. Fees and commission income increased by 8% to € 648 million compared to € 600 million in 2005. The increase was mainly attributable to the growth of assets managed and the shift towards equity funds. There were also more commission orders. The increase in the assets managed and commission orders more than offset the pressure on commission income due to a price reduction in fees.

Other income. Other income increased by € 45 million to € 102 million in 2006 compared to € 57 million in 2005. This was mainly the result of an internal transfer of activities to the assets management and investment business. On a group level this had no effect on the results.

Operating expenses. Total operating expenses were 18% higher, at € 551 million compared to € 468 million in 2005 mainly due to the increase in staff costs.

Staff costs. Staff costs increased by 19% to € 330 million compared to € 278 million in 2005 as a result of the growth in staff numbers, higher costs of external hires and standard salary increases. At December 31, 2006, Sarasin employed approximately 1,120 FTEs. The additional staff, the expansion of activities and the increased deployment of staff in 'compliance projects' caused the staffing level to increase by 1,328 FTEs to 3,126 FTEs compared to 1,798 FTEs in 2005.

Other administrative expenses. Higher marketing costs contributed to the 19% increase in other administrative expenses to € 210 million compared to € 177 million in 2005.

Depreciation. Depreciation charges decreased by € 2 million to € 11 million compared to € 13 million in 2005 due to lower depreciation of buildings.

Taxation. Taxation amounted to € 62 million compared to € 76 million to 2005. This decrease was due to the reduction in the Dutch corporate tax rate from 31.5% to 29.6% and due to incidental tax income in 2006.

Net profit. The asset management activities achieved an increase in net profit of 28% to € 223 million compared to € 174 million in 2005.

Leasing

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

Year ended December 31,

(in millions of euro)	2007	2006	2005
Interest	518	507	514
Fees and commission	52	49	47
Other income	425	286	158
Total income	995	842	719
Staff costs	369	305	244
Other administrative expenses	193	168	133
Depreciation	32	21	15
Operating expenses	594	494	392
Gross profit	401	348	327
Value adjustments	100	77	92
Operating profit before taxation	301	271	235
Taxation	67	65	57
Net Profit	234	206	178

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income increased by 18% to € 995 million compared to € 842 million in 2006. The increase was mainly due to the growth of the item other income, which includes the car leasing activities of the acquisition of Athlon.

Interest. Interest increased by 2% to € 518 million compared to € 507 million in 2006, mainly due to the increase of the lending portfolio despite downward pressures on margins.

Fees and commission. Fees and commission income increased in 2007 by € 3 million to € 52 million compared to € 49 million in the previous year.

Other income. The continued growth of the car lease activities was an important driver for the 49% growth in other income to € 425 million compared to € 286 million in 2006.

Operating expenses. Total operating expenses were 20% higher in 2007, at € 594 million compared to € 494 million in the previous year.

Staff costs. The greater part of the 21% increase in staff costs to € 369 million compared to € 305 million in 2006 was the result of the acquisition of Athlon. Staff levels grew by 7% in 2007 to 4,411 (4,128) FTEs as a result of organic growth of the activities.

Other administrative expenses. Other administrative expenses were 15% higher, at € 193 million compared to € 168 million in 2006. The rise is due to the acquisition of Athlon and autonomous growth.

Depreciation. Depreciation was € 11 million higher at € 32 million compared with € 21 million in the previous year.

Value adjustments. The item value adjustments increased to € 100 million in 2007 compared to € 77 million in 2006. This was associated with the growth of the lease portfolio and the greater portfolio share of

consumer credits. This corresponds to 61 (2006: 53) basis points and is below the five-year average of 69 basis points.

Taxation. Taxation in 2007 increased by € 2 million to € 67 million compared to € 65 million to 2006. The increase was due to a higher operating profit before taxation and was partly offset by a lower taxation rate in the Netherlands.

Net profit. Net profit was 14% higher at € 234 million compared to € 206 million in 2006.

Year ended December 31, 2006 compared to year ended December 31, 2005

Total income. The 17% increase in total income to € 842 million compared to € 719 million in 2005 was mainly attributable to the growth in other income.

Interest. Interest margins were depressed by higher short-term interest rates, causing interest income to decline by 1% to € 507 million compared to € 514 million in 2005.

Fees and commission. Fees and commission income was virtually unchanged at € 49 million compared to € 47 million in 2005.

Other income. The acquisition of Athlon in particular contributed to the 81% increase in other income to € 286 million compared to € 158 million in 2005.

Operating expenses. Total operating expenses increased by 26% to € 494 million compared to € 392 million in 2005, largely due to higher staff costs. Compliance with regulations required significant effort and involved high expenses in 2006.

Staff costs. The staff level grew by 36% to 4,128 FTEs compared to 3,045 FTEs in 2005, with staff costs rising by 25% to € 305 million compared to € 244 million in 2005. The staffing level rose, particularly as a result of the acquisition of Athlon - approximately 790 FTEs, excluding CARe (the car repair services which have been sold after the acquisition), as well as organic growth of the activities and the effect of new regulation.

Other administrative expenses. In 2006, additional marketing expenses related to the start-up of the Consumer Finance activities contributed to the 26% increase in other administrative expenses to € 168 million compared to € 133 million in 2005.

Depreciation. Depreciation charges were € 6 million higher at € 21 million compared to € 15 million in 2005, mainly due to higher software depreciation.

Value adjustments. The improved economic conditions and the ongoing improvement in risk control resulted in lower value adjustments, which decreased by 16% to € 77 million compared to € 92 million in 2005. Compared to 2005, risk-related costs declined to 45 basis points of the average lease portfolio compared to 65 in 2005 which is below the five-year average (based on the period 2002-2006).

Taxation. Taxation in 2006 amounted to € 65 million compared to € 57 million to 2005. This increase was due to a higher operating profit before taxation.

Net profit. The net profit in 2006 increased by 16% to € 206 million compared to € 178 million in 2005. The acquisition of Athlon contributed to the existing activities from the second half of 2006.

Real Estate

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

	Year ended December 31,		
(in millions of euro)	2007	2006	2005
Interest	72	98	96
Fees and commission	1	1	1
Other income	573	145	53
Total income	646	244	150
Staff costs	217	55	25
Other administrative expenses	168	43	15
Depreciation	51	3	1
Operating expenses	435	101	41
Gross profit	211	143	109
Value adjustments	2	(1)	1
Operating profit before taxation	209	144	108
Taxation	55	40	30
Net Profit	154	104	78

Year ended December 31, 2007 compared to year ended December 31, 2006

Total income. Total income increased by € 402 million in 2007 to € 646 million compared to € 244 million in 2006. The increase is mainly due to the acquisition of parts of Bouwfonds in 2006.

Interest. The decline in interest income by € 26 million to € 72 million compared to € 98 million in 2006 was due to the expansion of the development activities since late 2006, which caused interest expense to increase.

Fees and commission. Fees and commission income was unchanged at € 1 million compared to 2006.

Other income. The former parts of Bouwfonds were the main contributor to the increase over 2007 by € 428 million to € 573 million compared to € 145 million in the previous year.

Operating expenses. Total operating expenses were € 334 million higher in 2007, at € 435 million compared to € 101 million in 2006.

Staff costs. Mainly as a result of the acquisition of parts of Bouwfonds, staff costs rose in 2007 by € 162 million to € 217 million compared to € 55 million in the previous year.

Other administrative expenses. The other administrative expenses amounted to € 168 million compared to € 43 million in 2006. The increase is mainly due to the acquisition of Bouwfonds and the amortisation of intangible assets.

Depreciation. The item depreciation increased by € 48 million to € 51 million compared to € 3 million in 2006 due to the acquisition of parts of Bouwfonds.

Value adjustments. The value adjustments amounted to € 2 million compared to € (1) million in 2006.

Taxation. Taxation increased in the year under review by € 15 million to € 55 million compared to € 40 million in 2006.

Net profit. Net profit increased by 48% to € 154 million compared to € 104 million in the previous year.

Year ended December 31, 2006 compared to year ended December 31, 2005

Total income. Total income increased by € 94 million to € 244 million compared to € 150 million in 2005.

Interest. The growth of the loans portfolio caused interest income to rise by 2% to € 98 million compared to € 96 million in 2005, despite pressure on margins.

Fees and commission. Fees and commission income was unchanged at € 1 million compared to 2005.

Other income. In December 2006, the parts acquired from Bouwfonds contributed to the € 92 million increase in other income to € 145 million compared to € 53 million in 2005.

Operating expenses. Total operating expenses increased by € 60 million to € 101 million compared to € 41 million in 2005, due to organic growth and the acquisition of parts of Bouwfonds.

Staff costs. Employee numbers increased by 1,323 FTEs to 1,654, causing staff costs to increase by € 30 million to € 55 million compared to € 25 million in 2005. In 2006, the staffing level increased by approximately 1,250 FTEs as a result of the acquisition of parts of Bouwfonds. Organic growth of activities required additional staff.

Other administrative expenses. Due to growth and the acquisition of parts of Bouwfonds, other administrative expenses were € 28 million higher, at € 43 million compared to € 15 million in 2005.

Taxation. Taxation in 2006 amounted to € 40 million compared to € 30 million to 2005.

Net profit. Net profit for 2006 increased by 33% to € 104 million compared to € 78 million in 2005.

Liquidity and Capital Resources

The Rabobank Group's total assets were € 571 billion at December 31, 2007, a 3% increase from € 556 billion at December 31, 2006. The largest proportion of the Rabobank Group's existing lending (not including investments in Dutch treasury securities, other Dutch public sector bonds and securities and interbank deposit placements) consists of residential mortgage loans, which in the Netherlands are primarily fixed rate.

Loans to customers

Loans to customers increased by 5% or € 18.1 billion to € 373.0 billion at December 31, 2007 from € 354.9 billion at December 31, 2006. Private sector lending increased by € 31.9 billion to € 356.0 billion at December 31, 2007, an increase of 10% from € 324.1 billion at December 31, 2006. The increase in private sector lending for private individuals, primarily for mortgage finance, was € 14.0 billion to € 180.1 billion at December 31, 2007 from € 166.1 billion at December 31, 2006. The demand for mortgage finance was slightly lower than the previous year. Residential mortgage loans are made by local Rabobanks and by the Rabobank Group's mortgage banking subsidiary, Rabohypotheekbank N.V. and by Obvion. These loans are secured by mortgages on underlying properties and have maturities up to 30 years. Lending to companies in the trade, industry and services sector increased by € 10.9 billion to € 116.4 billion at December 31, 2007, a 10% increase compared to December 31, 2006. Lending to the food and agri sector increased by € 6.9 billion to € 59.4 billion at December 31, 2007, a 13% increase.

The following table shows a breakdown of the Rabobank Group's total lending outstanding to the private sector at December 31, 2007 and 2006, by category of borrower:

	At December 31,			
(in millions of euro and as % of total private sector lending)	2007		2006	
Private individuals	180,146	50%	166,114	51%
Trade and industry and the services sector	116,423	33%	105,499	33%
Food & agri sector	59,404	17%	52,497	16%
Total	355,973	100%	324,110	100%

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

The following table provides a breakdown at December 31, 2007 and December 31, 2006 of the remaining maturity of the Rabobank Group's total outstanding lending (public and private sector) and professional securities transactions:

	At December 31,			
(in billions of euro and as % of total loans)	2007		2006	
Three months or less	38.1	10%	41.3	12%
From three months to one year	23.4	6%	23.0	6%
From one to five years	68.0	18%	62.5	18%
More than five years	202.2	54%	191.7	54%
Undated/withdrawable on demand	41.3	11%	36.4	10%
Total	373.0	100%	354.9	100%

Funding

At December 31, 2007, amounts due to customers of the Rabobank Group were € 249.5 billion, an increase of 6% compared to December 31, 2006. The balance held in savings accounts increased by € 11.7 billion to € 101.2 billion, an increase of 13%, with time deposits accounting for the majority of the increase. Other due to customers (including corporate and retail current account balances, funds outstanding to professional counterparties and other savings funds) increased by € 2.9 billion to € 148.3 billion at December 31, 2007, largely due to growth in deposits. Repurchase contracts decreased by € 4.4 billion from € 8.1 billion to € 3.7 billion over the same time period. At December 31, 2007, non-subordinated bonds and other debt securities, including certificates of deposit, totalled € 141.8 billion compared to € 128.1 billion at December 31, 2006. Savings deposits (except those withdrawable upon notice, from one month to 10 years) generally bear interest at rates that Rabobank Nederland can unilaterally change. At December 31, 2007, the Rabobank Group had a market share of 40.9% of all savings deposits maintained by individuals with banks in the Netherlands (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)).

The following table shows the Rabobank Group's sources of funding by source at December 31, 2007, 2006 and 2005:

	Year ended December 31,		
(in millions of euro)	2007	2006	2005
Savings accounts	101,175	89,500	86,181
Debt securities	141,812	128,066	115,992
Other due to customers and repurchase contracts	148,340	145,417	100,246
Other financial liabilities at fair value through profit and loss	27,303	26,270	23,844
Total	418,630	389,253	326,263

The Rabobank Group also funds itself in the interbank and institutional market. The Rabobank Group's total liabilities to banks (other than debt securities) were € 73.4 billion at December 31, 2007, a 22% decrease from € 94.6 billion at December 31, 2006.

Other financial assets

Other financial assets comprise shares, bonds, money market paper, short-term government paper and other forms of securities. Other financial assets are subdivided into the following categories:

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

Other financial assets at December 31, 2007

(in millions of euro)	Trading for-sale	Other financial assets	Available-for-sale	Held-to-maturity	Total
Purchased loans	2,350	-	-	-	2,350
Short term government paper	298	61	682	-	1,041
Government bonds	2,970	514	25,049	736	29,269
Other bonds	16,187	8,815	22,552	123	47,677
Total bonds	19,157	9,329	47,601	859	76,946
Venture capital	-	314	-	-	314
Equity instruments	7,173	6,382	1,279	-	14,834
Total shares	7,173	6,696	1,279	-	15,148
Other financial assets	201	2,047	793	-	3,041
Total	29,179	18,133	50,355	859	98,526
Listed	25,663	17,476	30,978	859	74,976
Unlisted	3,516	657	19,377	-	23,550

Other financial assets at December 31, 2006

(in millions of euro)	Trading for-sale	Other financial assets	Available-for-sale	Held-to-maturity	Total
Purchased loans	2,059	-	-	-	2,059
Short term government paper	730	42	1,072	-	1,844
Government bonds	5,162	311	25,424	1,187	32,084
Other bonds	19,624	13,442	19,714	302	53,082
Total bonds	24,786	13,753	45,138	1,489	85,166
Venture capital	-	285	-	-	285
Equity instruments	5,742	5,806	1,663	-	13,211
Total shares	5,742	6,091	1,663	-	13,496
Other financial assets	3,472	1,582	1,088	-	6,142
Total	36,789	21,468	48,961	1,489	108,707
Listed	31,915	18,631	26,697	1,489	78,732
Unlisted	4,874	2,837	22,264	-	29,975

Contractual Obligations and Contingent Liabilities

The table below provides certain information concerning the payments coming due under our existing contractual obligations at December 31, 2007:

Payments Due by Period

(in millions of euro)	On demand/ undated	< 1 year	> 1 year < 5 years	> 5 years	Total
Debt securities	3,139	67,258	53,203	29,019	152,619
Subordinated debt	3	67	48	2,549	2,667
Due to customers	157,607	67,883	9,459	18,636	253,585
Other financial liabilities at fair value through profit and loss	-	3,044	9,438	21,777	34,259

Other long-term obligations consist of due to customers other than debt securities (liabilities for deposits and savings, professional securities transactions and other client accounts). For further information, see note 20 to the consolidated financial statements for the year 2007.

Contingent liabilities relate primarily to transactions in which the Rabobank Group stands surety for commitments of third parties.

	At December 31,	
(in millions of euro)	2007	2006
Contingent liabilities consist of:		
Guarantees, etc.	8,992	7,694
Irrevocable letters of credit	2,402	1,378
Other contingent liabilities	21	7
Total contingent liabilities	11,415	9,079

Contingent liabilities secured by assets were € 28 million at December 31, 2007 compared to € 31 million at December 31, 2006.

Guarantees relate both to credit and non-credit substitute guarantees. Credit-substitute guarantees are guarantees given by Rabobank Group entities in respect of credit granted to customers by a third party. Many of them are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows.

Irrevocable letters of credit mainly secure payments to a third party for a customer's foreign and domestic trade transactions in order to finance a shipment of goods. The Rabobank Group's credit risk in these transactions is limited since these transactions are collateralised by the commodity shipped and are of a short duration. Other contingent liabilities mainly relate to acceptances of bills and are of a short-term nature. As described below, facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients. Many of these facilities are for a fixed duration and bear interest at a floating rate. Most of the unused portion of irrevocable credit facilities is secured by customers' assets or counter-guarantees by the central government and exempted bodies under the regulatory requirements. Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

Irrevocable facilities relate to all irrevocable facilities that could lead to lending.

	At December 31,	
(in millions of euro)	2007	2006
Unused credit facilities	35,553	37,417
Other	770	873
Total irrevocable facilities	36,323	38,290
Revocable facilities	36,432	30,170
Total credit related and contingent liabilities	72,755	68,460

Capital Adequacy

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

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

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

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

The risk asset approach to capital adequacy emphasises the importance of Tier I (core) capital, comprising primarily Group equity, including the Fund for general banking risks. In determining a bank's risk asset ratio, the rules limit qualifying Tier II supplementary capital to an amount equal to Tier I capital. Tier II capital includes subordinated debt and fixed asset revaluation reserves.

The concept of risk weighting assumes that banking activities generally involve some risk of loss. For risk weighting purposes, commercial lendings are taken as a bench-mark to which a risk weighting of 100% is ascribed. Other transactions, which are considered to present lower levels of risk than commercial lending, may qualify for reduced weightings. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee. The resulting amounts are then risk-weighted according to the nature of the counterparty. As a result, credit substitutes, such as standby letters of credit and acceptances, are allocated the same risk weightings as similar on balance sheet lending, while transaction-related off-balance sheet items, such as performance bonds, are allocated a lower weighting in recognition of the smaller likelihood of loss from these instruments.

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

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

The Tier I ratio and the BIS ratio are the most common ratios used in the financial world to measure solvency. The Tier I ratio expresses the relationship between core capital and total risk-adjusted assets. At December 31, 2007, Rabobank Group's Tier I ratio stood at 10.7 (10.7 at December 31, 2006). This is higher than the long-term target of 10. The minimum requirement set by the external supervisors is 4. The high

solvency ratio is one of the reasons for the Rabobank Group's long-term corporate triple A rating by both Moody's and Standard & Poor's.

Total risk-adjusted items increased by € 19.1 billion to € 266.6 billion at December 31, 2007. This increase was mainly due to the increase in lending and acquisitions. Tier I capital increased by € 2.1 billion to € 28.5 billion at December 31, 2007.

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital by the total of risk-adjusted assets times one hundred. At December 31, 2007, the BIS ratio came to 10.9 (11.0 at December 31, 2006). This exceeds the minimum requirement set by the external supervisors of 8.0.

The following table sets forth the risk-weighted capital ratios of the Rabobank Group as of December 31, 2007 and 2006, in each case calculated under the Netherlands' implementation of the relevant EU directives:

Development in capital and solvency ratios

	At December 31,	
(in millions of euro, except ratios)	2007	2006
Tier I capital	28,484	26,391
Tier I ratio	10.7	10.7
Qualifying capital	29,156	27,114
BIS ratio	10.9	11.0

Selected Statistical Information

The following section discusses selected statistical information regarding the Rabobank Group's operations. Unless otherwise indicated, average balances are calculated based on monthly balances and geographic data are based on the domicile of the customer. See '–Results of Operations' for an analysis of fluctuations in the Rabobank Group's results between periods.

Return on Equity and Assets

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

	2007	2006	2005
Return on Assets[1]	0.45%	0.43%	0.40%
Return on Equity[2]	8.81%	8.57%	8.44%
Equity to Assets Ratio[3]	5.20	5.09	4.73

(1) Net profit as a percentage of total average assets, based on month-end balances.
(2) Net profit as a percentage of average equity, based on quarterly-end balances.
(3) Average equity divided by average total assets, based on quarterly-end balances.

The following table presents information relating to dividends paid on Rabobank Member Certificates for each of the past three years:

(in millions of euro, except percentages)	2007	2006	2005
Outstanding Member Certificates[1]	5,948	5,812	4,311
Payments	299	277	211
Average dividend yield	5.03%	4.77%	4.89%

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

Loan Portfolio

Our loan portfolio consists of loans, overdrafts, assets subject to operating leases, finance lease receivables to governments, corporations and consumers and reverse repurchase agreements. The following table analyses our loan portfolio by sector at December 31, 2007, 2006 and 2005:

	At December 31,		
(in millions of euro)	2007	2006	2005
Public sector	5,095	3,093	1,053
Private sector (corporate lending)	177,863	160,019	133,758
Private sector (personal lending)	180,392	166,340	146,694
Total loans (gross) excluding securities transactions	363,350	329,452	281,505
Securities transactions	14,422	28,396	23,484
Hedge accounting	(2,522)	(675)	1,819
Total loans (gross) including securities transactions	375,250	357,173	306,808
Total loans (net)[1]	372,968	354,924	304,451

(1) The difference between total loans (gross) and total loans (net) represents provisions for loan losses.

The table below sets forth a geographic breakdown of the Rabobank Group's loan portfolio at December 31, 2007, 2006 and 2005:

	At December 31,		
(in millions of euro)	2007	2006	2005
Public Sector:			
The Netherlands	493	480	505
Other countries in the Euro zone[1]	296	270	266
North America	163	131	120
Latin America	39	48	43
Asia	4,079	2,134	98
Australia and New Zealand	3	5	0
Other countries	22	25	21
Total Public Sector	5,095	3,093	1,053
Private Sector:			
The Netherlands	269,964	243,833	218,363
Other countries in the Euro zone[1]	31,122	31,784	24,681
North America	30,207	28,707	18,391
Latin America	6,604	4,159	3,620
Asia	4,872	3,863	2,764
Australia and New Zealand	12,370	10,938	10,219
Other countries	834	826	57
Total Private Sector[2]	355,973	324,110	278,095

(1) Excluding the Netherlands.
(2) After provisions for loan losses.

Maturities and Interest Rate Sensitivity of Loan Portfolio

Domestic Retail - Interest Rate Risk position, as at December 31, 2007

(in millions of euro)	On demand	1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	2 - 5 years	5 - 10 years	> 10 years	Non-rate sensitive	Total
On balance										
Assets	18,416	54,608	7,327	6,398	6,105	81,988	52,814	25,623	3,584	256,863
Liabilities	13,139	127,823	16,542	5,443	5,825	39,248	3,046	4,693	40,866	256,624
Gap	5,276	73,215	9,215	955	281	42,740	49,769	20,930	37,282	239
Off balance										
Assets	-	73,164	22,911	380	141	9,134	5,034	3,329	-	114,093
Liabilities	-	21,769	9,153	1,001	1,517	32,189	36,708	11,995	-	114,332
Gap after OBS	5,276	21,820	4,543	334	1,094	19,685	18,094	12,264	37,282	0-

The three key indicators used for managing the interest rate risk are the basis point value, the equity at risk and the income at risk.

The basis point value ('BPV') is the absolute loss of market value of equity after a parallel increase of the yield curve with one basis point. In 2007 the BPV did not exceed € 25 million.

Long-term interest rate risk is measured and managed using the equity at risk concept. Equity at risk is the sensitivity of the Group equity's market value to interest rate fluctuations. In 2007, the equity at risk never exceeded 8.0%.

Short-term interest rate risk is monitored using the income at risk concept. This is the maximum amount of interest income that is put at risk on an annual basis, based on a confidence level of 99.99% and 20 years of historical data. In 2007, the maximum income at risk did not exceed € 150 million. All three key indicators are calculated and reported to the BRMC monthly. Limits are set annually. See 'Risk Management – Interest Rate Risk'.

Risk Elements

Cross-Border Outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets which are denominated in a currency other than the functional currency of the office or subsidiary where the extension of credit is booked. To the extent that the material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

At December 31, 2007, there were no cross-border outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

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

(in millions of euro)	Banks	Public Authorities	Private Sector	Total Amount
At December 31, 2007				
France	2,382	1,402	3,437	7,221
Belgium	2,766	1,005	2,311	6,082
Germany	5,640	3,428	6,579	15,647
Ireland	1,797	413	10,205	12,415
United Kingdom	18,042	102	13,492	31,636
Switzerland	4,686	220	1,924	6,830
United States	6,634	9,787	67,848	84,269
Spain	2,610	1,048	3,007	6,665

Japan	4,838	8,371	435	13,644
Australia	960	895	10,747	12,602
At December 31, 2006				
France	3,964	1,208	6,486	11,658
Germany	6,868	4,319	6,271	17,458
Ireland	2,410	359	9,965	12,734
United Kingdom	24,617	64	20,365	45,046
United States	11,351	9,156	83,538	104,044
Spain	3,066	1,474	2,024	6,564
Japan	4,708	9,290	830	14,828
Australia	1,306	881	9,014	11,201
At December 31, 2005				
France	6,781	1,281	5,902	13,964
Germany	8,249	4,720	3,994	16,963
Italy	1,496	3,509	1,327	6,332
Ireland	3,903	394	10,743	15,040
United Kingdom	23,797	1,539	16,358	41,694
United States	13,429	7,368	65,655	86,452
Spain	2,331	1,898	1,670	5,899
Japan	5,037	10,309	151	15,497
Australia	824	1,076	7,931	9,831

Loan portfolio

One of the principal factors influencing the quality of the earnings and the loan portfolio is diversification of loans, e.g. by industry or by region. In 2005 NAICS (North America Industry Classification System) was introduced as the leading system to classify industries for Rabobank Group. NAICS distinguishes a large number of sectors, subsectors and industries.

The following table is based on data according to NAICS and represents the loan portfolio of Rabobank Group loans by main sector at December 31, 2007:

	At December 31, 2007		
(in millions of euro)	On Balance	Off Balance	Total exposure
Food and Agri			
Oilseed & grain	8,300	525	8,824
Fruit & vegetables	7,118	124	7,242
Sugar	1,261	88	1,348
Animal protein	10,617	235	10,852
Dairy	11,090	104	11,194
Farm inputs	3,516	162	3,678
Beverages	1,759	59	1,818
Food retail & food services and drinking places	3,888	215	4,103
Other F&A	11,857	330	12,187
Total Food and Agri	**59,404**	**1,840**	**61,245**
Other trade, Manufacturing and Services			
Utilities	928	463	1,392
Construction	7,798	866	8,664
Manufacturing: textile, apparel and leather	269	62	331
Manufacturing: wood products and furniture	565	10	575
Manufacturing: paper and printing activities	1,080	39	1,119
Manufacturing: chemical products	1,530	62	1,591
Manufacturing: metal & machinery	3,299	185	3,484

Manufacturing: miscellaneous	2,238	500	2,737
Wholesale	12,084	1,535	13,619
Retail (except food and beverage stores)	4,769	271	5,039
Transportation and warehousing	5,703	788	6,491
Information & Communication	6,079	242	6,321
Finance and insurance	17,662	2,543	20,205
Real estate, rental & leasing	23,700	345	24,045
Professional, scientific and technical services	3,371	120	3,491
Healthcare and social assistance	4,180	46	4,226
Arts, entertainment and recreation	2,413	31	2,444
Other services (except public administration)	18,757	1,019	19,776
Total Trade, manufacturing & services sector	**116,423**	**9,127**	**125,550**
Private individuals	180,146	398	180,544
Total Private Sector Loans	355,973	11,365	367,339

In addition to advances to other banks (€ 43 billion at December 31, 2007 which is 8% of total assets) Rabobank Group's portfolio only contains a considerable concentration of loans to private individuals. The total on-balance outstandings to private individuals is 50% of the total of on-balance private sector loans. Loans of Rabobank Group's portfolio are well diversified across numerous sub-industry sectors. None of these is larger than 10% of total private sector loans. Furthermore, Rabobank Group's portfolio is well spread across industries in many different countries and is therefore well diversified.

Impaired Loans

A loan is impaired if it is probable that payments of principal and interest will not be made in time and in accordance with the original contractual terms of the loan. There is also a matter of impairment if the obligor is past due more than 90 days or if the obligor has filed for bankruptcy or similar protection from creditors. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan's effective rate.

The table below provides an analysis of the Rabobank Group's impaired loans by business at December 31, 2007, 2006 and 2005:

	At December 31,		
(in millions of euro)	2007	2006	2005
Domestic Retail Banking:			
Member banks	2,513	2,534	2,595
Rabohypotheekbank	36	34	89
Other retail	49	48	22
Total Domestic Retail Banking	2,598	2,617	2,706
Wholesale and International Retail Banking:			
The Netherlands	213	394	640
Abroad	1,016	1,061	1,203
Total Wholesale and International Retail Banking:	1,229	1,455	1,843
Asset Management	4	1	5
Leasing	350	281	242
Other	16	1	18
Total Rabobank Group impaired loans	4,198	4,355	4,814

Summary of Loan Loss Experience

The following table shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to banks and customers for the past three years:

(in millions of euro)	2007	2006	2005
Balance at January 1:			
Domestic Retail Banking	1,228	1,204	1,122
Wholesale and International Retail Banking	846	978	782
Asset Management and Investment	1	3	3
Leasing	233	193	146
Real Estate	24	30	32
Other	0	30	18
Total Balance at January 1	2,333	2,438	2,103
Addition:			
Domestic Retail Banking	160	151	188
Wholesale and International Retail Banking	25	248	284
Asset Management and Investment	1	0	0
Leasing	108	81	103
Real Estate	3	(1)	1
Other	0	2	(13)
Total additions	297	480	563
Amount charged to the provisions:			
Domestic Retail Banking	(130)	(157)	(146)
Wholesale and International Retail Banking	(109)	(330)	(139)
Asset Management and Investment	0	(3)	–
Leasing	(93)	(76)	(78)
Real Estate	0	(3)	(1)
Other	0	0	0
Total amount charged to the provisions	(332)	(568)	(364)
Other:			
Domestic Retail Banking	44	31	40
Wholesale and International Retail Banking	17	(50)	51
Asset Management and Investment	3	0	
Leasing	(6)	36	22
Real Estate	0	(2)	(2)
Other	0	(32)	25
Total other	58	(17)	136
Balance at December 31:			
Domestic Retail Banking	1,303	1,228	1,204
Wholesale and International Retail Banking	778	846	978
Asset Management and Investment	4	1	3
Leasing	242	233	193
Real Estate	27	24	30
Other	0	0	30
Total Balance at December 31	2,356	2,333	2,438
Due from other banks	(6)	(23)	1
Loans to customers	299	495	575
Receipts less write-offs	(32)	(31)	(41)
Credit related liabilities	1	-	(11)
Available-for-sale financial assets	477	9	-
Other assets	3	-	(7)
Total value adjustments	742	450	517

Deposits

The following table presents the year-end amounts, of each deposit category at December 31, 2007, 2006 and 2005. Interest rates paid on customer deposits by banks and individuals reflect market conditions. Current accounts do not earn interest.

	At December 31,		
(in millions of euro)	2007	2006	2005
Deposits by businesses:			
Time deposits (non-banks)	55,044	46,345	36,162
Current accounts	46,584	51,111	37,343
Professional securities transactions (repo's securities)	3,694	8,107	5,392
Other	30,713	28,010	9,833
Total deposits by businesses	136,035	133,573	88,730
Deposits by individuals:			
Savings accounts	101,175	89,500	86,181
Current accounts	11,848	11,056	10,897
Other	457	788	651
Total deposits by individuals	113,480	101,344	97,729
Total deposits by businesses and individuals	249,515	234,917	186,459

Short-term Borrowings

Short-term borrowings are borrowings with an original maturity of one year or less. These are included in the Rabobank Group's consolidated balance sheet under 'Debt securities'. An analysis of the balance of short-term borrowings at December 31, 2007, 2006 and 2005 is provided below.

	At December 31,		
(in millions of euro)	2007	2006	2005
Year-end balance	58,440	58,766	60,073
Average balance	61,277	60,211	61,633
Maximum month-end balance	67,358	63,524	68,709

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, 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 audited consolidated financial statements for the year ended December 31, 2007 and 2006 have been prepared in accordance with International Financial Reporting Standards ('IFRS'). IFRS differs in certain significant respects from U.S. GAAP.

Rabobank Group Consolidated Balance Sheet

	At December 31,	
(in millions of euro)	2007	2006
ASSETS		
Cash and cash equivalents	2,129	1,630
Due from other banks	43,218	49,086
Trading financial assets	29,179	36,789
Other financial assets at fair value through profit and loss	18,133	21,468
Derivative financial instruments	26,089	18,992
Loans to customers	372,968	354,924
Available-for-sale financial assets	50,355	48,961
Held-to-maturity financial assets	859	1,489
Investments in associates	4,558	3,250
Intangible assets	3,183	1,844
Property and equipment	5,572	5,022
Investment properties	1,105	1,338
Current tax credits	419	176
Deferred tax assets	1,577	1,477
Other assets	11,159	10,009
Total assets	**570,503**	**556,455**

	As at December 31,	
(in millions of euro)	2007	2006
LIABILITIES		
Due to other banks	73,428	94,626
Due to customers	249,515	234,917
Debt securities in issue	141,812	128,066
Derivative financial instruments and other trading liabilities	31,097	26,694
Other debts	10,518	10,649
Other financial liabilities at fair value through profit and loss	27,303	26,270
Provisions	1,167	1,175
Current tax liabilities	202	172
Deferred tax liabilities	851	836
Employee benefits	941	1,223
Subordinated debt	2,294	2,450
Total liabilities	539,128	527,078

EQUITY		
Equity of Rabobank Nederland and local Rabobanks	19,650	17,426
Rabobank Membership Certificates issued by group companies	6,233	5,808
	25,883	23,234
Capital Securities and Trust Preferred Securities III-VI	2,779	1,959
Minority interests	2,713	4,184
Total equity	31,375	29,377
Total equity and liabilities	570,503	556,455

Rabobank Group Consolidated Profit and Loss Account based on IFRS

	Year ended December 31,	
(in millions of euro)	2007	2006
Interest income	29,356	25,059
Interest expense	22,585	18,587
Interest	6,771	6,472
Fee and commission income	3,394	2,741
Fee and commission expense	537	445
Fees and commission	2,857	2,296
Income from associates	753	556
Net income from non-trading financial assets and liabilities at fair value through profit and loss	-38	246
Gains on available-for-sale financial assets	64	7
Other	1,092	472
Income	11,499	10,049
Staff costs	4,445	4,117
Other administrative expenses	2,846	2,429
Depreciation and amortisation	418	341
Operating expenses	7,709	6,887
Value adjustments	742	450
Operating profit before taxation	3,048	2,712
Taxation	386	367
Net profit for the year	2,662	2,345
Of which attributable to Rabobank Nederland and local Rabobanks	1,937	1,757
Of which attributable to holders of Rabobank Member Certificates	299	277
Of which attributable to Trust Preferred Securities III to VI	106	110
Of which attributable to Capital Securities	17	
Of which attributable to minority interests	303	201
Net profit for the year	2,662	2,345

Additional Financial Data and Selected Ratios:

	2007	2006	2005
BIS ratio[1]	10.9	11.0	11.8
Tier I ratio	10.7	10.7	11.6
Ratio of value adjustments/ average private sector lending (in basis points)	22	15	20

(1) The required capital of the banking operations in accordance with the BIS requirements amounts to 8% of all risk-weighted assets, off-balance sheet items and market risk associated with trading portfolios.

RISK MANAGEMENT

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

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

Risk Adjusted Return on Capital (RAROC)

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

The use of the RAROC model to classify the Rabobank Group's activities also plays a significant part in the allocation of capital to the various group entities and the different risk categories. If the calculated RAROC lags behind a formulated minimum result to be achieved, which is a reflection of the costs of the capital employed, economic value is wasted. A higher RAROC implies the creation of economic value.

Market Risk

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

During the year 2007, our daily trading value-at-risk fluctuated between € 20 million (2006: € 22 million) and € 32 million (2006: € 32 million), with an average of € 26 million (2006: € 28 million).

On the basis of the value-at-risk analysis, Rabobank Nederland determines its use of capital for market risk positions throughout the Rabobank Group in compliance with the regulations of the Dutch Central Bank.

Value-at-risk models have certain limitations; they are more reliable during normal market conditions, and historical data may fail to predict the future. Therefore, value-at-risk results cannot guarantee that actual risk will follow the statistical estimate.

Interest Rate Risk

The Rabobank Group is exposed to structural interest rate risk in its balance sheet. Interest rate risk can result from, amongst other things, mismatches in assets and liabilities; for example, mismatches between the periods for which interest rates are fixed on loans and funds entrusted. The Rabobank Group manages interest rate risk through the BRMC using both the accrual based 'income-at-risk' concept and the value based 'equity-at-risk' concept. Based on the income-at-risk and equity-at-risk analyses, the Executive Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to Rabobank Nederland's interest rate risk profile.

The Rabobank Group's short-term interest rate risk is measured and controlled based on the concept of 'income-at-risk'. This is the maximum amount of interest income at risk for the coming 12 months, given a certain confidence level, due to severe changes in short-and long-term interest rates. During 2007, the maximum income-at-risk for the Rabobank Group did not exceed € 150 million. The Rabobank Group's long-term interest rate risk is measured and controlled based on the concept of 'equity-at-risk', which is the sensitivity of the Rabobank Group's market value of equity to changes in interest rates. During 2007, the maximum equity-at-risk for the Rabobank Group did not exceed 8.0%. Based on analysing certain scenarios, the consequences of changes in interest rates over a longer period of time are calculated and evaluated.

Credit Risk

The Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. Of the Rabobank Group's credit portfolio to the private sector, 50% in 2007 consisted of loans to private individuals which tend to have a very low risk profile in relative terms. The remaining 50% was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

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

Risk profiling is also undertaken at the portfolio level using internal risk classifications for portfolio modelling. Internal credit ratings are assigned to borrowers by allocating all outstanding loans into various risk categories on a regular basis. The table below shows the impaired loans (i.e., the amount of loans for which an allowance has been made) per business unit as a percentage of private sector loans:

Impaired loans/private sector lending per business unit

	2007	2006	2005
Domestic Retail Banking	1.06%	1.18%	1.35%
Wholesale and International Retail Banking:	1.58%	1.95%	3.40%
Leasing	2.06%	1.82%	1.75%
Rabobank Group	1.18%	1.34%	1.73%

Bad and Doubtful Debt

Rabobank Group's credit portfolio is routinely monitored for doubtful and bad debt, which results in review of the credit quality and consequently, if needed, adjustment of the credit rating and taking a provision for doubtful debt. Within Rabobank Group, a formal analysis of specifically identified larger loans takes place every quarter and is reported in the form of loan strategy reports, which include evaluation of the risks associated with each loan, the current financial condition of the borrower, the economic environment in which the borrower operates, the value of collateral and the strategy for the coming period to protect the interests of the Rabobank Group.

The table below sets forth the Rabobank Group's value adjustments for the three years ended December 31, 2007, 2006 and 2005, per business unit as a percentage of our private sector lending:

Value adjustments in a percentage of average private sector lending per business unit

	2007	2006	2005
Domestic Retail	0.06%	0.07%	0.09%
Wholesale and International Retail Banking	0.63%	0.39%	0.52%
Leasing	0.61%	0.53%	0.72%
Rabobank Group	0.22%	0.15%	0.20%

In determining the value adjustments, corporate loans are assessed on a loan by loan basis and the following factors are considered:

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

Country Risk

Loans to parties abroad expose the Rabobank Group not only to the customary credit risk but also to country risks. Country risk is specifically attributable to events in a specific country or group of countries. We encounter country risk in our lending, trading and investment activities. We manage country risk using a system of internal ratings for each country. Based on these ratings and the determination of our Country Limit Committee as to how much risk to take on, internal limits per country are established. The decisions on the country risk limits are taken at Executive Board level and are based on recommendations of the Country Limit Committee. Provisions for country risk are made if repayment problems might arise as a result of government measures or extreme circumstances in a country. Due account is taken of risk mitigating factors such as collateral outside the country of risk and structure of the transaction.

Liquidity Risk

Liquidity risk is the risk that a member of the Rabobank Group will not be able to meet its financial liabilities when due. The Rabobank Group policy provides that the maturity is aligned with the maturity of the loans. In addition, this risk is managed in three different ways. First, the bank limits outgoing cash flows by measuring and reporting on a daily basis which incoming and outgoing cash flows are to be expected over the next 30 days. In addition, limits have been set for such outgoing cash flows for each currency and location. In order to be prepared for possible crises, detailed contingency plans are in place that provide the procedures to be followed.

Secondly, a large buffer of liquid securities is being held. If necessary, these assets can be used for borrowings from central banks, in repo transactions or for direct selling in the market as a way of generating liquidity.

Thirdly, liquidity risk is limited by Rabobank Group's prudent funding policy, which is to meet the funding requirements of the Group entities at an acceptable cost. In this context, diversification of funding sources and currencies, flexibility of the funding instruments used and active investor relations play an important role. This prevents Rabobank Group's overdependence from a single source of funding.

Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets.

Operational Risk

Operational risk is the risk of direct or indirect losses arising from deficiencies in procedures and systems and from human failures or from external events. We have implemented a Group-wide operational risk policy, which was introduced in mid-2003. Decentralised databases are set up at all entities to record

operational incidents and report them on a quarterly basis. In addition, sophisticated instruments are made available to enable robust operational risk management within each Rabobank Group entity. As before, the management of the individual Rabobank Group entities is responsible for developing policy, processes and procedures to manage operational risk in line with Group policy.

GOVERNANCE OF THE RABOBANK GROUP

Supervisory Board and Executive Board

Rabobank Nederland has a Supervisory Board and an Executive Board. The Supervisory Board *(raad van commissarissen)* of Rabobank Nederland consists of at least seven persons and is responsible for monitoring Rabobank Nederland's policy, compliance with applicable legislation and its articles of association and examining and reporting to the General Meeting on the annual statement of accounts. On the recommendation of the Supervisory Board, the General Meeting appoints the Rabobank Group's external auditor, whose statement on accounts is also submitted to the General Meeting. In addition, the Supervisory Board advises the Executive Board. In the performance of their duties, the members of the Supervisory Board act in the interest of Rabobank Nederland and its affiliated entities. Members of the Supervisory Board are, on the recommendation of the Supervisory Board, appointed by the General Meeting. Lense (L.) Koopmans is the Chairman of the Supervisory Board of Rabobank Nederland. The total remuneration of the members of the Supervisory Board amounted to € 1.4 million in 2007.

The Executive Board *(raad van bestuur)* of Rabobank Nederland consists of at least two members. The number of members is determined by the Supervisory Board. The members are appointed by the Supervisory Board and may be suspended and removed by the Supervisory Board. The Executive Board prepares and executes Group strategy and has responsibility for the appointment, suspension and removal of general managers of Rabobank Nederland and the management of Rabobank Nederland, which includes, under the approval of the Supervisory Board, the authorisation of debenture issues of Rabobank Nederland. The Executive Board is responsible for the compilation of the annual statement of accounts for adoption by the General Meeting and the recommendation of the profit appropriation to Rabobank Nederland's members. At present, the Executive Board consists of six persons. Bert (H.) Heemskerk is the Chairman of the Executive Board of Rabobank Nederland. The total remuneration of the members of the Executive Board amounted to € 10.8 million in 2007.

No individual may be a member of both Rabobank Nederland's Supervisory Board and Rabobank Nederland's Executive Board. A member of the Supervisory Board is neither permitted to be part of the staff of Rabobank Nederland, a local Rabobank or any institution affiliated with Rabobank Nederland, nor permitted to be part of the Supervisory Board, the Executive Board or the board of directors of a local Rabobank. No member of the Executive Board is permitted to hold office with, or be employed by, any local Rabobank. The members of the Supervisory Board and the Executive Board cannot hold any office with a credit institution within the meaning of the Financial Supervision Act which is not in any way affiliated with Rabobank Nederland.

The following persons, all of whom are resident in the Netherlands except Mr. Berndsen who is resident in Belgium, are appointed members of the Supervisory Board respectively the Executive Board of Rabobank Nederland.

Supervisory Board of Rabobank Nederland

Name	Born	Year Appointed[1]	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndsen	1942	2002	2009	Dutch
Teun (T.) de Boon	1941	2002	2008	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

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

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.

Teun (T.) de Boon: Vice-Chairman of development institute ZOD Neere, Burkina Fasso. Senior Adviser of the Netherlands Management Corporation Programme (PUM). Member of the Board of Governors of the Institute for Latin America. Member of the Nieuwe Sociëteit Oisterwijk. Member of Mars & Mercurius, Oisterwijk. Chairman of the Oisterwijk Tourism and Recreation Platform.

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 Gilole.

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 Agarisch 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 Molest-risico 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
Hans (J.C.) ten Cate[1]	1946	2000	Dutch
Piet (P.W.) Moerland	1949	2003	Dutch
Sipko (S.N.) Schat	1960	2006	Dutch
Piet (P.J.A.) van Schijndel	1950	2002	Dutch

(1) Hans (J.C.) ten Cate will retire on July 1, 2008

Bert (H.) Heemskerk: Mr. Heemskerk was appointed Chairman of the Executive Board of Rabobank Nederland as of December 1, 2002. 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 November 15, 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.

Hans (J.C.) ten Cate: Mr. ten Cate was appointed to Rabobank Nederland's Executive Board as of September 1, 2000. As one of the two members of the Executive Board responsible for the international business, Mr. ten Cate is primarily responsible for Rabobank International and the Credit Risk Department. Prior to joining Rabobank Nederland, Mr. ten Cate was employed at AMRO Bank/ABN AMRO for more than 25 years, concluding his tenure there as Senior Executive Vice-president (*directeur generaal*) Credit & Special Financing in 2000. Within the Rabobank Group, Mr. ten Cate also serves as Chairman of the Supervisory Board of Rabo Bouwfonds, Chairman of the Supervisory Board of De Lage Landen, Chairman of the Supervisory Board of FGH Bank, Vice-Chairman of the Supervisory Board of Robeco, Vice-Chairman of the Yes Bank in India. Mr. ten Cate also acts as Chairman of the Supervisory Board of Beurs Rotterdam N.V. Chairman of the Erasmus University Trust Fund, member of the Supervisory Board of Janivo Holding B.V. and Member of the Executive Committee of the National Cooperative Council, Member of the Foundation Wessels Accountants and Member of the Supervisory Board of Huntsman Holland B.V.

Piet (P.W.) Moerland: Mr. Moerland was appointed to Rabobank Nederland's Executive Board as of January 1, 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 July 1, 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 December 1, 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.

Central Delegates Assembly

Influence and control of the local Rabobanks with respect to Rabobank Nederland are exercised directly or indirectly via representation in two corporate bodies, the Central Delegates Assembly and the General Meeting.

The Central Delegates Assembly consists of the board members of the various Regional Delegates Assemblies, which consist of the members of Rabobank Nederland, the local Rabobanks. The powers of the Central Delegates Assembly include, amongst other, the establishment of rules that all member banks must comply with and the right to approve the annual plan and the budget of Rabobank Nederland insofar as this concerns the business of the member banks. The outcome can influence Rabobank Nederland's policy. Furthermore, in the Central Delegates Assembly, substantive discussions take place which mainly concern the business of the local Rabobanks.

The General Meeting

The General Meeting 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, amendments to the articles of association and regulations, and the appointment of members of the Supervisory Board.

Governance of the local Rabobanks

Each local Rabobank within the Rabobank Group is governed by a Board of Directors and a Supervisory Board. Members of the Supervisory Board are elected by the members of the local Rabobank from their ranks. There are two possible management models for the local Rabobanks: the partnership model and the executive model.

Partnership model

In the partnership model, the management of the local Rabobanks consists of persons elected by the members from their ranks, plus a managing director who is appointed by the Supervisory Board. The managing director is primarily concerned with the day-to-day management of the bank's operations. The Supervisory Board supervises the management. Banks using the partnership model may install a members' council and always have a general meeting.

Executive model

In the executive model, the local Rabobanks have a Board of Directors comprising several persons appointed by the Supervisory Board. The Board of Directors operates under the supervision of the Supervisory Board. In this model, no managers are elected by the members from their ranks, as is the case in the partnership model. In order to firmly and permanently embed member influence and control in the structure, banks using the executive model install a members' council. The members' council assumes the bulk of the powers of the General Meeting and furthermore promotes and structures member control and

engagement. The General Meeting continues to exist, but decides only on major issues that impact the local banks' continued existence.

Administrative, Management and Supervisory Bodies - conflicts of interests

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

Administrative, Management and Supervisory Bodies - business address

The business address of the members of the Issuer's 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)*, which entered into force on January 1, 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank, the Netherlands Authority for the Financial Markets and the Dutch Minister of Finance. 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 central banks and monetary authorities of the various countries in which we do business.

Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements 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. Several consultative papers for a new capital accord were released by the Basel Committee on Banking Supervision, which were discussed by several international working parties. The new accord ('Basel II' – the previous Basel guidelines being referred to as 'Basel I') was published in June 2004. The target is to achieve a flexible framework that is more closely in line with internal risk control and that will result in a more sophisticated credit risk weighting. The new 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'.

The Rabobank Group joined in a number of global exercises initiated by the Basel Committee, aimed at establishing the consequences of Basel II. Given its traditionally low (credit) risk profile, the new capital adequacy requirements for the Rabobank Group are significantly lower than the ones under Basel I. The Rabobank Group has already started the implementation of Basel II long before it became applicable.

EC Directive 2000/12 and EEC Directive 1993/6, referred to under 'European Union Standards' below, have been recast by EC Directives 2006/48 and 2006/49, respectively, to introduce the new capital requirements framework. In the Netherlands, these new Directives were transposed into national regulations under the Financial Supervision Act. Basel II impacts the areas of risk sensitivity, group structures, equity holdings in non-banks and retail exposures.

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.

As stated above, 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

In 2001, a major supervisory reform was undertaken in the Netherlands. The sector-oriented supervision (by the Dutch Central Bank on banks, the Pensions and Insurance Supervisory Board on pension funds and insurance institutions and the Netherlands Authority for the Financial Markets on

securities institutions) has been replaced by a more functional approach. As of September 2002, supervision has been divided into prudential supervision, carried out by the Dutch Central Bank (which has merged with the Pension and Insurance Supervisory Board), and conduct of business supervision, carried out by the Netherlands Authority for the Financial Markets.

Pursuant to authority granted under the Financial Supervision Act, the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of 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.

Scope of the Financial Supervision Act

A bank is any enterprise whose business it is to receive repayable funds from outside a closed circle and from others than professional market parties, and to grant credits for its own account. Rabobank Nederland and various Rabobank Group entities, including each of the local Rabobanks, are banks and, because they are engaged in the securities business as well as the commercial banking business, each is considered a 'universal bank'.

Licensing

Under the Financial Supervision Act, a bank established in the Netherlands is required to obtain a licence from the Dutch Central Bank before engaging in any banking activities. The requirements to obtain a licence, among others, are as follows: (i) the day-to-day policy of the bank must be determined by at least two persons; (ii) the bank must have a body of at least three members which has tasks similar to those of a board of supervisory directors; and (iii) the bank must have a minimum 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.

Rabobank Nederland and the local Rabobanks must file consolidated quarterly (and some monthly) reports as well as annual reports that provide a true and fair view of their respective financial position and results with the Dutch Central Bank. Our 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 per cent. of its risk-weighted assets and operations. These regulations also impose limitations on the aggregate amount of claims (including extensions of credit) a bank may have against one debtor or a group of related debtors. Since the implementation of the Financial Supervision Act, the regulations have become more sophisticated, being derived from the new capital measurement guidelines of Basel II as described under 'Basel Standards' above and as laid down in EU directives described above under 'European Union Standards'. For credit risk Rabobank intends to make use of the advanced approach starting January 1, 2008. 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 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, 'qualified holding' is defined to mean the holding, directly or indirectly, of an interest of at least ten per cent. of the issued share capital or voting rights in an enterprise, or a similar form of control.

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

Administrative Supervision

The Dutch Central Bank also supervises the administrative organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of the administrative organisation, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

Emergencies

The Financial Supervision Act contains an 'emergency regulation' which can be declared in respect of a bank by a Dutch court at the request of the Dutch Central Bank in the interest of the combined creditors of the bank. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the 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, 2007 and at December 31, 2006:

(in millions of euro)	**At December 31, 2007**	**At December 31, 2006**
Equity		
Retained earnings and other reserves	19,650	17,426
Rabobank Member Certificates issued by group companies	6,233	5,808
Capital Securities and Trust Preferred Securities III-VI	2,779	1,959
Minority interest	2,713	4,184
Equity	31,375	29,377
Subordinated loans	2,294	2,450
Group debt securities[1]	141,812	128,066
Total capitalisation	175,481	159,893
Breakdown of reserves		
Revaluation reserves available-for-sale financial assets	489	213
Other reserves	38	158
Retained earnings	19,123	17,055
Total reserves and retained earnings	19,650	17,426

There has been no material change in the capitalisation of the Rabobank Group since December 31, 2007.

(1) Group debt securities includes short-term debt and long-term debt. The Rabobank Group had short-term debt amounting to € 58,766 million and € 58,440 million, at December 31, 2006 and December 31, 2007, respectively. The Rabobank Group had long-term debt amounting to € 69,300 million and € 83,372 million, at December 31, 2006 and December 31, 2007, respectively.

RABOBANK AUSTRALIA BRANCH

ABN 70 003 917 655

Rabobank Australia Branch is otherwise described as the Australian Branch of Rabobank Nederland.

Rabobank Australia Group encompasses all the operating entities of the Rabobank Group in Australia and New Zealand, including the Australian Branch of Rabobank Nederland, the New Zealand Branch of Rabobank Nederland, Rabobank Australia Limited, Rabo Australia Limited, Rabo Equipment Finance Limited, Rabo Corporate Finance & Securities Pty Limited, Rabo New Zealand Holdings Limited and Rabobank New Zealand Limited, together with their subsidiary companies.

Rabobank Nederland entered the Australian market in 1990 through the establishment of a representative office. This office acted as a liaison office for the Global Rabobank Group by fulfilling a supporting and advisory role with respect to business and marketing opportunities in both Australia and New Zealand.

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.

In 1996, Rabobank Nederland was granted banking authorities to engage in banking on a branch basis in Australia and New Zealand. Rabobank Australia Branch is the holder of an Australian Financial Services Licence. This is 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 agri-business.

Currently, the Australian-based Rabobank Australia Group office staff are all employed by Rabobank Australian Branch.

Rabobank Australia Branch does not publish annual or interim accounts. Because it is a branch of Rabobank Nederland, its financial results are incorporated in the financial statements of Rabobank Nederland.

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

RABOBANK SINGAPORE BRANCH

Rabobank Singapore Branch is the Singapore Branch of Rabobank Nederland.

Rabobank Nederland entered the Singaporean market in 1986 through the establishment of Rabobank Singapore Branch (which was then licensed to operate as an Offshore Bank in Singapore by the Monetary Authority of Singapore). Rabobank Singapore Branch is registered as a foreign company with the Accounting and Corporate Regulatory Authority in Singapore and bears the registration number F03634W.

Rabobank Singapore Branch is currently licensed as a Wholesale Bank by the Monetary Authority of Singapore to carry out a wide range of banking business.

Rabobank Singapore Branch prepares and files with the Accounting and Corporate Regulatory Authority in Singapore annual statutory accounts that reflect its operations in Singapore only. Rabobank Singapore Branch does not publish interim accounts. Because it is a branch of Rabobank Nederland, its financial results are incorporated in the financial statements of Rabobank Nederland.

Rabobank Singapore Branch is not a separately incorporated legal entity and its capital is not represented by shares.

TAXATION

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from July 1, 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also with effect from July 1, 2005, a number of non-EC countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Taxation in the Netherlands

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

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

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

Withholding Tax

All payments in respect of the Notes can be made without withholding or deduction for or on account of any taxes, duties or charges of any nature imposed whatsoever that are or may be withheld or assessed by the Dutch Tax Authorities or any political subdivision thereof or therein.

Taxes on income and capital gains

(a) Residents of the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Noteholders:

(i) individuals who are resident or deemed to be resident in the Netherlands;

(ii) individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch taxation ((i) and (ii) jointly 'Dutch Individuals'); and

(iii) entities that are subject to the Dutch Corporate Tax Act 1969 ('CITA') and are resident or deemed to be resident of the Netherlands for the purposes of the CITA, excluding:

- pension funds *(pensioenfondsen)* and other entities, that are in full or in part exempt from Dutch corporate tax; and
- Investment institutions *(beleggingsinstellingen)*; ('Dutch Corporate Entities').

<u>Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities</u>

Generally, a Dutch Individual who holds Notes that are not attributable to an enterprise from which he derives profits as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the equity of such enterprise other than as an entrepreneur or a shareholder, or not attributable to miscellaneous activities (*resultaat uit overige werkzaamheden*), will be subject annually to an income tax imposed on a fictitious yield

on such Notes. The Notes held by such Dutch Individual will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realized, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Notes, is set at a fixed amount. The fixed amount equals 4% of the average net fair market value of these assets and liabilities measured, in general, at the beginning and end of every calendar year. The current tax rate under the regime for savings and investments is a flat rate of 30%.

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals are generally subject to income tax at progressive rates with a maximum of 52% with respect to any benefits derived or deemed to be derived from Notes (including any capital gains realized on the disposal thereof) that are either attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the equity of such enterprise (other than as an entrepreneur or a shareholder), or attributable to miscellaneous activities (*resultaat uit overige werkzaamheden*) including, without limitation, activities which are beyond the scope of active portfolio investment.

Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate tax at statutory rates up to 25.5 percent with respect to any benefits derived or deemed to be derived (including any capital gains realized on the disposal thereof) from Notes.

(b) Non-residents of the Netherlands

A Noteholder other than a Dutch Individual or Dutch Corporate Entity will not be subject to any Dutch taxes on income or capital gains in respect of the ownership and disposal of the Notes, except if:

- the Noteholder derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the equity of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment *(vaste inrichting)* or a permanent representative *(vaste vertegenwoordiger)* in the Netherlands, to which the Notes are attributable; or
- the Noteholder is an individual and derives benefits from miscellaneous activities *(resultaat uit overige werkzaamheden)* performed in the Netherlands in respect of Notes, including, without limitation, activities which are beyond the scope of active portfolio investment; or
- the Noteholder is entitled to a share in the profits of an enterprise managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which the Notes are attributable.

Gift tax or inheritance tax

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

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

(b) at the time of the gift or death of the Noteholder, his Notes 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 Noteholder passes away within 180 days after the date of the gift of the Notes and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands; or

(d) the Noteholder is entitled to a share in the profits of an enterprise managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which the Notes 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 resident in the Netherlands at

any time during the 12 months preceding the date of the gift. Furthermore, under certain circumstances a Noteholder will be deemed to be 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 a Noteholder by reason only of the issue, acquisition or transfer of the Notes.

Residency

A Noteholder will not become a resident, or a deemed resident, of the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of the Issuer's performance, or the Noteholder's acquisition (by way of issue or transfer to it), holding and/or disposal of the Notes.

Taxation in Australia

The comments below are of a general nature and are based on provisions currently in force in Australia as at the date of this Offering Circular. They relate to the position of persons who are the beneficial owners of the Notes. The comments are not exhaustive and, in particular, do not deal with the position of certain classes of Noteholders (including, without limitation, custodians and other third parties who hold Notes on behalf of Australian residents or non-residents of Australia who carry on a trade or business at or through a permanent establishment in Australia). Noteholders should consult their own professional advisers in relation to the Australian taxation implications of acquiring, holding or disposing of the Notes in their own particular circumstances.

An exemption from Australian interest imposed under Division 11A of Part III of the Tax Act should apply with respect to Notes issued by Rabobank Australia Branch under section 128F of the Tax Act for payments of interest (or amounts in the nature of interest) to non-residents of Australia who do not derive that interest in carrying on business at or through a permanent establishment in Australia, or to Australian residents who derive that interest in carrying on a business at or through a permanent establishment outside Australia, if the requirements of section 128F of the Income Tax Assessment Act 1936 (the 'Tax Act') of Australia are complied with.

Interest (or an amount in the nature of interest) is exempt from Australian withholding tax under section 128F of the Tax Act if the Issuer of the Notes is either:

(a) an Australian resident company at the time the Notes are issued and when the interest is paid; or

(b) a non-resident company carrying on business at or through a permanent establishment in Australia at the time the Notes are issued and when the interest is paid;

and the 'public offer' test is satisfied.

Broadly, the public offer test is satisfied if the Notes are issued as a result of being offered for issue:

(a) to at least 10 persons each of whom:

  (i) was carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and

  (ii) was not known, or suspected, by Rabobank to be an associate (as defined in subsection (9) of section 128F of the Tax Act) of any of the other persons covered by this paragraph; or

(b) to at least 100 persons whom it is reasonable for Rabobank to regard as having acquired instruments similar to the Notes in the past or being likely to acquire instruments similar to the Notes in the future; or

(c) as a result of being accepted for listing on a stock exchange, where Rabobank Australia Branch has entered into an agreement with the dealer, manager or underwriter in relation to the placement of the Notes requiring Rabobank Australia Branch to seek such a listing; or

(d) as a result of negotiations being initiated publicly in electronic form, or in another form, that is used by financial markets for dealing in instruments similar to the Notes; or

(e) to a dealer, manager or underwriter in relation to the placement of the Notes who, under an agreement with Rabobank Australia Branch offered the Notes for sale within 30 days in a way covered by any of paragraphs (a) to (d) above.

In relation to the issue of a Global Note, the 'public offer' test will be satisfied if the Global Note falls within the definition of 'global bond' set out in subsection (10) of section 128F of the Tax Act. Broadly speaking, this will be the case if the following requirements are satisfied:

(a) the Global Note describes itself as a global bond or a global note; and

(b) it is issued to a clearing house (as defined in subsection (9) of section 128F of the Tax Act) or to a person as trustee or agent for, or otherwise on behalf of, one or more clearing houses; and

(c) in connection with the issue of the Global Note, the clearing house or houses confer rights in relation to the Global Note on other persons and will record the existence of the rights; and

(d) before the issue of the Global Note, Rabobank Australia Branch or a Dealer, in relation to the placement of debentures or debt interests, on behalf of Rabobank Australia Branch announces that, as a result of the issue, such rights will be able to be created; and

(e) the announcement is made in a way or ways covered by any of subsections (3)(a) to (e) of section 128F of the Tax Act (reading a reference in those paragraphs to 'debentures or debt interests' as if it were a reference to the rights referred to in paragraph (d) above and a reference to the 'company' as if it included a reference to the Dealer); and

(f) under the terms of the Global Note, interests in the Global Note are able to be surrendered, whether or not in particular circumstances, in exchange for other debentures issued by Rabobank Australia Branch that are not themselves Global Notes.

The public offer test is not satisfied if at the time of issue Rabobank knew, or had reasonable grounds to suspect, that:

(a) the Note or an interest in the Note was being, or would later be, acquired directly or indirectly by an associate (as defined in subsection (9) of section 128F of the Tax Act) of Rabobank; and

(b) either:

    (i) the associate is a non-resident and the Note, or interest in the Note, was not being, or would not be, acquired by the associate in carrying on a business at or through a permanent establishment in Australia; or

    (ii) the associate is a resident of Australia and the Note, or interest in the Note, was being, or would be, acquired by the associate in carrying on a business at or through a permanent establishment in a country outside Australia; and

(c) the Note or interest in the Note, was not being, or would not be, acquired by the associate in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (as defined in the Corporations Act 2001 of Australia).

The exemption in section 128F of the Tax Act does not apply to interest (or an amount in the nature of interest) paid by Rabobank Australia Branch to a holder in respect of a Note, if Rabobank was aware or had reasonable grounds to suspect, at the time of payment, that:

(a) the holder is an associate (as defined in subsection (9) of section 128F of the Tax Act) of Rabobank; and

(b) either:

    (i) the associate is a non-resident and the payment is not received by the associate in respect of a Note that the associate acquired in carrying on a business at or through a permanent establishment in Australia; or

    (ii) the associate is a resident of Australia and the payment is received by the associate in respect of a Note that the associate acquired in carrying on a business at or through a permanent establishment in a country outside Australia; and

(c) the associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (as defined in the Corporations Act 2001 of Australia).

An 'associate' of the issuer for the purposes of section 128F of the Tax Act (when the issuer is not a trustee) includes: (i) a person or entity which holds more than 50% of the voting shares in or otherwise

controls the issuer, (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the issuer, (iii) the trustee of a trust where the issuer is capable of benefiting (whether directly or indirectly) under a trust, and (iv) the person or entity which is an 'associate' or another person or company which is an 'associate' of the issuer under any of the foregoing.

In certain circumstances, section 126 of the Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on bearer notes if the issuer fails to disclose the names and addresses of the holders to the Australian Tax Office. The Australian Tax Office is of the view that the holder of a debenture for the purposes of section 126(e) of the Tax Act is the person or entity in possession of the debenture and that this is the person or entity to whom the issuer makes the payment of interest. Consequently section 126 should only apply to persons or entities in possession of Global Notes who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in the relevant Notes are held by persons through Euroclear and/or Clearstream, Luxembourg, Rabobank Australia Branch intends to treat the operators of those systems as the holders of the relevant Notes for the purpose of section 126.

If Rabobank Australia Branch is compelled by law at any time to withhold or deduct an amount in respect of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any authority therein having the power to tax, it will, except as stated in the Notes, pay such additional amounts as will result in the payment to the Noteholders concerned of the sum which would otherwise have been payable on the Notes.

The Taxation Administration Act 1953 of Australia also requires a further type of withholding (Foreign Resident Withholding) which broadly provides that an entity carrying on business in Australia must withhold an amount from certain payments (prescribed by regulation) paid to non- residents, unless an appropriate exemption applies. Foreign Resident Withholding does not apply to payments of interest for the purposes of Division 11A of the Tax Act. Noteholders should obtain their own specific advice as to the effect (if any) of the Foreign Resident Withholding provisions in respect of any other payments received in connection with the Notes.

Rabobank Australia Branch has been advised by its Australian counsel that, under current Australian law:

(a) subject to compliance with the requirements of section 128F of the Tax Act referred to above payments of principal and interest (or amounts in the nature of, or in substitution for, interest) to a holder of a Note who:

  (i) is a non-resident of Australia;

  (ii) during the taxable year has not carried on business at or through a permanent establishment within Australia; and

  (iii) is not an associate (as defined in subsection (9) of section 128F of the Tax Act) of Rabobank other than an associate who receives the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (as referred to above) or, if the holder is such an associate, Rabobank did not know this or have reasonable grounds to suspect it,

  shall not be subject to Australian withholding tax or Australian income tax;

(b) a holder of a Note who is a non-resident of Australia and who during the taxable year has not carried on business at or through a permanent establishment in Australia:

  (i) will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Note, provided that such gains do not have an Australian source and the Note was not used at any time by the holder in carrying on a business at or through a permanent establishment in Australia. A gain arising on the sale of a Note by a non-Australian resident holder to another non-Australian resident where the Note is sold outside Australia and all negotiations and documentation are conducted and executed outside Australia would not be regarded as having an Australian source; and

  (ii) will not be subject to Australian capital gains tax on gains realised during that year on sale or redemption of the Note, provided that the Note is not an asset that is "taxable Australian property" for the purposes of Division 855 of the Tax Act. Broadly "taxable Australian property" includes direct and indirect interests in Australian real property (and rights or options to acquire such interests) and business assets of an Australian permanent establishment of a foreign resident.

(c) the Notes should not be subject to death, estate or succession duties imposed by Australia or by any instrumentality thereof or therein, if held outside Australia, or by a non-resident, at the time of death;

(d) provided:

  (i) any Notes issued in Australia will only be issued by Rabobank Australia branch which has its central management and control in New South Wales ('NSW');

  (ii) the register of Notes is kept by Rabobank Australia Branch in NSW;

  (iii) any Notes are executed in NSW; and

  (iv) money subscribed for the Notes is not paid into South Australia,

  no ad valorem stamp duty nor issue registration or similar taxes should be payable in Australia on the issue or transfer of the Notes;

(e) no Australian goods and services tax should payable on the issue or transfer of Notes or in respect of the payment of principal or interest on the Notes;

(f) Australian resident Noteholders and non-resident Noteholders who hold their Notes in the course of carrying on a business through an Australian permanent establishment, will be required to include any interest derived in respect of the Notes in their assessable income. Depending upon the terms of the Notes, such Noteholders may also be required to include in their assessable income, or may be allowed a deduction in respect of, any profit or loss (respectively) on sale or redemption of the Notes;

(g) payment of interest on Notes issued by Rabobank Australian Branch to Australian residents may be subject to withholding tax under Part VA of the Tax Act and section 12-140 of Schedule 1 of the Taxation Administration Act 1953 of Australia where the recipient of the interest does not quote their tax file number, or proof of some other in certain circumstances, their Australian Business Number, or relevant exemption. Any such tax will be withheld at the then current rate. The rate at the date of this document is 46.5%;

(h) payment in respect of the Notes should be able to be made free and clear of Australian withholding tax imposed pursuant to section 12-190 of Schedule 1 of the Taxation Administration Act;

(i) Division 974 of the Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes including interest withholding tax. The issuer intends to issue Notes which are to be characterised as 'debt interests' for the purposes of the tests provided in Division 974 and the returns on the Notes should be treated as 'interests' for the purposes of the interest withholding tax provisions in the Tax Act (including section 128F of that Act). A more detailed consideration of the rules set out in Division 974 of the Tax Act and the thin capitalisation rules set out in Division 820 of the Tax Act is beyond the scope of this summary.

  On September 20, 2007, the Government introduced into Parliament draft legislation to enact the new rules for the "Taxation of Financial Arrangements". It is intended that the new rules (if enacted) would represent a code for taxation of receipts and payments in relation to financial arrangements.

  The draft legislation if enacted will apply to income years commencing on or after July 1, 2009. A taxpayer may however elect to have the legislation apply a year earlier to income years commencing on or after July 1, 2008.

  It appears likely that the proposed measures should not apply to holders of Notes who are non-residents of Australia and who do not hold their Notes in the course of carrying on business at or through a permanent establishment in Australia.

Taxation in Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, taxation measures announced in the Singapore Budget Statement 2008 and administrative guidelines issued by the Monetary Authority of Singapore ('MAS') in force as at the date of this Offering Circular and are subject to any changes in such laws, measures or guidelines, or the interpretation of such laws, measures or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither those statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling, or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations

that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes who are in doubt about their respective tax positions or any such tax implications of the purchase, ownership or transfer of Notes or who may be subject to tax in a jurisdiction other than Singapore should consult their professional advisers.

Singapore Interest and other Payments

Subject to the following paragraphs, under section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the 'Income Tax Act'), the following payments are deemed to be derived from Singapore:

(a) interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or (ii) deductible against any income accruing in or derived from Singapore; or

(b) income derived from loans where the funds provided by such loans are brought into or used in Singapore.

This is expected to apply to payments made by Rabobank Singapore Branch. Further, such payments where made to a person not known to the paying party to be a resident in Singapore for tax purposes are subject to withholding tax in Singapore (at the rate of 18 per cent. for non-resident corporate entities with effect from the Year of Assessment 2008, that is for income earned in the financial year or other basis period ended 2007). However, if the payment is derived on or after February 28, 1996 by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax rate of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals is exempt from tax, such as:

(a) interest from debt securities derived on or after January 1, 2004; and

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006,

provided such income is not derived by individuals through a partnership in Singapore and is not considered as gains or profits from any trade, business or profession.

In addition, if the Dealers for more than half of the principal amount of a tranche of Notes issued under the Programme during the period from the date of this Offering Circular to December 31, 2008 are:

(i) financial institutions who have been awarded 'Financial Sector Incentive (Bond Market) Company' status by the Minister for Finance of Singapore or such person as he may appoint; or

(ii) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of such tranche of Notes,

such tranche of Notes ('Relevant Notes') would be 'qualifying debt securities' under the Income Tax Act.

If the Relevant Notes are 'qualifying debt securities':

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the 'Comptroller') may direct, of a return on the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes a statement to the effect that where interest or discount income is derived from the Relevant Notes by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption (mentioned below) shall not apply if such non-resident person acquires the Relevant Notes using funds and profits from that person's operations through a Singapore permanent establishment), interest on Relevant Notes, and discount income (not including discount income arising from secondary trading) on Relevant Notes ('Relevant Discount

Income'), derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore, or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not funds and profits of that person's operations through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), interest on Relevant Notes and Relevant Discount Income derived by any company in Singapore is subject to tax at a concessionary rate of 10 per cent.;

(c) interest on Relevant Notes and Relevant Discount Income derived by a body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10 per cent.; and

(d) subject to:

(i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest or discount income derived from the Relevant Notes is not exempt from tax shall include such interest or discount income in a return of income made under the Income Tax Act; and

(ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require,

interest and Relevant Discount Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(i) if during the primary launch of any tranche of Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50 per cent. or more of the principal amount of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as 'qualifying debt securities'; and

(ii) even though a particular tranche of Relevant Notes are 'qualifying debt securities', if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the principal amount of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest and discount income derived from that tranche of Relevant Notes held by:

(a) any related party of the Issuer, or

(b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption, withholding tax exemption or concessionary rate of tax of 10 per cent, described in paragraphs (a) to (d) above.

The term 'related party', in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make interest and discount payments in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or 45A of the Income Tax Act, any person whose interest or discount income derived from the Relevant Notes is not exempt from tax is required under the Income Tax Act to include such interest and discount income in a return of income made under the Income Tax Act.

The Income Tax (Amendment No. 2) Act 2007 was enacted to provide, amongst other things, that the tax incentives for qualifying debt securities will be extended to accord tax exemption or concessionary tax rates on "prepayment fee, redemption premium and break cost" that are derived by investors from qualifying debt securities issued during the period from February 15, 2007 to December 31, 2008, subject to conditions to be prescribed by regulations. It is expected that these conditions may include a requirement to state in all offering documents relating to the Relevant Notes a statement to the effect that:-

(i) where prepayment fee, redemption premium or break cost is derived from any such qualifying debt securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, any tax exemption available for such income shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore; and

(ii) any person whose prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

It was announced in the Singapore Budget Statement 2008 that the Qualifying Debt Securities Scheme will be renewed for a period of five years from January 1, 2009 to December 31, 2013. In addition, the Qualifying Debt Securities Scheme is enhanced to exempt all investors from income tax on qualifying income derived from qualifying debt securities issued during the period from February 16, 2008 to December 31, 2013 that, inter alia, have a tenure of at least 10 years. The MAS is expected to release further details by end May 2008.

Capital Gains

Any gains in the nature of capital made from the sale of Notes will not be taxable in Singapore. However, any gains from the sale of Notes which are gains from any trade, business, profession or vocation carried on by that person, if occurring in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 - Financial Instruments - Recognition and Measurement ('FRS 39'), may for Singapore income tax purposes be required to recognise gains or losses on the Notes, irrespective of disposal. Please see the section below on *'Income Tax Implications Arising from the adoption of FRS 39'*.

Income Tax Implications Arising from the adoption of FRS 39

Singapore registered companies with annual periods beginning on or after 1st January 2005 are generally required to comply with FRS 39 for accounting purposes. On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled 'Income Tax Implications arising from the adoption of FRS 39 - Financial instruments: Recognition and Measurement' (the 'FRS 39 Circular'). Legislative amendments to give effect to the FRS 39 Circular have been incorporated in the Income Tax (Amendment) Act 2007.

The FRS 39 Circular generally applies, subject to certain 'opt-out' provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

It was announced in the Singapore Budget Statement 2008 that estate duty is abolished with respect to all deaths occurring on or after 15 February 2008.

Taxation in Luxembourg

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated June 21, 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the 'Savings Directive') and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since July 1, 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals resident in certain EU dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg resident individuals

A 10% withholding tax has been introduced, as from January 1, 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents. Only interest accrued after July 1, 2005 falls within the scope of the withholding tax. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

Taxation in the United States

To ensure compliance with Internal Revenue Service Circular 230, U.S. Holders are hereby notified that: (a) any discussion of federal tax issues in this Offering Circular is not intended or written by us to be relied upon, and cannot be relied upon by U.S. Holders for the purpose of avoiding penalties that may be imposed on U.S. Holders under the Internal Revenue Code; (b) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) U.S. Holders should seek advice based on their particular circumstances from an independent tax adviser.

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). Except where otherwise expressly noted, all references to Notes in this summary refer only to Registered Notes issued by Rabobank Nederland. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. Dollar). Moreover, the summary does not address the U.S. federal income tax treatment of (i) Index Linked Notes, (ii) Equity Linked Notes, (iii) Notes for which payments of principal or interest are denominated in, or determined by reference to, more than one currency, or (iv) Notes with a term of more than 30 years. The U.S. federal income tax consequences of owning any such Notes will be discussed in the applicable Final Terms.

As used herein, the term 'U.S. Holder' means a beneficial owner of Notes that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships

should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the 'Code'), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Notes (including Exchangeable Bearer Notes while in bearer form) are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General

Interest on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a 'foreign currency'), other than interest on a 'Discount Note' that is not 'qualified stated interest' (each as defined below under '— Original Issue Discount — General'), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by Rabobank Nederland on the Notes and original issue discount, if any, accrued with respect to the Notes (as described below under '— Original Issue Discount') generally will constitute income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Effect of Foreign Withholding Taxes

As discussed in "Taxation," in some circumstances payments of interest in respect of the Notes may be subject to foreign withholding taxes. As discussed under "Terms and Conditions of the Notes - Taxation", the relevant Issuer may become liable for the payment of Additional Amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no foreign withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having actually received the amount of foreign taxes withheld by an Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the relevant taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder should generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for foreign income taxes withheld by an Issuer. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two "baskets", and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest and OID (defined below) generally will constitute foreign source income in the "passive income" basket. In certain circumstances a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a payment of interest if the U.S. Holder has not held the Notes for at least 16 days during the 31-day period beginning on the date that is 15 days before the date on which the right to receive the payment arises. Since a U.S. Holder may be required to include OID on the Notes in its gross income in advance of any withholding of foreign income taxes from payments attributable to the OID (which would generally occur when the Note is repaid or redeemed), a U.S. Holder may not be entitled to a credit or deduction for these income taxes in the year the OID is included in the U.S. Holder's gross income, and may be limited in its ability to credit or deduct in full the foreign taxes in the year those taxes are actually withheld by the Issuer. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ('OID'). The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event Rabobank Nederland issues contingent payment debt instruments the applicable Final Terms will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a 'Short-Term Note'), will be treated as issued with OID (a 'Discount Note') if the excess of the Note's 'stated redemption price at maturity' over its issue price is equal to or more than a de minimis amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an 'instalment obligation') will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of 'qualified stated interest'. A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under '— Floating Rate Notes'), applied to the outstanding principal amount of the Note. Solely for purposes of determining whether a Note has OID, Rabobank Nederland will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ('accrued OID'). The daily portion is determined by allocating to each day in any 'accrual period' a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The 'adjusted issue price' of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (any such excess being 'acquisition premium') and that does not make the election described below under 'Election to Treat All Interest as Original Issue Discount' is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a 'Market Discount Note') if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's 'revised issue price', exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes 'de minimis market discount'. For this purpose, the 'revised issue price' of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note, and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the U.S. Internal Revenue Service (the 'IRS'). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under '— Original Issue Discount — General,' with certain modifications. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium (described below under 'Notes Purchased at a Premium') or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under 'Market Discount' to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Floating Rate Notes

Notes that provide for interest at variable rates ('Floating Rate Notes') generally will bear interest at a 'qualified floating rate' and thus will be treated as 'variable rate debt instruments' under Treasury regulations governing accrual of OID. A Floating Rate Note will qualify as a 'variable rate debt instrument' if (a) its issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified de minimis amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate and (c) it does not provide for any payments that are contingent (other than as descibed in (a) above).

A 'qualified floating rate' is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values

throughout the term of the Floating Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Floating Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An 'objective rate' is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of Rabobank Nederland (or a related party) or that is unique to the circumstances of Rabobank Nederland (or a related party), such as dividends, profits or the value of Rabobank Nederland's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of Rabobank Nederland). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Floating Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Floating Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Note's term. A 'qualified inverse floating rate' is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a 'current value' of that rate. A 'current value' of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a 'variable rate debt instrument', then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a 'variable rate debt instrument' will generally not be treated as having been issued with OID unless the Floating Rate Note is issued at a 'true' discount (i.e., at a price below the Note's stated principal amount) in excess of a specified de minimis amount. OID on a Floating Rate Note arising from 'true' discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

In general, any other Floating Rate Note that qualifies as a 'variable rate debt instrument' will be converted into an 'equivalent' fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Floating Rate Note. Such a Floating Rate Note must be converted into an 'equivalent' fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that qualifies as a 'variable rate debt instrument' and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Floating Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note's issue date is

approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an 'equivalent' fixed rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an 'equivalent' fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the 'equivalent' fixed rate debt instrument by applying the general OID rules to the 'equivalent' fixed rate debt instrument and a U.S. Holder of the Floating Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the 'equivalent' fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the 'equivalent' fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

If a Floating Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a 'variable rate debt instrument', then the Floating Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Floating Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Final Terms.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note, are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Fungible Issue

Rabobank Nederland may, without the consent of the Noteholders, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as 'amortisable bond premium', in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter

acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also '— Original Issue Discount — Election to Treat All Interest as Original Issue Discount'.

Purchase, Sale and Retirement of Notes

A U.S. Holder's tax basis in a Note will generally be its cost increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under 'Original Issue Discount — Market Discount' or 'Original Issue Discount — Short-Term Notes' or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Substitution of Issuer

The terms of the Notes provide that, in certain circumstances (as described above under 'Terms and Conditions of the Notes — Meeting of the Noteholders, Modifications and Substitutions'), the obligations of Rabobank Nederland under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes) and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. Dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. Dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of

receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Market Discount

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. Dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. Dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Sale or Retirement

As discussed above under 'Purchase, Sale and Retirement of Notes', a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. Dollar cost of the Note. The U.S. Dollar cost of a Note purchased with foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. Dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. Dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. Dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. Dollars) will be ordinary U.S. income or loss.

Backup Withholding and Information Reporting

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a 'reportable transaction' will be required to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.$ 50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a 'reportable transaction' for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realizes a loass on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS: and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of Restricted Notes issued by Rabobank Nederland pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Notes for its own account or for the account of a qualified institutional buyer and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE 'SECURITIES ACT') OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

(4) Rabobank Nederland, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(5) It understands that the Notes offered in reliance on Rule 144A will be represented by one or more Restricted Global Certificates. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(6) Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such purchaser and those persons, if any, retained to advise such purchaser with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (as used in 'Plan of Distribution'), by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or in the case of Notes issued by Rabobank Nederland, in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer in each case in accordance with any applicable securities laws of any State of the United States.

(3) The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(4) It understands that the Notes offered in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Certificate representing Notes issued by Rabobank Nederland may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

PLAN OF DISTRIBUTION

Summary of Distribution Agreement

Subject to the terms and on the conditions contained in an amended and restated Distribution Agreement dated May 13, 2008 (the 'Distribution Agreement') as further amended or supplemented as at the Issue Date, between the Issuer, the Permanent Dealers (as defined in the Distribution Agreement) and the Arranger, the Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers in respect of such issue of Notes against certain liabilities in connection with the offer and sale of such Notes, including liability under the Securities Act, and to contribute for payments that such Dealers may be required to make in respect thereof. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, or has in its possession or distributes the Offering Circular, any other offering material or any Final Terms.

United States

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

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

Each Dealer has represented and agreed that and each further dealer appointed under the Programme will be required to agree that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the relevant Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and only in accordance with Rule 903 of Regulation S or (in the case of Notes issued by Rabobank Nederland) Rule 144A under the Securities Act. Each Dealer has further agreed that it will have sent to each dealer to which it sells Notes (other than a sale of Notes issued by Rabobank Nederland pursuant to Rule 144A) during the distribution compliance period a confirmation

or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of an offering of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Distribution Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes issued by Rabobank Nederland within the United States only to qualified institutional buyers pursuant to Rule 144A.

Each purchaser of Restricted Notes that have not been registered under the Securities Act is hereby notified that the offer and sale of such Restricted Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Each purchaser of Restricted Notes pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed that it is a qualified institutional buyer, that it is aware that the sale to it is being made in reliance on Rule 144A and that it is acquiring the Notes for its own account or for the account of a qualified institutional buyer. See 'Transfer Restrictions'.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a 'Relevant Member State'), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the 'Relevant Implementation Date') it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a 'Non-exempt Offer'), in the period beginning on the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, and ending on the date specified in such prospectus or final terms, as applicable;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000; and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts;

(d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;

(e) at any time if the denomination per Note being offered amounts to at least € 50,000; or

(f) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of Notes to the public' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression 'Prospectus Directive' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(1) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the 'FSMA') by the Issuer;

(2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

The Netherlands

Zero coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the 'SCA') may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

Australia

This Offering Circular has not and no prospectus or other disclosure document in relation to the Programme or the Notes has been lodged with the Australian Securities and Investments Commission. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that, and unless the relevant Final Terms or supplement to this Offering Circular otherwise provides, it:

(a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia) and

(b) has not distributed or published, and will not distribute or publish, the Offering Circular or any other offering material or advertisement relating to the Notes in Australia,

unless (i) the minimum aggregate consideration payable by each offeree is at least AUD 500,000 (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 (Cth), and (ii) such action complied with all applicable laws and regulations.

In addition, each Dealer agrees that, in connection with the primary distribution of the Notes, it will not sell Notes to any person who has been notified in writing by Rabobank Australia Branch to be an associate of Rabobank Australia Branch, the acquisition of a Note by whom would cause Rabobank Australia Branch to fail to satisfy the public offer test in section 128F of the Australian Tax Act as a result of section 128F(5) of the Income Tax Assessment Act 1936 of Australia.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under

the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the 'SFA'), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

(1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

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

(3) where the transfer is by operation of law.

Republic of France

Each Dealer has represented, warranted and agreed that:

(i) it has only made and will only make an offer of Notes to the public in France (i) in the case of a prospectus in relation to those Notes having been approved by the *Autorité des marchés financiers* ('AFM'), on or after the date of its publication or, (ii) in the case of a prospectus having been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, in the period beginning on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF and ending at the latest on the date which is 12 months after the date of the approval of the prospectus; or

(ii) it has only made and will only make an offer of Notes to the public in France and/or it has only required and will only require the admission to trading on Euronext Paris in circumstances which do not require the publication by the offeror of a prospectus pursuant to articles L.411-2 and L.412-1 of the French Code *monétaire et financier;* and

(iii) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors *(investisseurs qualifiés)*, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

This Prospectus has not been submitted to the clearance procedures of the AMF.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the 'Financial Instruments and Exchange Law'). Accordingly, each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, 'resident of Japan' means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

GENERAL INFORMATION

1. Application has been made to the AFM to approve this document as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has also be made for Notes issued under the Programme to be admitted to trading on Euronext Amsterdam, and to be admitted to the Official List and to trading on the Luxembourg Stock Exchange's regulated market. In connection with the application to list the Notes under the Programme on the 'Bourse de Luxembourg' of the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and a copy of the articles of association of Rabobank Nederland will be deposited with the Registre de Commerce et des Sociétés à Luxembourg where such documents may be examined and copies may be obtained.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The update and amendment to the Programme was authorised by Rabobank Nederland by a resolution of the Executive Board of Rabobank Nederland passed on November 13, 2007, by a resolution of the Supervisory Board passed on November 29, 2007 and by a Secretary's Certificate dated May 13, 2008.

3. There has been no significant change in the financial or trading position of the Issuer or of the Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of the Group, since December 31, 2007.

4. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the Issuer's and/or Rabobank Group's financial position or profitability.

In addition to information disclosed elsewhere in this Offering Circular, during the past three financial years Rabobank Group has made the following main investments:

(i) In 2006 De Lage Landen acquired 99.6% of the total issued and outstanding share capital of Athlon Holding N.V. The total investment was approximately € 580 million.

(ii) In January 2007 Rabobank Group acquired two small Indonesian banks, Bank Haga and Bank Hagakita, from individual shareholders. Both Indonesian banks focus pimarily on serving owners of small and medium-sized businesses. The banks had total assets of Rp 3.97 trillion as of December 31, 2005.

(iii) In December 2006 Rabobank Nederland completed the acquisition of the real estate development- and asset management business of ABN AMRO Bouwfonds N.V. Rabobank also acquired Rijnlandse Bank as part of that transaction, but did not acquire the real estate financing activities (BPF). The total investment amounted to € 855 million. Subsequent to the takeover the group operates under the name Rabo Bouwfonds.

(iv) On April 30, 2007 Mid-State Bank & Trust became part of the Rabobank Group. Mid-State Bank & Trust was emerged into Rabobank N.A., Rabobank's community banking subsidiary in California. Rabobank acquired all the shares of Mid-State Bankcshares for a total purchase price of US$ 857 million.

(v) On February 22, 2007, Robeco acquired a 64% stake in the Swiss based Sustainability Asset Management (SAM) Group.

(vi) In April 2007, Rabobank Nederland acquired HNS Banco from GE Commercial Finance and Ergas Group. Most Rabobank's existing operations in Chile were integrated with HNS Baco, which was renamed Rabobank Chile, and has become the principal Rabobank business entity in Chile.

5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: 'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code'.

6. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. In addition, Rabobank Nederland will make an application with respect to any Restricted Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Restricted Notes of each Tranche of a Registered Series issued by Rabobank Nederland will be confirmed in the applicable Final Terms. The Common Code, the International Securities Identification Number (ISIN), the Committee on the Uniform Security Identification Procedure (CUSIP) number and (where applicable) the

identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any alternative clearing system will be specified in the applicable Final Terms.

7. The issue price and the amount of the relevant Notes will be determined based on the prevailing market conditions. The Bank does not intend to provide any post-issuance information in relation to any issues of Notes.

8. So long as any of the Notes are outstanding the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Paying Agent in Luxembourg:

(i) the Agency Agreement (as amended and supplemented from time to time) relating to the Programme (which includes the form of the Global Notes, the Definitive Notes, the Certificates and the Coupons, Talons and Receipts relating to Bearer Notes);

(ii) each set of Final Terms for Notes that are listed on Euronext Amsterdam or the Luxembourg Stock Exchange; and

(iii) the articles of association of Rabobank Nederland.

9. For the period of 12 months following the date of this Offering Circular, copies of the following documents will be available, free of charge during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and the Paying Agents in Luxembourg and the Netherlands:

(i) the Agency Agreement (as amended and supplemented from time to time) (which includes the form of the Global Notes, the Registered Notes, the Definitive Notes, and the Coupons, Talons and Receipts relating to Definitive Notes) and the Covenant (as amended and supplemented from time to time);

(ii) the articles of association of the Issuer;

(iii) a copy of the latest Offering Circular (together with any supplement thereto);

(iv) the audited and consolidated financial statements of the Issuer and Rabobank Group for the years ended December 31, 2005, December 31, 2006 and December 31, 2007;

(v) a copy of the ISDA Definitions; and

(vi) the most recently published annual reports of Rabobank Group.

10. Ernst & Young, of which the 'Registeraccountants' are members of the Netherlands Institute for Register accountants, has audited, and issued unqualified audit reports, on the financial statements of Rabobank Nederland for the years ended December 31, 2007, 2006 and 2005. Ernst & Young has given its consent to the inclusion in this Offering Circular of its audit report for the year ended December 31, 2007 as included on pages F73 and F74 hereof, and of its audit reports for the years ended December 31, 2006 and 2005 as incorporated by reference herein in the form and context in which they appear. Ernst & Young has given its consent to the inclusion in this Offering Circular of its assurance report on management's assessment on internal control over financial reporting as included on page F75 and F76 hereof. Ernst & Young has no interest in Rabobank Nederland.

FORM OF FINAL TERMS

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND)
(a coöperatie formed under the laws of the Netherlands with its statutory seat in Amsterdam)

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND) AUSTRALIA BRANCH
(Australian Business Number 70 003 917 655)
(a coöperatie formed under the laws of the Netherlands with its statutory seat in Amsterdam)

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.
(RABOBANK NEDERLAND) SINGAPORE BRANCH
(Singapore Company Registration Number F03634W)
(a coöperatie formed under the laws of the Netherlands with its statutory seat in Amsterdam)

Euro 110,000,000,000
Global Medium-Term Note Programme
Due from seven days to perpetuity

SERIES NO: [•]
TRANCHE NO: [•]
[•] Notes due [•]

Issue Price: **[•]**

The date of these Final Terms is [•]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular (the **'Offering Circular'**) dated May 13, 2008 [and the supplemental Offering Circular dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **'Prospectus Directive'**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular[, as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Notes will be issued on the terms of these Final Terms read together with the Offering Circular. Each Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes. The Offering Circular is available for viewing at, and copies may be obtained from, Rabobank Nederland at Croeselaan 18, 3521 CB Utrecht, the Netherlands and the principal office in England of the Arranger and of the Paying Agent in Luxembourg, Amsterdam and Paris and www.bourse.lu.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the 'Conditions') set forth in the Offering Circular dated [original date] [and the supplemental Offering Circular dated [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the 'Prospectus Directive') and must be read in conjunction with the Offering Circular dated May 13, 2008 [and the supplemental Offering Circular dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Offering Circular dated [original date] [and the supplemental Offering Circular dated [•]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circulars dated [original date] and [current date] [and the supplemental Offering Circulars dated [•] and [•]]. Each Issuer accepts responsibility for the information contained in these Final Terms which, when read together with the Offering Circulars dated [original date] and [current date] [and the supplemental Offering Circular[[s] dated [•]], contains all information that is material in the context of the issue of the Notes. The Offering Circulars [and the supplemental Offering Circulars] are available for viewing at, and copies may be obtained from Rabobank

Nederland at Croeselaan 18, 3521 CB Utrecht, the Netherlands and the principal office in England of the Arranger and of the Paying Agent in Luxembourg, Amsterdam and Paris and www.bourse.lu.

[The following alternative language applies if Notes are issued pursuant to Rule 144A.]

THE NOTES REFERRED TO HEREIN THAT ARE REPRESENTED BY A RESTRICTED GLOBAL CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE 'SECURITIES ACT') OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF NOTES REPRESENTED BY A RESTRICTED GLOBAL CERTIFICATE]

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the notes and the impact this investment will have on the potential investor's overall investment portfolio.

[A Dutch language summary of the principal terms of the Notes is contained in the Schedule hereto.]

[Include whichever of the following apply or specify as 'Not Applicable'. Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute 'significant new factors' and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

1	Issuer:	[Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)[1] Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Australia Branch Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) Singapore Branch]
2	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	[(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]	
3	Specified Currency or Currencies:	[•]
4	Aggregate Nominal Amount:	
	(i) Series:	[•]
	(ii) Tranche:	[•]
5	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (if applicable)]*

(1) Only Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) may issue Notes in NGN form.

6	(i)	Specified Denominations:[2, 3]	[•]
	(ii)	Calculation Amount:	[•]
7	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date (if different from the Issue Date):	[[•]/Not Applicable]
8		Maturity Date:	*[specify date (or indicate if Notes are perpetual) or (for Floating Rate Notes) Specified Interest Payment Date falling in or nearest to the relevant month and year]*
9		Domestic Note (if Domestic Note, there will be no gross-up for withholding tax):	[No/Yes]
10		Interest Basis:	[[•] per cent. Fixed Rate] [[*specify reference rate*] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Equity Linked Interest] [Other (specify)] [further particulars specified below]
11		Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Equity Linked Redemption] [Interest Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Protection Amount] [Other *(specify)*] [The Final Redemption Amount shall be determined as provided below.]
12		Change of Interest or Redemption/ Payment Basis:	*[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
13		Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
14	(i)	Status of the Notes:	[Senior/Subordinated (Tier 2)/Subordinated (Tier 3)/ Subordinated Perpetual]

(2) Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

(3) Although Rabobank may issue Notes with a denomination of less than € 50,000 or equivalent, where multiple denominations above € 50,000 or equivalent are being used the following sample wording should be followed: "[€ 50,000] and integral multiples of [€ 1,000] in excess thereof up to and including [€ 99,000]. No Notes in definitive form will be issued with a denomination above [€ 99,000]."

(ii)	Date approval for issuance of Notes obtained:	[•] [*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes]*
15	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii)	Interest Payment Date(s):	[•] in each year
(iii)	Fixed Coupon Amount [(s)]:	[•] per Calculation Amount
(iv)	Broken Amount:	[•] per Calculation Amount *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
(v)	Day Count Fraction (Condition 1(*a*)):	30/360/Actual/Actual ([ICMA]/[ISDA])/Other][adjusted/unadjusted]
(vi)	Determination Date(s) (Condition 1(*a*)):	[•] in each year *[insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
17	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*.
(i)	Interest Period(s):	[•]
(ii)	Specified Interest Payment Dates:	[•]
(iii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
(iv)	Business Centre(s) (Condition 1(*a*)):	[•] (please provide all the relevant Business Centres)
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
(vi)	Interest Period Date(s):	[Not Applicable/*specify dates*]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[Not Applicable/•]
(viii)	Screen Rate Determination (Condition 1(*a*)):	[Applicable/Not Applicable]
-	Reference Rate:	[•]
-	Interest Determination Date:	[[•]/[TARGET] Business Days in [*specify city*] for [*specify currency*] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
-	Relevant Screen Page:	[•]

(ix)	ISDA Determination (Condition 1(*a*)):	[Applicable/ Not Applicable]
-	Floating Rate Option:	[•]
-	Designated Maturity:	[•]
	- Reset Date:	[•]
	- ISDA Definitions *(if different from those set out in the Conditions):*	[•]
(x)	Margin(s): [+/-]	[•] per cent. per annum
(xi)	Minimum Rate of Interest:	[•] per cent. per annum
(xii)	Maximum Rate of Interest:	[•] per cent. per annum
(xiii)	Day Count Fraction (Condition 1(*a*)):	[•]
(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
18	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Amortisation Yield (Condition 7(*b*)):	[•] per cent. per annum
(ii)	Day Count Fraction (Condition 1(*a*)):	[•]
(iii)	Any other formula/basis of determining amount payable:	[•]
19	**Index Linked Interest Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Description of formula to be used for determining Rate(s) of Interest and Interest Amount:	[•]
(ii)	Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount:	[•]
[(iii)	Index:	[•]
	Sponsor:	[•]
	Exchange:	[•]
	Related Exchange:	[•]/[All Exchanges]][4]
[(iii)	Basket:	The basket composed of each Index specified below in the relative weighting specified:

Index	Sponsor	Business Centres	Exchange(s)	Related Exchange(s)	Weighting
_____	_____	_____	_____	_____	_____]5

(iv)	[Index Valuation Date(s)/Averaging Date(s)]:	[•]
	[Adjustment provisions in the event of	[Omission / Postponement / Modified Postponement]

(4) Delete entire paragraph if basket of indices.
(5) Delete entire paragraph if single index.

	a Disrupted Day:]	*(NB: only applicable where Averaging Date(s) are specified)*
(v)	Valuation Time:	[•]
(vi)	Provisions for determining Rate(s) of Interest and Interest Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable:	[•] *(If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions)*
(vii)	Additional Disruption Events:	[Applicable/Not Applicable] *(If not applicable, delete the remainder of this paragraph)* *[Change in Law]* *[Hedging Disruption]* *[Increased Cost of Hedging]* *[Other]*
(viii)	Interest Period(s):	[•]
(ix)	Interest Period Date(s):	[Not Applicable/*specify dates*]
(x)	Specified Interest Payment Dates:	[•]
(xi)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
(xii)	Business Centre(s) (Condition 1(*a*)):	[Please see paragraph (iii) above][6]/[•] *(please provide all the relevant Business Centres)*
(xiii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiv)	Maximum Rate of Interest:	[•] per cent. per annum
(xv)	Day Count Fraction (Condition 1(*a*)):	[•]
(xvi)	Correction of Index Levels:	Correction of Index Levels [applies/does not apply and the Reference Level shall be calculated without regard to any subsequently published correction]. *(If Correction of Index Levels does not apply, delete the following sub-paragraph)*
	[Correction Cut-Off Date:	[[•] Business Days prior to the Maturity Date.] [In relation to Index Valuation Dates other than the final Index Valuation Date, [•] Business Days after the relevant Index Valuation Date and in relation to the final Index Valuation Date, [•] Business Days prior to the Maturity Date.] [In relation to Averaging Dates other than the final Averaging Date, [•] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [•] Business Days prior to the Maturity Date.]]
(xvii)	Such other additional terms or provisions as may be required:	[•]
20	**Equity Linked Interest Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Description of formula to be used	[•]

(6) Delete if single Index.

	to determine Rate(s) of Interest and Interest Amount:	
(ii)	Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount:	[•]
[(iii)	Underlying Security:	[•]
	Company:	[•]
	ISIN:	[•]
	Exchange:	[•]
	Related Exchange:	[•] /[All Exchanges]][7]
[(iii)	Basket:	The basket composed of Underlying Securities of each Company specified below in the [relative proportions/ number of shares of each Company] specified:

Underlying Securities	Company	ISIN	Business Centres	Exchange	Related Exchange	Proportion/ Number
_____	_____	_____	_____	_____	_____	_____][8]

(iv)	[Equity Valuation Date(s)/ Averaging Date(s)]:	[•]
	[Adjustment provisions in the event of a Disrupted Day:]	[Omission / Postponement / Modified Postponement] *(NB: only applicable where Averaging Date(s) are specified)*
(v)	Valuation Time:	[•]
(vi)	Provisions for determining Rate(s) of Interest and Interest Amount where calculation by reference to Underlying Security and/or Formula is impossible or impracticable:	[•] *(If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions, including:* *[Potential Adjustment Event]* *[Merger Event]* *[Tender Offer]* *[Nationalisation]* *[De-Listing]* *[Insolvency]* *[Other])*
(vii)	Additional Disruption Events:	[Applicable/Not Applicable] *(If not applicable, delete the remainder of this paragraph)* *[Change in Law]* *[Hedging Disruption]* *[Increased Cost of Hedging]* *[Other]*
(viii)	Interest Period(s):	[•]
(ix)	Interest Period Dates:	[Not Applicable/*specify dates*]
(x)	Specified Interest Payment Date(s):	[•]
(xi)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]

(7) Delete entire paragraph if basket of Underlying Securities.
(8) Delete entire paragraph if single Underlying Security.

(xii)	Business Centre(s) (Condition 1(*a*)):	[Please see paragraph (iii) above][9]/[•] *(please provide all the relevant Business Centres)*
(xiii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiv)	Maximum Rate of Interest:	[•] per cent. per annum
(xv)	Day Count Fraction (Condition 1(*a*)):	[•]
(xvi)	Correction of Underlying Security Prices:	Correction of Underlying Security Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction]. *(If Correction of Underlying Security Prices does not apply, delete the following sub-paragraph)*
	[Correction Cut-Off Date:	[[•] Business Days prior to the Maturity Date.] [In relation to Equity Valuation Dates other than the final Equity Valuation Date, [•] Business Days after the relevant Equity Valuation Date and in relation to the final Equity Valuation Date, [•] Business Days prior to the Maturity Date.] [In relation to Averaging Dates other than the final Averaging Date, [•] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [•] Business Days prior to the Maturity Date.]]
(xvii)	Exchange Rate:	[Applicable/Not Applicable] *[If applicable, insert details]*
(xviii)	Such other additional terms or provisions as may be required:	[•]

21	**Dual Currency Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[*Give details*]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable:	[•]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[•]
(v)	Day Count Fraction (Condition 1(*a*)):	[•]

PROVISIONS RELATING TO REDEMPTION

22	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* (Refer to Condition [•])
(i)	Optional Redemption Date(s):	[•]

(9) Delete if single Underlying Security.

(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
(iii)	If redeemable in part:	
	Minimum Redemption Amount:	[•] per Calculation Amount
	Maximum Redemption Amount:	[•] per Calculation Amount
(iv)	Notice period:	[The Issuer shall give notice of its intention to redeem the Notes not less than [•] Business Days prior to the relevant Optional Redemption Date]
23	**Put Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
(iii)	Notice period:	[•]
24	**Final Redemption Amount (all Notes except Equity Linked Redemption Notes and Index Linked Redemption Notes) of Each Note**	[•] per Calculation Amount
25	**Final Redemption Amount (Equity Linked Redemption Notes)**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Formula for calculating the Final Redemption Amount:	[•]
(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
[(iii)	Underlying Security:	[•]
	Company:	[•]
	ISIN:	[•]
	Exchange:	[•]
	Related Exchange:	[•]/[All Exchanges]][10]
[(iii)	Basket:	The basket composed of Underlying Securities of each Company specified below in the [relative proportions/ number of shares of each Company] specified:

Underlying Securities	Company	ISIN	Business Centres	Exchange	Related Exchange	Proportion/ Number
_____	_____	_____	_____	_____	_____	_____][11]

(iv)	[Equity Valuation Date(s)/Averaging Date(s)]:	[•]
	[Adjustment provisions in the event of a Disrupted Day:]	[Omission / Postponement / Modified Postponement] *(NB: only applicable where Averaging Date(s) are specified)*

(10) Delete entire paragraph if basket of Underlying Securities.
(11) Delete entire paragraph if single Underlying Security.

(v)	Valuation Time:	[•]
(vi)	Business Centre:	[Please see paragraph (iii) above][12] / [•] *(Please provide all the relevant Business Centres)*
(vii)	Physical Settlement by delivery of the Underlying Securities Amount:	[Applicable/Not Applicable] *[If Physical Settlement does not apply, delete the following sub-paragraphs]*
	[Underlying Securities Amount:	[•]
	Presentation Date:	[•]
	Clearing system through which the Underlying Securities Amount may be delivered upon redemption:	[•]
	Delivery Agent:	[Coöperatieve Centrale Raifeissen-Boerenleenbank B.A. (Rabobank International)] [*Specify other*]]
(viii)	Correction of Underlying Security Prices:	Correction of Underlying Security Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction]. *(If Correction of Underlying Security Prices does not apply, delete the following sub-paragraph)*
	[Correction Cut-Off Date:	[[•] Business Days prior to the Maturity Date.] [In relation to Equity Valuation Dates other than the final Equity Valuation Date, [•] Business Days after the relevant Equity Valuation Date and in relation to the final Equity Valuation Date, [•] Business Days prior to the Maturity Date.] [In relation to Averaging Dates other than the final Averaging Date, [•] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [•] Business Days prior to the Maturity Date.]]
(ix)	Provisions for determining Final Redemption Amount where calculation by reference to Underlying Security and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•] *(If applicable, need to include a description of Final Redemption Amount where market disruption or settlement disruption events and adjustment provisions, including:* *[Potential Adjustment Event]* *[Merger Event]* *[Tender Offer]* *[Nationalisation]* *[De-Listing]* *[Insolvency]* *[Other])*
(x)	Additional Disruption Events:	[Applicable/Not Applicable] *(If not applicable, delete the remainder of this paragraph)* *[Change in Law]* *[Hedging Disruption]* *[Increased Cost of Hedging]* *[Other]*
(xi)	Exchange Rate:	[Applicable/Not Applicable] [*If applicable insert details*]

(12) Delete if single Underlying Security.

(xii)	Such other additional terms or provisions as may be required:	[•]
26	**Final Redemption Amount (Index Linked Redemption Notes)**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Formula for calculating the Final Redemption Amount:	[•]
(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
[(iii)	Index:	[•]
	Sponsor:	[•]
	Exchange:	[•]
	Related Exchange:	[•] /[All Exchanges]][13]
[(iii)	Basket:	The basket composed of each Index specified below in the relative weighting specified:

Index	Sponsor	Business Centres	Exchange(s)	Related Exchange(s)	Weighting
_____	_____	_____	_____	_____	_____][14]

(iv)	[Index Valuation Date(s)/Averaging Date(s)]:	[•]
	[Adjustment provisions in the event of a Disrupted Day:]	[Omission / Postponement / Modified Postponement] *(NB: only applicable where Averaging Date(s) are specified)*
(v)	Valuation Time:	[•]
(vi)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•] *(If applicable, need to include a description of market disruption events and adjustment provisions)*
(vii)	Additional Disruption Events:	[Applicable/Not Applicable] *(If not applicable, delete the remainder of this paragraph)* *[Change in Law]* *[Hedging Disruption]* *[Increased Cost of Hedging]* *[Other]*
(viii)	Minimum Final Redemption:	[•]
(ix)	Maximum Final Redemption:	[•]
(x)	Correction of Index Levels:	Correction of Index Levels [applies/does not apply and the Reference Level shall be calculated without regard to any subsequently published correction]. *(If Correction of Index Levels does not apply, delete the following sub-paragraph)*

(13) Delete entire paragraph if basket of Indices.
(14) Delete entire paragraph if single Index.

[Correction Cut-Off Date:	[[•] Business Days prior to the Maturity Date.] [In relation to Index Valuation Dates other than the final Index Valuation Date, [•] Business Days after the relevant Index Valuation Date and in relation to the final Index Valuation Date, [•] Business Days prior to the Maturity Date.] [In relation to Averaging Dates other than the final Averaging Date, [•] Business Days after the relevant Averaging Date and in relation to the final Averaging Date, [•] Business Days prior to the Maturity Date.]]
(xi) Such other additional terms or provisions as may be required:	[•]

27 **Early Redemption Amount**

(i) Early Redemption Amount(s) payable per Calculation Amount and/or the method of calculating the same (if required or if different from that set out in the Conditions) on redemption (a) on the occurrence of an event of default (Condition 13) or (b) for illegality (Condition 7*(j)*) or (c) for taxation reasons (Condition 7*(c)*), or (d) in the case of Equity Linked Redemption Notes, following certain corporate events in accordance with Condition 7(*g*) or (e) in the case of Index Linked Redemption Notes, following an Index Modification, Index Cancellation or Index Disruption Event (Condition 7(*h*)) or (f) in the case of Equity Linked Redemption Notes or Index Linked Redemption Notes, following an Additional Disruption Event (if applicable) (Condition 7(*i*)):	[[•]/ Not Applicable] [less the cost to the Issuer and/or payable on redemption following its Affiliates of unwinding or adjusting any underlying or Nationalisation, Delisting or Insolvency related hedging arrangements in respect of the Notes] *(in the case of Equity Linked Redemption Notes and Index Linked Redemption Notes)* [Early Redemption Amount includes an amount in respect of accrued interest: no additional amount in respect of accrued interest to be paid] or [Early Redemption Amount does not include an amount in respect of accrued interest: together with the Early Redemption Amount, accrued interest shall also be paid]
(ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 7(*c*)):	[Yes/No]
(iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 10(*f*)):	[Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28	**Form of Notes**	Bearer Notes/Exchangeable Bearer Notes/Registered Notes] (Refer Condition [•])
	New Global Notes:[15]	[Yes/No] *[Delete as appropriate]* [temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [•] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate][16] [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [•] days' notice][16] [permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [•] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate][16] [restricted Global Certificate exchangeable for Definitive Certificates in the limited circumstances specified in the restricted Global Certificate (for Notes issued pursuant to Rule 144A)]
29	Financial Centre(s) (Condition 10(*h*)) or other special provisions relating to payment dates:	Not Applicable/*give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 17(iv), 19(xii) and 20(xii) relate]*
30	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No *If yes, give details*]
31	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
32	Details relating to Instalment Notes: Amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
33	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]
34	Consolidation provisions:	[Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]
35	Other terms or special conditions:[17]	[So long as Bearer Notes are represented by a temporary and/or permanent Global Note and the temporary and/or permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other

(15) Only Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabonbank Nederland) may issue Notes in NGN form.

(16) The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€ 50,000] and integral multiples of [€ 1,000] in excess thereof up to and including [€ 99,000]." Furthermore such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note/Certificate exchangeable for Definitive Notes, other than in the limited circumstances specified in the permanent Global Note/Certificate.

(17) When adding any other final terms consideration should be given as to whether such terms constitute a 'significant new factor' and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.

		clearing system, notwithstanding Condition 17, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders. Any notice thus delivered to that clearing system shall be deemed to have been given to the Noteholders on the day on which that notice is delivered to the clearing system]

DISTRIBUTION

36	(i) If syndicated, names and addresses of Managers:	[Not Applicable/*give names and addresses*] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or extra information will be required if the managers and underwriters are not the same or if the placing is on a 'best efforts' basis if such entities are not the same as the Dealers)*
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
	(iii) [Managers'/Dealer's] Commission:	[•]
37	If non-syndicated, name and address of Dealer:	[Not Applicable/*give names and addresses*] [If the sole Dealer in respect of Notes issued by Rabobank Nederland is Rabobank International Rabobank International will not subscribe for the Notes, but will act as agent for the placement of Notes. Such Notes will be deemed to be issued at the time when the Notes are transferred from Rabobank International to the subscriber and Rabobank International receives funds from the subscriber on behalf of Rabobank Nederland].
38	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
39	Additional selling restrictions:	[Not Applicable/*give details*]
40	Subscription period:	[Not Applicable/*give details*]

GENERAL

41	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 14(*a*):	[Not Applicable/*give details*]
42	The aggregate principal amount of Notes issued has been translated into Euro at the rate of [•], producing a sum of (for Notes not denominated in Euro):	[Not Applicable/[Euro [•]]]
43	In the case of Notes listed on Euronext Amsterdam:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Numbering and letters:	The Notes will be numbered from 1 onwards and in the denominations of [currency/amount] and [currency/amount] and will be preceded by the letters [A, AV, AX, AM, AF]
	(ii) Amsterdam Listing Agent:	Rabobank Nederland or Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities)

(iii) Amsterdam Paying Agent: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities)

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 110,000,000,000 Global Medium Term Note Programme of Rabobank Nederland.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [Information on the underlying has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 **Listing**

(i)	Listing:	[Euronext Amsterdam/Luxembourg Stock Exchange/ Other (specify)/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [•] with effect from [•]/No application for admission to trading has been made].[18]
(iii)	Estimate of total expenses related to admission to trading:	[•]

2 **Ratings**

Rating: [Not Applicable]

[The Notes to be issued have been rated:]

[S&P: [•]]

[Moody's: [•]]

[Fitch Ratings Ltd: [•]]

[[Other: [•]]

(the above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

3 **[Notification**

The Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Offering Circular has been drawn up in accordance with the Prospectus Directive.]

[Notwithstanding the foregoing, no offer of Notes to the public may be made in any Relevant Member State, which requires the Issuer to undertake any action in addition to the filing of the Final Terms with the Netherlands Authority for the Financial Markets unless and until the Issuer advises such action has been taken.][19]

4 **[Interests of natural and legal persons involved in the [issue/offer]**

[Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:]

[Save as disclosed in the Offering Circular, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

(18) Where documenting a fungible issue, indicate that original securities are already admitted to trading. The concept of admission to trading will not be relevant for Notes which are listed on the Professional Securities Market in the UK or EuroMTF in Luxembourg.

(19) Delete this sentence if the minimum denomination is at least €50,000.

5 **[Reasons for the offer, estimated net proceeds and total expenses]**[20]

(i)	Reasons for the offer:	[•] *(See 'Use of Proceeds' wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
(ii)	Estimated net proceeds	[•] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
(iii)	Estimated total expenses:	[•] *[Include breakdown of expenses.]* *(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) where disclosure is included at (i) above.)*

6 **Yield** *(Fixed Rate Notes Only)*[21]

Indication of yield:	[•] [Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is NOT an indication of future yield.

7 **Historic interest rates** *(Floating Rate Notes only)*[22]

Details of how historic [LIBOR/EURIBOR/other] rates can be obtained.

8 **Performance of index/formula, explanation of effect on value of investment and associated risks and other information concerning the underlying** *(Index-Linked Notes only)*[23]

[Include details of where past and future performance and volatility of the index/formula can be obtained]

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

[Need to include details of the settlement procedures for derivative securities]

[Need to include the exercise price or the final reference price of the underlying]

[Need to include a description of any market disruption or settlement disruption events that affect the underlying.]

[Need to include adjustment rules in relation to events concerning the underlying.]

[Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]

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

[Where the underlying is an interest rate a description of the interest rate.]

[Where the underlying is a basket of underlyings disclosure of the relevant weightings of each underlying in the basket.]

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(20) Delete if the minimum denomination is at least €50,000.
(21) Delete if the minimum denomination is at least €50,000.
(22) Delete if the minimum denomination is at least €50,000.
(23) Required for derivative securities to which Annex XII of the Prospectus Directive applies.

9 **Performance of rate[s] of exchange and explanation of effect on value of investment** *(Dual Currency Notes only)*[24]

[Include details of where past and future performance and volatility of the relevant rates can be obtained]

[Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]

10 **Performance of underlying, explanation of effect on value of investment and associated risks and information concerning the underlying** *(Equity-Linked Notes only)*[25]

[Need to include details of the settlement procedures for derivative securities]

[Need to include the exercise price or the final reference price of the underlying]

[Need to include a description of any market disruption or settlement disruption events that affect the underlying.]

[Need to include adjustment rules in relation to events concerning the underlying.]

[Where the underlying is a security the name of the issuer of the security and its ISIN or other such security identification code.]

[Include details of where past and future performance and volatility of the relevant rates can be obtained]

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

[Where the underlying is Equity, include the name of underlying and include details of where the information about the Equity can be obtained.]

11 **Operational information**

(i)	Intended to be held in a manner which would allow Eurosystem eligibility:[26]	[Yes/No] [Note that the designation 'yes' simply means that the Notes are intended upon issue to be deposited with one of the ICSDs[27] as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*include this text if 'yes' selected in which case the Notes must be issued in NGN form*]
(ii)	ISIN:	[•]
(iii)	Common Code:	[•]
(iv)	German WKN-code:	[•]/ Not Applicable
(v)	Private Placement number:	[•]/ Not Applicable
(vi)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant number(s):	[Not Applicable/*give name(s) and number(s)*]
	(i) The Depository Trust Company	[Rabobank Nederland only – CUSIP Number]

(24) Delete if the minimum denomination is at least €50,000.
(25) Required for derivative securities to which Annex XII of the Prospectus Directive applies.
(26) Only Coöperatieve Centrale Raiffeisen-Berenleenbank B.A. (Rabobank Nederland) may issue Notes in NGN form.
(27) The International Central Securities Depositories (i.e. Euroclear S.A./N.V. and Clearstream Banking, *société anonyme*).

(vii)	Delivery:	Delivery [against/free of] payment
(viii)	Names and addresses of additional Paying/Delivery Agent(s) (if any):	Not Applicable/[•]
(ix)	Names (and addresses) of Calculation Agent(s) (if different from Deutsche Bank AG, (London Branch):	Not Applicable/[•]
12	**General**	[Applicable/Not Applicable], *(if not applicable, delete the remaining sub-paragraphs of this paragraph)*[28]
(i)	Time period during which the offer is open:	[•]
(ii)	Description of the application process:	[•]
(iii)	Description of possibility to reduce subscriptions:	[•]
(iv)	Manner for refunding excess amount paid by applicants:	[•]
(v)	Minimum and/or maximum amount of application:	[•]
(vi)	Method and time limit for paying up the securities and for delivery of the securities:	[•]
(vii)	Manner and date in which results of the offer are to be made public:	[•]
(viii)	Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:	[•]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available under Sections 13(1)(a), 13(1)(aa) and 13(1)(ba) of the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act") shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such interest and discount in a return of income made under the Income Tax Act.][29]

[Rabobank Singapore Branch, as issuer of the Notes, is subject to restrictions on the acceptance of deposits in Singapore dollars. The Notes do not constitute or evidence a debt repayable by Rabobank Singapore Branch on demand to the Noteholder. The Noteholder may recover the principal sum from Singapore Branch subject to the Terms and Conditions of the Notes as set out in the Offering Circular. The value of the Notes, if sold on the secondary market, is subject to the market conditions prevailing at the time of the sale.][30]

(28) Not applicable if the minimum denomination is at least €50,000.

(29) To be inserted where the Notes are 'qualifying debt securities' under the Income Tax Act, Chapter 134 of Singapore and the Notes are issued by Rabobank Singapore Branch.

(30) To be inserted when the Notes are issued by Rabobank Singapore Branch, denominated in Singapore dollars, issued to sophisticated investors (as defined in the Guidelines for Operation of Wholesale Banks issued by the Monetary Authority of Singapore) or their nominees and Rabobank Singapore Branch reasonably expects or foresees that the Notes will not be held at all times by persons who are sophisticated investors.

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This is a translation of the Dutch report. In the event of any conflict in interpretation the Dutch original takes precedence.

Consolidated balance sheet

In millions of euros	Note	At 31 December 2007	At 31 December 2006
Assets			
Cash and cash equivalents	6	2,129	1,630
Due from other banks	7	43,218	49,086
Trading financial assets	8	29,179	36,789
Other financial assets at fair value through profit and loss	9	18,133	21,468
Derivative financial instruments	10	26,089	18,992
Loans to customers	11	372,968	354,924
Available-for-sale financial assets	12	50,355	48,961
Held-to-maturity financial assets	13	859	1,489
Investments in associates	14	4,558	3,250
Intangible assets	15	3,183	1,844
Property and equipment	16	5,572	5,022
Investment properties	17	1,105	1,338
Current tax assets		419	176
Deferred tax assets	25	1,577	1,477
Other assets	18	11,159	10,009
Total assets		570,503	556,455

In millions of euros	Note	At 31 December 2007	At 31 December 2006
Liabilities			
Due to other banks	19	73,428	94,626
Due to customers	20	249,515	234,917
Debt securities in issue	21	141,812	128,066
Derivative financial instruments and other trade liabilities	10	31,097	26,694
Other debts	22	10,518	10,649
Other financial liabilities at fair value through profit and loss	23	27,303	26,270
Provisions	24	1,167	1,175
Current tax liabilities		202	172
Deferred tax liabilities	25	851	836
Employee benefits	26	941	1,223
Subordinated debt	27	2,294	2,450
Total liabilities		539,128	527,078
Equity			
Equity of Rabobank Nederland and local Rabobanks	29	19,650	17,426
Rabobank Member Certificates issued by group companies	30	6,233	5,808
		25,883	23,234
Capital Securities and Trust Preferred Securities III to VI	31	2,779	1,959
Minority interests	32	2,713	4,184
Total equity		31,375	29,377
Total equity and liabilities		570,503	556,455

Consolidated profit and loss account

In millions of euros	Note	For the year ended 31 December 2007	For the year ended 31 December 2006
Interest income	33	29,356	25,059
Interest expense	33	22,585	18,587
Interest	33	6,771	6,472
Fee and commission income	34	3,394	2,741
Fee and commission expense	34	537	445
Fees and commission	34	2,857	2,296
Income from associates	35	753	556
Net income from financial assets and liabilities at fair value through profit and loss	36	(38)	246
Gains on available-for-sale financial assets	12	64	7
Other	37	1,092	472
Income		11,499	10,049
Staff costs	38	4,445	4,117
Other administrative expenses	39	2,846	2,429
Depreciation and amortisation	40	418	341
Operating expenses		7,709	6,887
Value adjustments	41	742	450
Operating profit before taxation		3,048	2,712
Taxation	42	386	367
Net profit		2,662	2,345
Of which attributable to Rabobank Nederland and local Rabobanks	29	1,937	1,757
Of which attributable to holders of Rabobank Member Certificates	30	299	277
Of which attributable to Capital Securities	31	17	-
Of which attributable to Trust Preferred Securities III to VI	31	106	110
Of which attributable to minority interests	32	303	201
Net profit for the year		2,662	2,345

See the notes to the consolidated financial statements.

Consolidated statement of changes in equity

In millions of euros	Equity of Rabobank Nederland and local Rabobanks	Rabobank Member Certificates	Capital Securities and TPS	Minority interests	Total equity
At 1 January 2006	15,450	5,811	2,092	2,996	26,349
(Note 29)					
Arising in the period (after taxation):					
Net fair value changes – available-for-sale financial assets	(277)	-	-	-	(277)
Net fair value changes – associates	94	-	-	-	94
Net fair value changes – cash flow hedges	(16)	-	-	-	(16)
Other changes	11	-	-	-	11
Currency translation differences	(14)	-	(133)	(191)	(338)
Reclassified to net profit for the year – available-for-sale financial assets	295	-	-	-	295
Total income and expense for the year recognised directly in equity	93	-	(133)	(191)	(231)
Net profit for the year	1,757	277	110	201	2,345
Total income and expense	1,850	277	(23)	10	2,114
Payment on Rabobank Member Certificates and Trust Preferred Securities III to VI	-	(277)	(110)	-	(387)
Other	126	(3)	-	1,178	1,301
At 31 December 2006	17,426	5,808	1,959	4,184	29,377
At 1 January 2007	17,426	5,808	1,959	4,184	29,377
(Note 29)					
Arising in the period (after taxation):					
Net fair value changes – available-for-sale financial assets	(39)	-	-	(584)	(623)
Net fair value changes – associates	70	-	-	-	70
Net fair value changes – cash flow hedges	12	-	-	-	12
Currency translation differences	(205)	-	(170)	(225)	(600)
Reclassified to net profit for the year – available-for-sale financial assets	315	-	-	-	315
Total income and expense for the year recognised directly in equity	153	-	(170)	(809)	(826)
Net profit for the year	1,937	299	123	303	2,662
Total income and expense	2,090	299	(47)	(506)	1,836
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI and Capital Securities	-	(299)	(123)	-	(422)
Issue of Capital Securities	-	-	990	-	990
Exchange of government bonds for subordinated loans to Rabobank Nederland	-	415	-	(415)	-
Other	134	10	-	(550)	(406)
At 31 December 2007	19,650	6,233	2,779	2,713	31,375

Consolidated cash flow statement

In millions of euros	For the year ended 31 December 2007	For the year ended 31 December 2006
Cash flows from operating activities		
Operating profit before taxation	3,048	2,712
Adjusted for:		
Non-cash items recognised in profit and loss		
Depreciation and amortisation	418	341
Value adjustments	742	450
Result on sale of property and equipment	(9)	(14)
Share of (profit) of associates and result on sale of subsidiaries	(698)	(527)
Fair value results on investment properties	(6)	2
Fair value results on financial assets and liabilities at fair value through profit and loss	38	(246)
Net result on available-for-sale financial assets	(64)	(7)
Net change in operating assets:		
Due from other banks	(15,330)	7,874
Trading financial assets	7,610	2,222
Derivative financial instruments	(7,097)	5,143
Net change in non-trading financial assets at fair value through profit and loss	3,335	(4,019)
Loans to customers	(18,044)	(50,473)
Net change in liabilities relating to operating activities:		
Derivative financial instruments and other trade liabilities	4,403	(4,488)
Due to customers	14,598	29,472
Debt securities in issue	13,746	12,074
Other debts	(131)	3,583
Income tax paid	(833)	(809)
Other changes	1,076	(2,285)
Net cash flow from operating activities	6,802	1,005
Cash flow from investing activities		
Acquisition of subsidiaries net of cash and cash equivalents acquired	(431)	1,714
Disposal of subsidiaries net of cash and cash equivalents	18	3
Acquisition of property and equipment and investment properties	(559)	(646)
Proceeds from sale of property and equipment	398	330
Acquisition of available-for-sale financial assets and held-to-maturity financial assets	(21,443)	(16,160)
Proceeds from sale and repayment of available-for-sale financial assets and held-to-maturity financial assets	15,156	12,861
Net cash flow from investing activities	(6,861)	(1,898)
Cash flows from financing activities		
Proceeds from issue of Capital Securities	990	-
Payment on Rabobank Member Certificates, Trust Preferred Securities III to VI and Capital Securities	(422)	(387)
Repayment of subordinated debt	(10)	(13)
Net cash flow from financing activities	558	(400)
Net change in cash and cash equivalents	499	(1,293)
Cash and cash equivalents at beginning of year	1,630	2,923
Cash and cash equivalents at end of year	2,129	1,630
The cash flows from interest are included in the net cash flow from operating activities		
Interest income	28,831	24,675
Interest expense	21,620	17,740

Cash and cash equivalents comprises cash resources and deposits at central banks.
The cash flow statement is prepared in accordance with the indirect method of calculation and provides details of the source of the cash and cash equivalents that became available during the year as well as their application during the year.

The cash flows from operating, investing and financing activities are stated separately. Movements in loans and receivables and interbank deposits are accounted for under cash flow from operating activities. Investing activities relate to acquisitions and disposals and repayments on financial investments as well as the acquisition and disposal of subsidiaries and property and equipment. The proceeds from the issue of and payments on Member Certificates and subordinated loans qualify as financing activities. Movements on account of currency translation differences are eliminated, as are the consolidation effects of acquisitions of associates insofar as material.

Notes to the consolidated financial statements

1 Basis of consolidation

Rabobank Group ('Rabobank') comprises the local Rabobanks ('Members') in the Netherlands, the central cooperative Rabobank Nederland and other specialised subsidiaries. Together they form Rabobank Group and Rabobank Nederland, which advises the Members and assists them in the provision of their services. Rabobank Nederland also advises the Members on behalf of De Nederlandsche Bank (the Dutch central bank). Rabobank's cooperative structure has several executive levels, each with its own duties and responsibilities.

In IFRS terms, Rabobank Nederland exercises control over the local Rabobanks. The consolidated financial statements of Rabobank include the financial information of Rabobank Nederland and that of the Members and the other group companies.

2 Accounting policies

The main accounting policies used in preparing these consolidated financial statements are explained below.

2.1 General

The consolidated financial statements of Rabobank have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Rabobank applied the new standard IFRS 7 'Financial Instruments: Disclosures', the new appendix to IAS 1, and IFRIC 9 and 10 in 2007.

The consolidated financial statements have been prepared on the basis of the accounting policies outlined below. The remaining assets and liabilities are accounted for on a historical cost basis, unless otherwise stated.

Unless otherwise stated, all amounts in these financial statements are in millions of euros.

2.1.1 Changes in classification of results and balance sheet items

Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated.

The comparative figures have been restated since the fiduciary funds totalling 19.1 (2006: 19.0) billion are accounted for under Due to customers instead of Due to other banks with effect from 2007. These reclassifications did not affect profit or equity.

2.1.2 Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities, the reporting of contingent assets and liabilities at the date of the financial statements, as well as the amounts reported for income and expenses during the reporting period. The situations that are assessed based on available financial data and information mainly concern the determination of the provision for doubtful debts, the fair value of assets and liabilities and impairments. Although management based their estimates on the most careful assessment of the current circumstances and activities, the actual results might deviate from these estimates.

2.2 Group financial statements

2.2.1 Subsidiaries

Subsidiaries and other entities (including special purpose entities) over which Rabobank exercises control, directly or indirectly, are consolidated. The assets, liabilities and results of these entities are consolidated in full.

Subsidiaries are consolidated from the date Rabobank obtains control, and cease to be consolidated on the date that this control ends. All intra-group transactions, balances and unrealised gains and losses on transactions between business units of Rabobank are eliminated as part of the consolidation.

2.2.2 Joint ventures

The interests of Rabobank in entities where control is shared are consolidated proportionally. With this method, Rabobank includes its share of the income and expenses, assets and liabilities, and cash flows of the various joint ventures in the relevant items of its financial statements.

2.2.3 Investments in associates

Investments in associates are recognised in accordance with the equity method. With this method, Rabobank's share of the profits and losses of an associate (after the acquisition) is recognised in profit and loss, and its share of the changes in reserves after the acquisition is recognised in reserves. The cumulative changes after acquisition are adjustments to the cost of the investment.

Associates are entities over which Rabobank has significant influence and in which it usually holds between 20% and 50% of the voting rights but over which it does not exercise control. Unrealised gains on transactions between Rabobank and its associates are eliminated in proportion to the size of Rabobank's interest in the associates. Unrealised losses are also eliminated unless the transaction indicates that an impairment loss should be recognised on the asset transferred. Investments by Rabobank in associates include the goodwill acquired. If Rabobank's share in the losses of an associate equals or exceeds its interest in the associate, Rabobank will not recognise any more losses of the associate unless Rabobank has given undertakings or made payments on behalf of this associate.

2.3 Derivative financial instruments and hedging

2.3.1 General

Derivative financial instruments generally mean foreign currency contracts, currency and interest rate futures, forward rate agreements, currency and interest rate swaps, and currency and interest rate options (written as well as acquired). Derivative financial instruments might be traded on an exchange or as over-the-counter (OTC) instruments between Rabobank and a client. All derivative financial instruments are recognised at fair value. The fair value is determined using listed market prices, prices offered by traders, cash-flow discounting models and option valuation models based on current market prices and contracted prices for the underlying instruments, as well as the time value of money, yield curves and the volatility of the underlying assets and liabilities. All derivative financial instruments are included under assets if their fair value is positive and under liabilities if their fair value is negative.

Derivative financial instruments embedded in other financial instruments are treated separately if their risks and characteristics are not closely related to those of the underlying derivative contract and this contract is not classified at fair value through profit and loss.

2.3.2 Instruments not used for hedging

Realised and unrealised gains and losses on derivative financial instruments classified by Rabobank as held for trading are recognised under 'Trading income'.

2.3.3 Hedging instruments

Rabobank also uses derivative financial instruments as part of balance sheet control to manage its interest rate risks, credit risks and foreign currency risks. Rabobank makes use of the possibilities provided by the EU through the carve-out in IAS 39. The carve-out facilitates the application of fair value portfolio hedge accounting to certain positions. Buckets are used to measure effectiveness.

On the date of concluding a derivative contract, Rabobank can designate certain derivative financial instruments as (1) a hedge of the fair value of an asset or liability on the balance sheet (fair value hedge), as (2) a hedge of future cash flows attributable to an asset or liability on the balance sheet, an expected transaction or a non-current liability (cash flow hedge), or as (3) a hedge of a net-investment in a foreign entity (net investment hedge). Hedge accounting can be applied for derivative financial instruments designated in this manner if certain criteria are met.

These criteria include:

- Formal documentation of the hedging instrument, the hedged item, the objective of the hedge, the hedging strategy and the hedge relationship before applying hedge accounting;
- The hedge is expected to be very effective (in a range of 80% to 125%) in offsetting changes in the hedged item's fair value or cash flows attributable to the hedged risks during the entire reporting period; and
- The hedge is continuously very effective from inception onwards.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges and are effective in relation to the hedged risks are recognised in profit and loss, together with the corresponding changes in the fair value of the assets or liabilities hedged against the risks in question.

If the hedge no longer meets the criteria for hedge accounting (according to the fair value hedge model), any adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised through profit and loss until the end of the hedged period. Any adjustment to the carrying amount of a hedged equity instrument is recognised under 'Profits and losses not disclosed in the profit and loss account' until disposal of the equity instrument.

Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges and that are highly effective in relation to the hedged risks are recognised in the hedging reserve included under equity (see note 10). The non-effective part of the changes in the fair values of the derivative financial instruments is recognised in profit and loss. If the forecast transaction or the non-current liability results in the recognition of a non-financial asset or a non-financial liability, any deferred gain or loss included in equity is restated to the initial carrying amount (cost) of the asset or the liability. In all other cases, deferred amounts included in equity are taken to the profit and loss account and are classified as income or expenses in the periods in which the hedged non-current liability or the forecast transaction had an effect on profit and loss.

Certain derivative contracts, although they are economic hedges in relation to the managed risk positions taken by Rabobank, do not qualify for hedge accounting under the specific IFRS rules. These contracts are therefore treated as derivative trading financial instruments.

The fair value of derivative financial instruments held for trading and hedging purposes is disclosed in note 10, 'Derivative financial instruments and other trade liabilities'.

2.4 Trade liabilities and other liabilities at fair value through profit and loss

2.4.1 Trade liabilities

Trade liabilities are mainly negative fair values of derivative financial instruments and delivery obligations arising on short selling of securities. Securities are sold short to realise gains from short-term price fluctuations. The securities needed to settle the short selling are acquired through securities leasing or sale and repurchase agreements. Securities sold short are recognised at fair value at the balance sheet date.

2.4.2 Other liabilities at fair value through profit and loss

Other liabilities at fair value through profit and loss include certain financial liabilities that Rabobank does not intend to sell, but which it accounted for at fair value on initial recognition. Changes in the fair value of these financial liabilities are recognised in profit and loss for the period in which they arise.

2.5 Trading financial assets

Trading financial assets are acquired to realise gains from short-term fluctuations in the prices or margins of traders, or form part of a portfolio that regularly generates short-term gains. These assets are valued at fair value based on quoted bid prices. Any realised and unrealised gains and losses are included under 'Trading income'. Interest earned on trading financial assets is recognised as interest income. Dividends received on trading financial assets is recognised as 'Trading income'.

All purchases and sales of trading financial assets that have to be delivered within a period prescribed by regulations or market convention are recognised at the transaction date. Other trading transactions are recognised as derivative financial instruments until the date of settlement.

2.6 Non-trading financial assets and liabilities at fair value through profit and loss

Rabobank has opted to classify financial instruments not acquired or entered into for realising gains from short-term fluctuations in traders' prices or margins at fair value through profit and loss. These financial assets are carried at fair value.

Management designates financial assets and liabilities to this category upon initial recognition if one of the following criteria is met:

- Such a designation eliminates or substantially reduces any inconsistent treatment that would otherwise have arisen upon valuation of the assets or liabilities or recognition of profits or losses on the basis of different accounting principles; or
- The assets and liabilities belong to a group of financial assets, financial liabilities or both, that are managed and assessed on the basis of their fair value in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative financial instrument, unless the embedded derivative financial instrument does not significantly affect the cash flows or if it is evident, after limited analysis or no analysis at all, that separate recognition is not required.

Interest earned on assets with this classification is recognised as interest income and interest due on liabilities with this classification is recognised as interest expense. Any other realised and unrealised gains and losses on revaluation of these financial instruments at fair value are included under 'Net income from non-trading financial assets and liabilities at fair value through profit and loss'.

2.7 Day 1 profit

Discrepancies between the transaction price and fair value may arise if valuation techniques are applied at the time of the transaction. Such a discrepancy is referred to as Day 1 profit. Rabobank recognises this profit directly under 'Trading income' provided that the valuation technique is based on observable data (from active markets). If unobservable data was used, the Day 1 profit is amortised over the term of the transaction. Profit is subsequently accounted for if the financial instrument in question is sold or if the data input has subsequently become observable.

2.8 Available-for-sale financial assets

Management determines the appropriate classification of a financial asset on the date of acquisition.

Financial assets that are intended to be held indefinitely and that could be sold for liquidity purposes or in response to changes in interest rates, exchange rates or share prices are classified as available for sale.

Available-for-sale financial assets are initially recognised at costs (including transaction costs). These assets are subsequently revalued at fair value based on quoted bid prices or values derived from cash flow models. The fair values of unlisted equity instruments are estimated based on appropriate price/earnings ratios, adjusted to reflect the specific circumstances of the respective issuers. Any unrealised gains and losses from changes in the fair value of available-for-sale financial assets are recognised in equity unless they relate to amortised interest. If such financial assets are disposed of or suffer impairment losses, the adjustments to fair value are recognised in profit and loss.

An impairment loss is recognised on a financial asset if expectations are that its cost will permanently exceed its estimated recoverable amount. The recoverable amount of an instrument carried at fair value is the present value of the expected future cash flows, discounted at the current market interest rate on a comparable financial asset.

All purchases and sales made in accordance with standard market conventions for available-for-sale financial assets are recognised at the transaction date. All other purchases and sales are recognised at the settlement date.

2.9 Held-to-maturity financial assets

Financial assets with fixed terms and cash flows are classified as held-to-maturity financial assets, provided management intends to keep them for their full terms and is in a position to do so. Management determines the appropriate classification for its investments on their acquisition dates.

Held-to-maturity financial assets are carried at amortised cost based on the effective interest method, net of provisions for impairment losses.

Interest earned on held-to-maturity financial assets is recognised as interest income. All purchases and sales made in accordance with standard market conventions for held-to-maturity financial assets are recognised at the date of settlement. All other purchases and sales are recognised as forward derivative contracts until their dates of settlement.

2.10 Repurchase agreements and reverse repurchase agreements

Financial assets that are sold subject to related sale and repurchase agreements are included in the financial statements under 'Trading financial assets' and 'Available-for-sale financial assets'. The liability to the counterparty is included under 'Due to other banks' and 'Due to customers', depending on the application.

Financial assets acquired under reverse sale and reverse repurchase agreements are recognised as:

- Due from other banks, or
- Loans to customers,

depending on the application. The difference between the selling price and repurchasing price is recognised as interest income or interest expense over the term of the agreement, based on the effective interest method.

2.11 Securitisations and other derecognition constructions

Rabobank securitises, sells and carries various financial assets. Those assets are sometimes sold to special purpose entities ('SPE'), which then issue securities to investors. Rabobank has the option of retaining an interest in sold securitised financial assets in the form of subordinated interest-only strips, subordinated securities, spread accounts, servicing rights, guarantees, put options and call options, and other constructions.

A financial asset (or a portion of it) is derecognised if:

- the rights to the cash flows from the asset expire;
- the rights to the cash flows from the asset and a substantial portion of the risks and benefits of ownership of the asset are transferred;
- a commitment to transfer the cash flows from the asset is presumed and a substantial portion of the risks and benefits are transferred;
- a commitment to transfer the cash flows from the asset is presumed;
- not all the risks and benefits are retained or transferred; however, control over the asset is transferred.

If Rabobank retains control over the asset but does not retain a substantial portion of the rights and benefits, the asset is recognised in proportion to the continuing involvement of Rabobank. A related liability is also recognised to the extent of Rabobank's continuing involvement. The recognition of changes in the value of the liability corresponds to the recognition of changes in the value of the asset.

If a transaction does not meet the above conditions for derecognition, it is recognised as a loan for which security has been provided.

To the extent that the transfer of a financial asset does not qualify for derecognition, the transfer does not result in Rabobank's contractual rights being separately recognised as derivative financial instruments if recognition of these instruments and the transferred asset, or the liability arising on the transfer, were to result in double recognition of the same rights or obligations.

Gains and losses on securitisations and sale transactions depend partly on the previous carrying amounts of the financial assets transferred. These are allocated to the sold and retained interests based on the relative fair values of these interests at the date of sale. Any gains and losses are recognised through profit and loss at the time of transfer.

The fair value of the sold and retained interests is based on quoted market prices or calculated as the present value of the future expected cash flows, using pricing models that take into account various assumptions such as credit losses, discount rates, yield curves, payment frequency and other factors.

Rabobank decides for each securitisation transaction whether the SPE should be included in the consolidated financial statements. For this purpose, it performs an assessment of the SPE by taking a number of factors into consideration, for instance the activities, decision-making powers and the allocation of the benefits and risks associated with the activities of the SPE.

2.12 Netting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount is transferred to the balance sheet if a legal right to set off the recognised amounts exists and it is intended to settle the expected future cash flows on a net basis, or to realise the asset and settle the liability simultaneously.

2.13 Foreign currencies

2.13.1 Foreign entities

Items included in the financial statements of each entity in the Rabobank Group are carried in the currency that best reflects the economic reality of the underlying events and circumstances that are relevant for the entity ('the functional currency'). The consolidated financial statements are presented in euros, which is the parent company's functional currency.

Gains, losses and cash flows of foreign entities are translated into the presentation currency of Rabobank at the exchange rates ruling at the transaction dates, which is approximately equal to the average exchange rates. For balance sheet purposes, they are translated at closing rates. Translation differences arising on the net investments in foreign entities and on loans and other currency instruments designated as hedges of these investments are recognised in equity. If a foreign entity is sold, any such translation differences are recognised in profit and loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recognised as assets and liabilities of the foreign entity and are translated at the closing rate.

2.13.2 Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates ruling at the transaction dates. Translation differences arising on the settlement of such transactions or on the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, unless they are recognised in equity as qualifying net investment hedges.

Translation differences on debt securities and other monetary financial assets carried at fair value are included under foreign exchange gains and losses. Translation differences on non-monetary items such as equity instruments held for trading are recognised as part of the fair value gains or losses. Translation differences on available-for-sale non-monetary items are included in the revaluation reserve reported under equity.

2.14 Interest

Interest income and expenses for all interest-bearing instruments are recognised in profit and loss on an accrual basis, with the effective interest method being applied. Interest income includes coupons relating to fixed-interest financial assets and trading financial assets, as well as the cumulative premiums and discounts on government treasury securities and other cash equivalent instruments. If any loans suffer impairment losses, they are written down to their recoverable amounts and the interest income recognised henceforth is based on the discount rate for calculating the present value of the future cash flows used to determine the recoverable amounts.

2.15 Fees and commission

Income from asset management activities consists mainly of unit trust, fund management commission and administration. Income from asset management and insurance brokerage is recognised as earned once the services have been provided.

Fees and commission are generally recognised on an accrual basis. Fees and commission received for negotiating a transaction, or taking part in the negotiations, on behalf of third parties, for example the acquisition of a portfolio of loans, shares or other securities, or the sale or purchase of companies, are recognised at completion of the underlying transactions.

2.16 Loans to customers and due from other banks

Loans to customers and due from other banks are not derivative financial instruments with fixed or defined payments, not listed on an active market, apart from such assets that Rabobank classifies as trading, at fair value on initial recognitions with changes recognised through profit and loss, or as available for sale. These loans and receivables are measured at amortised cost, including transaction costs.

Loans are subject to either individual or collective impairment analyses. A value adjustment, a provision for losses on loans, is recognised if there is objective evidence that Rabobank will not be able to collect all amounts due under the original terms of the contract. The size of the provision is the difference between the carrying amount and the recoverable amount, which is the present value of the expected cash flows, including amounts recoverable under guarantees and sureties, discounted at the original effective rate of interest of the loans.

The provision for loans includes losses if there is objective evidence that losses are attributable to some portions of the loan portfolio at the balance sheet date. Examples of objective evidence for value adjustments are:

- significant financial problems on the part of the borrower;
- default in making interest and/or redemption payments on the part of the borrower;
- loan renegotiations;
- possibility of bankruptcy of or financial reorganisation at the borrower;
- changes in borrowers' payment status;
- changes in economic circumstances that could cause the borrower to default.

The losses are estimated based on the historical pattern of losses for each separate portion, the credit ratings of the borrowers, and taking into account the actual economic conditions under which the borrowers conduct their activities. The carrying amount of the loans is reduced through the use of a provision account and the loss is taken to the profit and loss account. If a loan is not collectible, it is written off from the related provision for losses on loans. Any amounts subsequently collected are included under the item 'Value adjustments' in the profit and loss account.

2.17 Intangible assets

2.17.1 Goodwill

Goodwill is the amount by which the acquisition price paid for a subsidiary or associate exceeds the fair value on the acquisition date of Rabobank's share of the net assets and the unconditional liabilities of the entity acquired. Goodwill arising on the acquisition of a subsidiary made on or after 1 January 2004 is recognised on the balance sheet as an intangible asset net of any impairment losses. Impairment tests are performed annually to determine whether impairment has occurred. Goodwill that arose on the acquisition of a subsidiary made before 1 January 2004 was charged directly to equity. Goodwill in such case has not been capitalised retrospectively, as allowed under IFRS.

2.17.2 Software development costs

Costs related to the development or maintenance of software are recognised as an expense at the time they are incurred. Costs directly incurred in connection with identifiable and unique software products over which Rabobank has control and that will probably provide economic benefits exceeding the costs for longer than a year are recognised as intangible assets. Direct costs include the employee expenses of the software development team and an appropriate portion of the relevant overhead.

Expenditures that improve the performance of software compared with their original specifications are added to the original cost of the software. Software development costs are recognised as assets and amortised on a straight-line basis over a period not exceeding five years.

2.17.3 Insurance contracts acquired as part of a business combination or upon portfolio transfer and other intangible assets

The fair value (present value of the expected future cash flows) of contractual insurance rights and obligations are capitalised as intangible assets and amortised over the term of the contract, which is generally between 2 and 5 years. The other intangible assets are amortised over their useful lives. Each year, Rabobank performs an impairment test based on expected future cash flows. An impairment loss is recognised if the expected future profits do not justify the carrying amount of the asset.

2.17.4 Impairment losses on other intangible assets

At each balance sheet date, Rabobank assesses whether there are indications of impairment of other intangible assets. If such indications exist, impairment testing is carried out to determine whether the carrying amount of the other intangible assets is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Goodwill and software under development are tested for impairment each year at the balance sheet date or more frequently if indications of impairment exist.

2.18 Property and equipment

Equipment (for own use) is recognised at historical cost net of accumulated depreciation and impairments if applicable.

Property (for own use) represents mainly offices and is also recognised at cost less accumulated depreciation and impairments if applicable.

Straight-line deprecation is applied to these assets in accordance with the schedule below. Each asset is depreciated to its residual value over its estimated useful life:

– Land	Not depreciated
– Buildings	25 – 40 years
Equipment, including:	
– computer equipment	1 – 5 years
– other equipment and vehicles	3 – 8 years

Each year, Rabobank assesses whether there are indications of impairment of property and equipment. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount. Gains and losses on the disposal of items of property and equipment are determined in proportion to their carrying amounts and taken into account when determining the operating result. Repair and maintenance work is charged to profit and loss at the time the relevant costs are incurred. Expenditures on extending or increasing the benefits from land and buildings compared with their original benefits are capitalised and subsequently depreciated. Finance expenses incurred during the creation of an asset for use or sale are charged to profit and loss for the period in which they are incurred.

2.19 Investment properties

Investment properties, mainly office buildings, are held for their long-term rental income and are not used by Rabobank or its subsidiaries. Investment properties are recognised as long-term investments and included on the balance sheet at cost, net of accumulated depreciation and impairment.

Investment properties are depreciated in accordance with the terms of the underlying lease contracts.

2.20 Work in progress

Work in progress is included in 'other assets' on the balance sheet. Work in progress relates to commercial real estate projects as well as sold and unsold housing projects under construction or planned and is carried at cost plus allocated interest, net of provisions as necessary. Instalments invoiced to buyers and customers are deducted from work in progress. If the balance for a project is negative (the amount of the invoiced instalments exceeds the capitalised costs), the balance of that project is reclassified as 'Other liabilities'. Gains and losses are recognised based on the percentage of completion method.

2. 21 Leases

2.21.1 Rabobank as lessee

Leases relating to property and equipment under which substantially all the risks and benefits of ownership are transferred to Rabobank are classified as finance leases. Finance leases are capitalised at the inception of the lease at the fair value of the leased assets or at the present value of the minimum lease payments if the present value is lower. Lease payments are apportioned between the lease liability and the finance charges, so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding lease liabilities are included under 'Other loans', after deduction of finance charges. The interest components of the finance charges are recognised in profit and loss over the term of the lease. An item of property and equipment acquired under a lease agreement is depreciated over the useful life of the asset or, if shorter, the term of the lease.

Leases under which a substantial portion of the risks and benefits of ownership of the assets are retained by the lessor are classified as operating leases. Operating lease payments (less any discounts given by the lessor) are charged to profit and loss on a straight-line basis over the term of the lease.

2.21.2 Rabobank as lessor

Finance leases

If assets are leased under a finance lease, the present value of the lease payments is recognised as a receivable under 'Due from other banks' or 'Loans to customers'. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised as interest income over the term of the lease using the net investment method, which results in a constant rate of return on the investment.

Operating leases

Assets leased under operating leases are included on the balance sheet under 'Property and equipment'. The assets are depreciated over their expected useful lives in line with those of comparable items of property and equipment. Rental income (less discounts granted to lessees) is recognised under 'Other income' on a straight-line basis over the term of the lease.

2.22 Provisions

Provisions are recognised if Rabobank has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. If Rabobank expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only if the reimbursement is virtually certain. The provisions are carried at the discounted value of the expected future cash flows.

2.22.1 Restructuring

Restructuring provisions comprise penalties for premature termination of leases, payments under redundancy schemes and other costs directly attributable to restructuring programs. The costs are recognised in the period in which a legal or constructive obligation arises for Rabobank and a detailed redundancy scheme is in place. No provisions are formed in advance for costs relating to continuing operations of Rabobank.

2.22.2 Leave and long-term employment

Leave entitlements of employees and leave relating to long-term employment are recognised at the time they are granted. A provision is formed for the estimated obligation for annual leave and leave relating to long-term service of employees, with the balance sheet date as reference point.

2.22.3 Legal issues

Legal issues provisions are formed for the amounts estimated at the balance sheet date.

2.23 Employee benefits

Rabobank provides various pension plans based on the local conditions and practices of the countries in which it operates. In general, the plans are financed by payments to insurance companies or trustee administered funds. The payments are calculated actuarially at regular intervals. A defined benefit plan is one that incorporates a promise to pay an amount of pension benefit, which is usually based on several factors such as age, number of years in service and remuneration. A defined contribution plan is one under which Rabobank pays fixed contributions to a separate entity (a pension fund) and acquires no legal or constructive obligation if the fund has insufficient assets to pay all the benefits to employee-members of the plan in respect of service in current and past periods.

2.23.1 Pension obligations

The defined benefit liability is the present value of the defined benefit obligation at the balance sheet date, including adjustments for actuarial gains and losses and past service costs not yet recognised, reduced by the fair value of the fund. The defined benefit obligation is calculated by independent actuaries each year using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows at rates of interest on prime corporate bonds with terms approximating those of the related obligations. Most of the pension plans are career average pension plans and the net costs after deduction of employees' contributions are included under 'Staff costs'. Actuarial gains or losses from adjustments to actual developments and modified actuarial assumptions are recognised using the corridor method. Insofar as unrecognised cumulative actuarial gains or losses exceed 10% of the higher of the present value of the gross obligation under the defined benefit plan or the fair value of the fund, such excess is taken to profit or loss, spread over the expected average remaining years of service of the employees participating in the plan.

2.23.2 Defined contribution plans

Under defined contribution plans, Rabobank pays contributions to publicly or privately managed insured pension plans on a compulsory, contractual or voluntary basis. Once the contributions have been made, Rabobank has no further payment obligations. The regular contributions are net period costs for the year in which they are due and are included on this basis under 'Staff costs'.

2.23.3 Other post-employment obligations

Some Rabobank units provide other post-employment benefits. To become eligible for such benefits, the usual requirement is that the employee remains in service until retirement and has been with the company a minimum number of years. The expected costs of these benefits are accrued over the years of service, based on a system similar to that for defined benefit plans. The obligations are valued each year by independent actuaries.

2.24 Tax

Tax receivables and payables and deferred tax assets and liabilities are set off if they relate to the same taxation group, the same taxation authority, a legal right exists to set off tax items and simultaneous treatment or settlement is expected.

Provisions are formed in full for deferred tax liabilities, using the liability method, arising from temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The main temporary differences relate to the depreciation of property and equipment, the revaluation of certain financial assets and liabilities, including derivative financial instruments, provisions for pensions and other post-employment benefits, provisions for losses on loans and other impairment and tax losses, and, in connection with business combinations, the fair values of the net assets acquired and their tax bases. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable

profits will be available, against which the temporary differences can be utilised.

Provisions are formed in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, unless the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Taxation on profit is calculated in accordance with the tax legislation of the relevant jurisdiction and recognised in the period in which the profit is realised. The tax effects of the carry-forward of unused tax losses are recognised as an asset if it is probable that future taxable profits will be available against which the losses can be utilised.

Deferred tax items relating to the revaluation to fair value of available-for sale financial assets and cash flow hedges that are charged or taken to equity are subsequently recognised in profit and loss together with the respective gain or loss.

2.25 Due to other banks, due to customers and debt securities in issue

These borrowings are initially recognised at cost, i.e. the proceeds received less directly attributable and non-recurring transaction costs. Loans are subsequently included at amortised cost. Any difference between the net proceeds and the redemption amount is recognised over the term of the loan, using the effective interest method.
If Rabobank repurchases one of its own debt instruments, it is derecognised, with the difference between the carrying amount of a liability and the consideration paid being recognised as income or expense.

2.26 Rabobank Member Certificates

These are the Members Certificates issued in 2000, 2001, 2002 and 2005. Since the proceeds of the issue are available to Rabobank on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no distribution is made if the consolidated profit and loss account of Rabobank shows a loss for any financial year, the issue proceeds, insofar as they have been lent on to Rabobank Nederland, are recognised under 'Equity' in proportion to the number of certificates held by members and employees, since there is no formal obligation to repay the principal or make distributions. As a result, distributions are accounted for in the profit appropriation.

2.27 Trust Preferred Securities and Capital Securities

Trust Preferred Securities, which pay a non-discretionary dividend and are redeemable on a specific date or at the option of the holder, are classified as financial liabilities and included under 'Other loans'. The dividends on these preferred securities are recognised in profit and loss as interest expense based on amortised cost using the effective interest method.

The remaining Trust Preferred Securities and Capital Securities are recognised as 'Equity', as there is no formal obligation to repay the principal or to pay the dividend.

2.28 Financial guarantees

Financial guarantees are initially measured at fair value and subsequently at the higher of two amounts, i.e. the amount Rabobank would reasonably have to pay at the balance sheet date to settle the obligation or transfer it to a third party and the initial carrying amount less amortisation.

2.29 Bills

Bills represent commitments by Rabobank to redeem bills issued to clients. Rabobank expects to redeem most bills at the time clients receive payment. Bills are recognised as off-balance-sheet transactions and disclosed as contingent liabilities and obligations.

2.30 Segment information

A segment is a distinguishable component of Rabobank that engages in providing products or services and is subject to risks and returns that are different from those of other segments. A segment in which most of the revenue is generated by sales to external clients, and the revenue, profit or assets account for 10% or more of all segments in aggregate is reported separately. Rabobank's primary segment reporting format is by business segment; the secondary format is by geographical segment.

2.31 Cash and cash equivalents

Cash equivalents are highly liquid short-term investments held to meet current obligations in cash, rather than for investments or other purposes. Such obligations have outstanding terms of less than 90 days at inception. Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

3 Solvency

The main capital ratio requirements set by De Nederlandsche Bank (the Dutch central bank) are derived from the capital adequacy guidelines of the European Union and the Basel Committee on Banking Supervision. These ratios compare a bank's qualifying capital (Tier I and Tier II) and core capital (Tier I) with the total risk-weighted assets and off-balance-sheet items and with the market risk exposure of the trading portfolios. The minimum requirements for qualifying capital and core capital as a percentage of risk-weighted assets are 8% and 4% respectively. The table below shows the capital available to Rabobank and the minimum capital required by the regulatory authorities.

With the market risk approach, the general market risk is hedged, as well as the risk of open positions in foreign currencies, debt and own equity instruments. Assets are weighted according to broad categories of notional risk, the weightings reflecting the deemed capital required to back the assets. Four risk weightings are used: 0%, 20%, 50% and 100%. For example, cash and money market instruments are assigned a weighting of 0%, which means that no capital is required to back the holding of these assets. Items of property and equipment are assigned a weighting of 100%, which means that capital equal to 8% of their carrying amount has to be held to back them.

Off-balance-sheet liabilities relating to loans, forward contracts, forwards and options based on derivative financial instruments have various categories of conversion factors applied to them in order to disclose these items at their balance sheet equivalents. These equivalent amounts are then also assigned risk weightings.

Rabobank's ratios

In millions of euros	2007	2006
Tier I and qualifying capital can be broken down as follows:		
Retained earnings and other reserves (note 29)	19,123	17,055
Rabobank Member Certificates (note 30)	6,233	5,808
Trust Preferred Securities III to VI (note 31)	1,789	1,959
Trust Preferred Securities I and II (note 27)	1,189	1,329
Capital Securities (note 31)	990	-
	29,324	26,151
Part of minority interest treated as qualifying capital	1,703	1,711
Deductions	(2,543)	(1,471)
Tier I capital	28,484	26,391
Part of revaluation reserve treated as qualifying capital	970	399
Deductions	(1,329)	(740)
Part of subordinated debt treated as qualifying capital	1,031	1,064
Qualifying capital	29,156	27,114
Risk-weighted assets	266,573	247,458
Ratios		
Core capital (Tier 1 ratio)	10.7	10.7
Qualifying capital (BIS ratio)	10.9	11.0

4 Risk exposure of financial instruments

4.1 Risk governance

Rabobank Group manages risks at various levels. At the highest level, the Executive Board determines the risk strategy it will pursue, the policy framework as well as the limits, under the supervision of the Supervisory Board and on the recommendation of the Balance Sheet and Risk Management Committee Rabobank Group and the Credit Management Committee Rabobank Group. The Supervisory Board regularly assesses the risks attached to the activities and portfolio of the Rabobank Group. The Chief Financial Officer, who is also a member of the Executive Board, is responsible for the implementation of the risk management policy within the Rabobank Group. Responsibility for the risk policy within Rabobank Group is spread across two directorates. Group Risk Management is in charge of the policies for interest, market, liquidity, currency and operational risks as well as for the policy for credit risks at portfolio level. Credit Risk Management is responsible for the credit risk acceptance policy at item level. Furthermore, risk management is practiced within the business units as well, where independent risk control departments manage the risks relevant for those units.

4.2 Strategy for the use of financial instruments

Rabobank's activities are inherently related to the use of financial instruments, including derivative financial instruments. Rabobank accepts deposits from clients at fixed and variable rates of interest for a variety of terms and aims to earn above average interest margins on these deposits by investing them in high-quality assets. Rabobank also aims to increase these margins by consolidating short funds and loans for longer terms at higher interest rates, at the same time keeping sufficient liquid resources to meet all payments that might become due.

A further objective of Rabobank is to increase its interest rate margins by obtaining above-average margins, after deduction of provisions, and by granting loans to commercial and retail borrowers with various credit ratings. These risks apply not only to loans recognised on the balance sheet; Rabobank also gives guarantees such as letters of credit and performance and other guarantee documents.

Rabobank also trades in financial instruments when it takes positions in tradable and unlisted instruments (OTCs), including derivative financial instruments, in order to profit from short-term movements on the share and bond markets and in exchange rates, interest rates and commodity prices.

4.3 Interest rate risk

On account of its activities Rabobank is exposed to interest rate risk in its non-trading books. Interest rate risk in the trading books is part of market risk. Interest rate risk is the risk that the bank's financial result and/or economic value may decline due to unfavourable developments in the money and capital markets. This risk may arise due to an interest rate mismatch between assets and liabilities (mismatch risk), due to interest-related options embedded in products that could affect cash flows (option risk), due to possible changes in the yield curve (yield curve risk) and due to changes in the relationship between various yield curves (basis risk). Any interest rate risk run by customers due to the fact that their payment obligations increase as a result of higher interest rates does not affect Rabobanks interest rate risk position. Any resulting negative effects qualify as credit risk.

Accepting a certain level of interest rate risk is inherent in the business of banking and can be a major source of results and value creation. Each year, the Executive Board, under the supervision of the Supervisory Board, determines the risk appetite and corresponding limits. Reports on the current interest rate risk position are submitted to the respective risk management committees on a monthly basis. The various treasury departments within the group entities are responsible for the daily monitoring activities. Furthermore, reports are provided to the supervisory authority, the Dutch central bank, each quarter.

Interest rate risk is not only measured on the basis contract terms; the bank's internal interest rate risk model also takes client behaviour into consideration. For instance, premature mortgage repayments are taken into account and balance sheet items without a term

stipulated by contract, such as savings and current account balances, are modelled based on what is known as the replicating portfolio method. Portfolios of money market and capital market instruments are selected that most replicate the behaviour of these items. Gap analyses, duration determination and simulation are used to determine the interest rate risk. Both the Income-at-Risk and Equity-at-Risk are subject to restrictions. Another major risk indicator is the basis point value. The basis point value (BPV) is the absolute loss in market value of equity that arises in the event of a parallel increase of the entire interest rate curve by 1 basis point. During the year under review, the BPV never exceeded EUR 25 million.
The IFRS equity deviates from the market value of equity used for the purpose of analysing the impact of interest rate changes on the market value of equity. Since a substantial number of balance sheet items is not subject to value changes in terms of IFRS as a consequence of interest rate changes, any effects will be recognised in IFRS equity through profit and loss.

4.3.1 Income at Risk

The table below sets out the basis point sensitivity of the interest rate result (interest income less interest expense, before tax) for the next two years based on a level balance sheet structure and no management intervention. The impacts in the first and second year are listed separately and are based on the assumption that the interest rate will show an even and parallel increase/decline by 200 basis points during the first 12 months and remain at the same level in months 13 through 24. The simulation of the possible interest income is based on an interest rate risk model developed in-house, whereby certain assumptions are made in respect of interest rate sensitivity of products whose interest rates are not directly linked to a certain money or capital market rate, such as savings of private customers.
A smaller increase or decrease will have a proportionally similar effect. Said impact on interest income is reflected in IFRS equity through profit and loss and is virtually nil.

Income at Risk	At 31 December 2007		At 31 December 2006	
In millions of euros	200 bp increase	200 bp decline	200 bp increase	200 bp decline
1-12 months	(26)	22	(31)	6
13-24 months	(46)	78	(13)	(20)

4.3.2 Equity at Risk

The table below shows the sensitivity of the economic value of equity to interest rate changes, whereby the economic value of equity is defined as the present value of the assets less the present value of the liabilities plus the present value of the position held in derivative financial instruments, based on the assumption that the yield curve increases and declines by 200 basis points at once. The percentages in the table represent the deviation from the current present value of equity.

Equity at Risk	At 31 December 2007		At 31 December 2006	
In %	200 bp increase	200 bp decline	200 bp increase	200 bp decline
Economic value of equity	-12%	+14%	-11%	+12%

The aforementioned methods are supported by various scenario analyses, for instance to determine the quotation risk of pending mortgage quotations. The results of these scenario analyses are important for integral interest rate risk management purposes and are included in reports to senior management.

4.4 Credit risk

The credit risk exposure is the loss that Rabobank would suffer if a counterparty or issuer were to default on all its contractual obligations. Credit risk is inherent in traditional banking products. Positions in tradable assets such as bonds and shares are also subject to credit risk. Please refer to paragraph 4.9 for the implications of the financial crisis for the credit risk.

Rabobank is exposed to credit risks. Credit risk is defined as the risk that a counterparty will be unable to make payments in full when they become due. Rabobank controls the size of its credit risk exposure by limiting the amount at risk in relation to a borrower, or a group of borrowers, and to countries. These risks are monitored cyclically and are subject to regular assessment. Rabobank uses an escalating authorisation system to make decisions on individual loans. Immediately below the Executive Board, the system takes the form of loan committees; at lower levels, assessments undergo a review by a four-eyes-principle.

Credit risks are managed by regularly analysing the financial capacity of borrowers and potential borrowers to pay the amounts they owe in interest and principal and by adjusting their credit limits as necessary. Credit risks are also partly managed through the use of covenants and/or the provision of security and business and personal guarantees. The credit risk exposure relating to each individual borrower is further restricted by the use of sub-limits to hedge amounts at risk, not all of which are disclosed on the balance sheet, and the use of daily delivery risk limits for trading items such as forward currency contracts. Most actual risks are assessed daily against the limits.

Approximately 50% of Rabobank's total loan portfolio represents loans to private customers (mainly mortgages) who have an extremely low risk profile, based on losses incurred in prior years. The remainder is a highly varied portfolio of loans to business clients in the Netherlands and abroad. The proportion of the total loan portfolio attributable to the food & agri sector was 17% in 2007. The proportion of the loan portfolio relating to trade, industry and services was 33% at year-end 2007 and is spread over a large number of clients in many sectors, mainly in industrialised countries.

The new 'Basel II' capital accord has become effective for Rabobank Group as from 1 January 2008. The Dutch central bank has granted Rabobank Group permission to determine the Basel II equity requirements in accordance with the most advanced methods. For this purpose, Rabobank Group has developed its own risk models and opted for the Advanced Internal Ratings Based approach (AIRB) for credit risk.

4.4.1 Maximum credit risk

The table below sets out the maximum credit risk to which Rabobank is subject at the balance sheet date in respect of its various financial instruments, without taking into account any collateral or other credit improvements.

Maximum gross credit risk

In millions of euros	2007	2006
Cash and cash equivalents	2,129	1,630
Due from other banks	43,218	49,086
Trading financial assets	29,179	36,789
Other financial assets at fair value through profit and loss	18,133	21,468
Derivative financial instruments	26,089	18,992
Loans to customers	372,968	354,924
Available-for-sale financial assets	50,355	48,961
Held-to-maturity financial assets	859	1,489
Other assets (incl. current tax assets)	11,578	10,185
Total	554,508	543,524
Credit related and contingent liabilities	47,738	47,369
Total	602,246	590,893

The above amounts for the financial instruments at fair value represent the current credit risk, which could deviate from the maximum credit risk in the future as a result of changes in parameters.

4.4.2 Loans

Apart from due from other banks (43 billion, or 8% of total assets), Rabobank's only significant risk concentration is in the private sector lending; these loans to private customers account for 47% of all loans to customers. Loans to trade, industry and services and loans to the food & agri sector are both spread over a wide range of industries. None of them represents more than 10% of the total client loan portfolio.

In millions of euros	2007		2006	
Total loans to customers	372,968		354,924	
of which: to government clients	5,095		3,093	
securities transactions due from private sector lending	14,422		28,396	
interest rate hedges (hedge accounting)	(2,522)		(675)	
Private sector lending	355,973		324,110	
This can be broken down geographically as follows:				
The Netherlands	269,964	76%	243,833	76%
Other countries in the EU zone	31,122	9%	31,784	10%
North America	30,207	9%	28,707	9%
Latin America	6,604	2%	4,159	1%
Asia	4,872	1%	3,863	1%
Australia	12,370	3%	10,938	3%
Other countries	834	0%	826	0%
Total	355,973	100%	324,110	100%
Risk spread in the loan portfolio can be broken down by business segment as follows:				
Private individuals	180,146	50%	166,114	51%
Trade, industry and services	116,423	33%	105,499	33%
Food & agri	59,404	17%	52,497	16%
Total	355,973	100%	324,110	100%

4.4.3 Derivative financial instruments

Rabobank sets strict limits for open positions, in amounts as well as in terms. If ISDA (International Swaps and Derivatives Association) standards apply or a master agreement including equivalent terms has been concluded with the counterparty and if the jurisdiction of the counterparty permits setting off, the open position is monitored. The amount exposed to credit risk is limited in each case to the fair value of the transactions plus an uplift for potential future risks for Rabobank (at the 97.5% confidence level). Regarding derivative financial instruments, this is only a fraction of the notional amount (principal) at which the open transactions are disclosed. This credit risk is managed as part of the general lending limits for clients. Substantial amounts of security or other guarantees are given for Rabobank's credit risk exposures in relation to these transactions.

The credit risk exposure represents the current fair value of all open derivative contracts showing a gain, taking into account master netting agreements enforceable by law.

4.4.4 Credit risk management methods

Rabobank further limits its exposure to credit risk by entering into master netting arrangements with counterparties for a significant volume of transactions. In general, master netting arrangements do not lead to the setting off of assets and liabilities included on the balance sheet as transactions are usually settled gross. The credit risk relating to favourable contracts is limited by master netting arrangements, however, to the extent that, if an event or cancellation occurs, all amounts involving the counterparty are frozen and settled net. Taking netting arrangements into account, the total fair value of the derivative contracts portfolio is a positive amount of 9,052 (2006: 4,376).

The total credit risk exposure of Rabobank from derivative financial instruments to which netting arrangements apply is highly sensitive to the closing of new transactions, lapsing of existing transactions and market movements in interest and exchange rates.

An additional method for managing the credit risk associated with derivative financial instruments and sale and repurchase agreements is the use of collateral arrangements.

The amount and nature of the collateral required depends on the assessment of the credit risk inherent in the counterparty. Rabobank follows guidelines for the purpose of accepting and valuing different types of collateral. The major types of collateral are:

- Residential mortgage collateral, mainly for the retail portfolio;
- Mortgage collateral on property, inventories and receivables, mainly for business loans;
- Cash and securities, mainly for securities lending activities and reverse repurchase transactions.

The bank also uses credit derivative financial instruments to manage credit risks. Management monitors the market value of collateral obtained and requests additional collateral, if necessary in accordance with the underlying contract. Management uses this and other information to determine the amount of the provision for credit losses.

4.4.5 Off balance sheet financial instruments

The main purpose of these instruments is to ensure that financial resources are available for clients when needed. Guarantees and stand-by letters of credit, which represent irrevocable commitments by Rabobank to make payments to third parties on behalf of clients if they are unable to fulfil their obligations, are exposed to the same risks as loans. Documentary and commercial letters of credit, which are written undertakings by Rabobank on behalf of clients authorising third parties to draw bills against Rabobank up to a preset amount subject to specific conditions, are backed by the delivery of the underlying goods to which they relate. Accordingly, the risk exposure of such an instrument is less than that of a direct loan.

Obligations to grant loans at specific rate of interest during a fixed period of time are accounted for as derivatives and accounted for as such unless these commitments do not extend beyond the period expected to be needed to perform appropriate underwriting, in which case they are considered to be transactions conforming to standard market conventions.

Promises to grant lending facilities represent unused partial authorisations to grant such facilities in the form of loans, guarantees or letters of credit. Regarding promises to grant credit facilities, Rabobank is potentially exposed to losses up to an amount equal to the unused commitments. However, the probable size of such losses is less than the total of the unused commitments, as most promises to grant credit facilities are made subject to the clients meeting certain conditions that apply to loans. Rabobank monitors the term to expiry of credit promises, as long-term commitments are generally associated with a higher risk than short-term commitments.

4.4.6 Credit quality of financial assets

In its financing approval process, Rabobank Group uses the Rabobank Risk Rating, which reflects the counterparty's probability of default (PD) over a one-year period. The table below sets out the credit quality (after deduction of the provision for doubtful debts) of the loan-related balance sheet items.

Credit quality of financial assets

In millions of euros	(Virtually) no risk	Adequate to good	Vulnerable	Impaired	Total
At 31 December 2007					
Due from other banks	40,363	2,840	5	10	43,218
Loans to customers					
– Loans to government clients	4,583	502	5	5	5,095
– Loans to private clients	81,640	277,080	6,690	2,463	367,873
– Overdrafts	1,549	7,832	525	17	9,923
– Mortgages	51,515	189,191	2,429	349	243,484
– Leases	1,353	14,244	1,205	294	17,096
– Receivables relating to securities transactions	9,606	4,816	-	-	14,422
– Other	17,617	60,997	2,531	1,803	82,948
Total	126,586	280,422	6,700	2,478	416,186
At 31 December 2006					
Due from other banks	46,659	2,427	-	-	49,086
Loans to customers					
– Loans to government clients	2,676	410	-	7	3,093
– Loans to private clients	101,371	242,635	5,226	2,599	351,831
– Overdrafts	1,910	6,752	310	55	9,027
– Mortgages	56,335	162,292	2,041	236	220,904
– Leases	1,488	12,531	1,204	362	15,585
– Receivables relating to securities transactions	24,317	4,079	-	-	28,396
– Other	17,321	56,981	1,671	1,946	77,919
Total	150,706	245,472	5,226	2,606	404,010

In view of its relationship-driven banking approach, Rabobank will try to avoid payment default on the part of the customer through proper credit risk management, periodic consultations with its customers and timely measures. If a customer defaults despite these efforts, Rabobank will attempt to restructure the loan as opposed to recovering the collateral provided that it sees scope for continuity. Consequently, the payment agreements may be extended, new loan conditions agreed or additional cover secured. Once there is renewed scope of continuity the loan will no longer be recognised as impaired. Management continuously reviews the renegotiated loans to ascertain that all criteria were met and the future cash flows will materialise as planned.

The table below gives an age analysis of financial assets expired (overdue) but unimpaired.

Age analysis

In millions of euros	< 30 days	30 to 60 days	61 to 90 days	> 90 days	Total
At 31 December 2007					
Due from other banks	5	-	-	-	5
Loans to customers					
– Loans to government clients	-	5	-	-	5
– Loans to private clients	4,953	872	470	396	6,691
– Overdrafts	451	37	37	-	525
– Mortgages	1,814	349	163	103	2,429
– Leases	896	183	124	2	1,205
– Receivables relating to securities transactions	-	-	-	-	-
– Other	1,792	303	146	291	2,532
Total	4,958	877	470	396	6,701
At 31 December 2006					
Due from other banks	-	-	-	-	-
Loans to customers					
– Loans to government clients	-	-	-	-	-
– Loans to private clients	3,901	785	448	92	5,226
– Overdrafts	267	23	20	-	310
– Mortgages	1,485	329	159	68	2,041
– Leases	895	184	123	2	1,204
– Receivables relating to securities transactions	-	-	-	-	-
– Other	1,254	249	146	22	1,671
Total	3,901	785	448	92	5,226

The fair value of the security received by the bank for assets expired but unimpaired is 4,315 (2006: 3,469).

4.5 Currency risk

Rabobank is exposed to exchange rate fluctuations impacting the financial position and cash flows. Just as with other market risks, the currency risk exposure of the trading books is managed using value-at-risk (VaR) limits set by the Executive Board. This risk is monitored on a daily basis. The policy aims to prevent open positions whenever possible. The non-trading books are only exposed to the translation risk on capital invested in foreign activities and on issues of Trust Preferred Securities not denominated in euros. To monitor and manage translation risk, Rabobank follows a policy of protecting equity against exchange rate fluctuations.

4.6 Liquidity risk

Rabobank is exposed to liquidity risk, i.e. the risk that the bank is unable to meet all of its (re)payment obligations, as well as the risk that the bank is unable to fund increases in assets at reasonable prices or unable at all. This could happen if, for instance, clients or professional counterparties suddenly withdraw more funds than expected, which cannot be met by the bank's cash resources or by selling or pledging assets or by borrowing funds from third parties.

Rabobank's policy is to match the term of funding with the term of loans granted. Furthermore, the bank manages the liquidity risk in three ways. Firstly, by restricting and limiting cash outflows. For this purpose, the expected cash inflows and outflows for the next thirty days are measured and reported on a daily basis. Limits were set for these cash outflows for all currencies and locations. Detailed contingency plans with procedures were drawn up to face a possible crisis situation.

Secondly, an ample buffer of tradable securities is maintained. This is reflected in the balance sheet by the substantial items 'Trading financial assets', 'Available-for-sale financial assets' and 'Other financial assets at fair value through profit and loss'. Where necessary, these assets can be allocated for pledging to central banks, for use in repo transactions or direct selling in the market to generate liquidity. As part of its liquidity risk management Rabobank has furthermore securitised a portion of its Dutch mortgage portfolio and retained the corresponding securities, thus increasing the buffer of marketable securities. These securities can be lent to the central bank or traded in the market if necessary. However, due to consolidation of internal securities, the positive effect on the liquidity position is not reflected in the balance sheet for financial reporting purposes.

Thirdly, the liquidity risk is restricted thanks to the prudent funding policy aimed at meeting the finance requirements of the group units at acceptable cost. Diversification of sources of funding and currencies, flexibility of the funding instruments applied and a hands-on investor relations approach are key factors. This prevents Rabobank from being overly dependent on a single source of funding.

Furthermore, scenario analyses are performed each month to simulate the possible consequences of a wide range of stress scenarios, distinguishing between scenarios specific for the market and scenarios specific for Rabobank. Monthly reports on the liquidity position of the Group as a whole are submitted to the Dutch central bank. These reports are prepared in accordance with the guidelines drawn up by this supervisory authority.

The table below shows Rabobank's non-discounted liabilities grouped by the liquidity period remaining between the balance sheet date and the earliest reasonable contract repayment date. The total amounts do not correspond exactly with the amounts in the consolidated balance sheet, since this table is entirely based on non-discounted cash-flows, related to both principal and future interest payments.

The item 'derivative financial instruments and other trade liabilities' mostly comprises liabilities in the trading portfolio. The balance sheet item 'derivative financial instruments and other trade liabilities' has not been analysed on the basis of the contract repayment date since liabilities in the trading portfolio are typically held short-term. The assets or liabilities underlying of the trading and hedging derivative financial instruments may be long-term.

Contract repayment date

In millions of euros	On demand	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	No repayment date	Total
At 31 December 2007							
Liabilities							
Due to other banks	9,775	51,289	6,898	5,000	1,048	25	74,035
Due to customers	157,075	51,026	16,857	9,459	18,636	532	253,585
Debt securities in issue	3,139	53,668	13,590	53,203	29,019	-	152,619
Other debts (including current tax liabilities)	2,709	6,678	1,040	241	53	-	10,721
Other financial liabilities at fair value through profit and loss	-	635	2,409	9,438	21,777	-	34,259
Subordinated debt	-	1	66	48	2,549	3	2,667
Total liabilities	172,698	163,297	40,860	77,389	73,082	560	527,886
At 31 December 2006							
Liabilities							
Due to other banks	2,164	73,517	13,397	5,477	974	36	95,565
Due to customers	136,980	66,309	9,194	12,234	15,077	155	239,949
Debt securities in issue	1,958	47,571	17,852	46,814	22,875	6	137,076
Other debts (incl. current tax liabilities)	2,401	7,568	702	94	56	-	10,821
Other financial liabilities at fair value through profit and loss	1	978	2,378	7,806	23,691	75	34,929
Subordinated debt	-	1	3	76	2,695	7	2,782
Total liabilities	143,504	195,944	43,526	72,501	65,368	279	521,122

The table below shows Rabobank's assets and liabilities grouped by the period remaining between the balance sheet date and the contract repayment date. These amounts correspond with the balance sheet.

Contract repayment date

In millions of euros	Less than 1 year	More than 1 year	Total
At 31 December 2007			
Cash and cash equivalents	1,374	755	2,129
Due from other banks	38,217	5,001	43,218
Trading financial assets	4,478	24,701	29,179
Other financial assets at fair value through profit and loss	8,683	9,450	18,133
Derivative financial instruments	5,424	20,665	26,089
Loans to customers	87,150	285,818	372,968
Available-for-sale financial assets	10,084	40,271	50,355
Held-to-maturity financial assets	665	194	859
Other assets (incl. current tax assets)	4,900	6,678	11,578
Total assets	160,975	393,533	554,508

Contract repayment date

In millions of euros	Less than 1 year	More than 1 year	Total
At 31 December 2007			
Due to other banks	67,755	5,673	73,428
Due to customers	223,027	26,488	249,515
Debt securities in issue	69,330	72,482	141,812
Derivative financial instruments and other trade liabilities	8,482	22,615	31,097
Other debts (incl. current tax liabilities)	7,227	3,494	10,721
Other financial liabilities at fair value through profit and loss	3,004	24,299	27,303
Subordinated debt	63	2,231	2,294
Total liabilities	378,888	157,282	536,170
Net liquidity surplus/(deficit)	(217,913)	236,251	18,338
At 31 December 2006			
Total assets	167,298	376,226	543,524
Total liabilities	378,679	145,165	523,844
Net liquidity surplus/(deficit)	(211,381)	231,061	19,680

The above breakdown was compiled on the basis of contract information, without taking into account actual movements in balance sheet items. This is taken into account, however, for the day-to-day management of the liquidity risk. Customer savings are an example. By contract, they are payable on demand. However, experience has shown that this is a very stable source of financing at the long-term disposal of the bank. The regulations of the supervisory authority are also factored in. Based on the liquidity criteria of the Dutch central bank, Rabobank had a substantial liquidity surplus at 31 December 2007 and throughout 2007.

The liquidity requirements to meet payments under guarantees and stand-by letters of credit are substantially lower than the size of the liabilities, as Rabobank does not generally expect that third parties to such arrangements will draw funds. The total open position relating to contractual obligations to provide credit does not necessarily represent Rabobank's future cash resource needs, as many of these obligations will lapse or terminate without financing being required.

4.7 Market risk

Rabobank is exposed to market risk. A market risk arises on open positions in relation to interest rates, currency credit spreads and share-based products, all of which are subject to general and specific market movements. Rabobank employs a value-at-risk (VaR) method to estimate the market risk of positions it holds and the maximum expected losses. The method requires a number of assumptions to be made for various changes in market conditions. In order to estimate the risk under 'abnormal' market conditions as well, the effect of certain extreme events ('event risk') on the value of the portfolios is measured.

Each year, the Executive Board determines the risk appetite and corresponding VaR and event risk limits. These limits are converted into limits at book level and are monitored daily by the market risk management department. The risk position is reported to senior management on a daily basis and discussed in the various risks management committees each month. In addition to the VaR limits, a very extensive system of trading controls per book is in place. These controls include rotation risk, delta profile limits per bucket, nominal limits and the maximum number of contracts, thus avoiding that risks that offset each other in the VaR system are overlooked.

The internal VaR model forms an integral part of Rabobank's risk management framework; it has also been approved by the Dutch central bank and is also applied to determine the solvency requirement for market risk. Rabobank has opted to apply a VaR based on historical simulation for which one year's worth of historic data is used. The VaR is calculated over time horizons of both 1 day and 10 days. For internal risk management purposes, Rabobank has opted for a confidence level of 97.5%. Furthermore, the VaR with a confidence level of 99% is also calculated on a daily basis.

The major benefit of a VaR model based on historical simulation is that no assumptions need to be made in terms of distribution of possible value changes of the various financial instruments. A drawback is that a certain period of historic market movements needs to be selected, which may affect the level of the calculated VaR. Further to the requirements of the supervisory authority and after internal research, Rabobank has opted for a historical period of 1 year.

The actual results are regularly assessed through back testing in order to determine the validity of the assumptions and parameters/factors applied when calculating the VaR.

In addition to the VaR model, Rabobank employs a stress testing programme, which measures the effect of extreme yet plausible events not taken into account in the regular VaR model. Not only hypothetical scenarios but also actual scenarios are extrapolated for this purpose, such as the stock market crash of 1987 and the credit market turbulence of 1998. Complementing the VaR model with the stress test results enables Rabobank to obtain a more accurate perspective on risk positions. All results were within the relevant limits.

The table below shows the composition of the VaR of the trading and investment books, divided into several components. A diversification benefit is obtained due to the fact that opposite positions in different books partially offset each other. Paragraph 4.3 'Interest rate risk' provides analyses of the interest rate risk of non-trading portfolios. Compared to 31 December 2006, the VaR increased by nearly 25% during the year, mainly owing to a much greater volatility. By reducing positions, the VaR increase was less steep than could be assumed based on the market development.

VaR (1 day, 97.5%)

In millions of euros	Interest rate	Credit	Foreign currency	Shares	Diversification	Total
2007 – 31 December	16	28	-	5	(18)	31
2007 – average	12	23	-	5	NA	26
2007 – highest	17	29	1	10	NA	32
2007 – lowest	7	18	-	2	NA	20
2006 – 31 December	12	19	-	3	(9)	25
2006 – average	12	21	-	4	NA	28
2006 – highest	16	24	1	7	NA	32
2006 – lowest	8	18	-	2	NA	22

4.8 Fair value of financial assets and liabilities

The table below shows the fair values of financial instruments based on the stated valuation methods and assumptions. This table is included because not all financial instruments are disclosed at fair value in the financial statements. The fair value is the amount for which an asset could be exchanged or a liability settled between two knowledgeable and willing parties in an arm's length transaction.

Rabobank uses the market price as fair value if an active market exists (such as a stock market), as this is the best measure of the fair value of a financial instrument.

Market prices are not available for a large number of the financial assets and liabilities that Rabobank holds or issues. Hence, for financial instruments for which no market prices are available, the fair values shown in the table below have been estimated using the present value or the results of other estimation and valuation methods, based on the market conditions at the balance sheet date. The values produced using these methods are highly sensitive to the underlying assumptions used for the amounts as well as for the timing of future cash flows and the discount rates. The following methods and assumptions have been used.

Cash and cash equivalents. The fair value of cash and cash equivalents is assumed to be almost equal to their carrying amount. This assumption is also used for highly liquid investments and the current component of all other financial assets and liabilities.

Due from other banks. Due from other banks comprise interbank placings and items to be collected. The fair values of floating rate placings and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated using appropriate money market interest rates for debts with comparable credit risks and terms to maturity.

Financial assets and derivative financial instruments held for trading. Financial assets and derivative financial instruments held for trading are carried at fair value based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from appropriate discounted cash-flow models and option valuation models.

Other financial assets at fair value through profit and loss. These financial assets are carried at fair value based on quoted prices in active markets if available. If not, they are estimated from comparable assets on the market, or using valuation methods, including appropriate discounted cash-flow models and option valuation models.

Loans to customers. The fair value of issued loans is estimated from the present value of the cash flows, using current market rates for similar loans. For variable-interest loans that are reviewed regularly and do not vary significantly in terms of credit risk, the fair value is based on the carrying amount until maturity.

Available-for-sale financial assets and held-to-maturity financial assets. Available-for-sale financial assets and held-to-maturity financial assets are carried at fair value based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from appropriate discounted cash-flow models and option valuation models.

Other financial assets. For almost all other financial assets, the carrying amount is a good approximation of the fair value.

Due to other banks. Due to other banks comprise interbank placings, items to be delivered and deposits. The fair values of floating rate placings and overnight deposits are their carrying amounts. The estimated fair value of fixed-interest deposits is based on the present value of the cash flows, calculated using ruling money market interest rates for debts with comparable credit risks and terms to maturity.

Trade liabilities. The fair value of trade liabilities is based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from valuation models.

Other financial liabilities at fair value through profit and loss. The fair value of these liabilities is based on available quoted market prices. If quoted market prices are not available, the fair value is estimated from appropriate discounted cash-flow models and option valuation models. Other financial liabilities classified at fair value through profit and loss are immune to changes in Rabobank's credit rating.

Due to customers. Due to customers include current accounts and deposits. The fair value of savings and current accounts that have no specific termination date is assumed to be the amount payable on demand at the balance sheet date, i.e. their carrying amount at that date. The fair value of the deposits is estimated from the present value of the cash flows,

based on current bid rates of interest for similar arrangements with terms to maturity that match the items to be measured. The carrying amount of variable-interest deposits is a good approximation of their fair value at the balance sheet date.

Debt and other instruments issued by Rabobank. The fair value of these instruments is calculated using quoted market prices. For notes for which no quoted market prices are available, a discounted cash flow model is used, based on a current yield curve appropriate for the term to maturity.

	2007		2006	
In millions of euros	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	2,129	2,129	1,630	1,630
Due from other banks	43,218	43,311	49,086	48,962
Trading financial assets	29,179	29,179	36,789	36,789
Other financial assets at fair value through profit and loss	18,133	18,133	21,468	21,468
Derivative financial assets	26,089	26,089	18,992	18,992
Loans to customers	372,968	370,189	354,924	355,312
Available-for-sale financial assets	50,355	50,355	48,961	48,961
Held-to-maturity financial assets	859	931	1,489	1,562
Total assets	542,930	540,316	533,339	533,676
Liabilities				
Due to other banks	73,428	73,341	94,626	94,200
Due to customers	249,515	249,828	234,916	234,977
Debt securities in issue	141,812	142,018	128,066	127,469
Derivatives and other trade liabilities	31,097	31,097	26,694	26,694
Other financial liabilities at fair value through profit and loss	27,303	27,303	26,270	26,270
Subordinated debt	2,294	2,297	2,450	2,454
Total liabilities	525,449	525,884	513,022	512,064

The above stated figures represent the best possible estimates by management, based on a range of methods and assumptions.

If a quoted market price is available, this is the best estimate of fair value. If no quoted market prices are available for fixed-term securities, equity instruments, derivative financial instruments and commodity instruments, Rabobank bases the fair value on the present value of the future cash flows, discounted at market rates corresponding to the credit ratings and terms to maturity of the investments. Also, a model-based price can be used to determine an appropriate fair value.

Rabobank's policy is to have all models used for valuing financial instruments validated by expert staff who are independent of the staff who determine the fair values of the financial instruments.

In determining market values or fair values, various factors have to be considered, such as the time value of money, volatility, underlying options, warrants and derivative financial instruments. Other factors are liquidity and the creditworthiness of the counterparty. The valuation process has been designed such that market prices that are available on a periodic basis are systematically used. This systematic valuation process has proved its worth during the credit market crisis of the second half of 2007. Modifications to assumptions might affect the fair value of held-for-sale and available-for-sale financial assets and liabilities.

The table below summarises the valuation methods used in determining the fair value of financial assets and liabilities except current financial instruments and receivables and payables arising in the normal course of business. Due to the relatively short time between their initial recognition and expected realisation, the carrying amounts of these items are a good approximation of their fair values.

Measurement of financial instruments	2007		2006	
In millions of euros	Fair value	In %	Fair value	In %
Quoted market prices	169,854	16	163,298	16
Valuation methods based on assumptions fully supported by demonstrable market prices or rates	896,272	84	882,254	84
Valuation methods based on assumptions not supported by demonstrable market prices or rates	74	0	188	0

If other reasonable assumptions are used for the valuation of financial instruments in accordance with the valuation method based on assumptions that are not substantiated by demonstrable market prices or rates, the potential effect is 64 (2006: 89). The unrealised amount of these financial instruments taken to the income statement is small.

The table below shows the movement in deferred profit of the financial instruments which were initially recognised at a value determined using a valuation technique based on data input not substantiated by market prices.

Provision day 1 profit		
In millions of euros	2007	2006
Opening balance	142	98
Addition	117	68
Amortisation	(36)	(24)
Closing balance	223	142

4.9 Implications of the financial crisis

The credit market crisis has left deep scars in the financial markets over the past months, and, like other financial institutions, Rabobank is feeling its negative effects. The crisis was directly caused by increased payment problems among less creditworthy mortgagors in the United States as a result of the higher interest rate and the decline in house prices. Since many of these so-called subprime mortgages had been securitised, bundled and resold to other parties in past years, it was unclear where the risks lay, exactly. The result was a lack of confidence, making banks hesitant to lend each other money, thus causing an acute liquidity shortage in the money market. The crisis soon spread to the entire credit market. Even products totally unrelated to US subprime mortgages were affected. Many markets that, until recently, were liquid saw their liquidity vanish. This had great consequences for the valuation of positions, for if there is little or no trade in certain financial assets, it is difficult to establish their fair value. Pricing in the market became more than just a reflection of a position's credit risk - the lack of liquidity, too, was reflected strongly in the prices.

Rabobank has no direct exposure to subprime mortgages. However, Rabobank International's investment portfolios contain a limited indirect position in the form of Residential Mortgage Backed Securities (RMBSs) and Collateralized Debt Obligations (CDOs). At 31 December 2007, this position amounted to EUR 318 million. In addition, there is a year-end position of EUR 31 million in the trading portfolios.

Further, third party withdrawals were made from a liquidity facility provided by Rabobank, part of which (EUR 365 million) had been hedged with subprime-related assets and for which a EUR 51 million provision has been made for reasons of prudence.

The positions in the investment portfolios are stated at fair value. As a rule, any deviations from their cost are charged or credited to the revaluation reserve in equity. If there is reasonable doubt as to the expected interest income and repayment of the principal, a portion of the revaluation must be treated as an impairment, which is charged to profit or loss. Of the revaluation of subprime-related positions, EUR 284 million has been charged to the profit for 2007 and EUR 127 million to equity. The two tables below provide further details.

Revaluation charged to profit for 2007

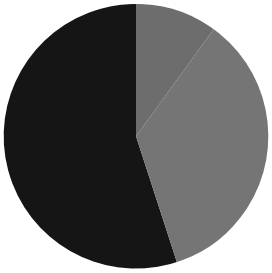
Description	Rating	Revaluation charged to 2007 profit (after tax)	Tax effect	Carrying amount at 31 December 2007	Revaluation as a % of carrying amount before revaluation
Alt-A RMBS	AAA	-	-	38	
	AA	1	1	1	
	A and lower	1	-	2	
		2	1	41	6%
Subprime RMBS	AAA	-	-	136	
	AA	5	2	19	
	A and lower	12	7	10	
		17	9	165	11%
CDO	Supersenior AAA	115	62	78	
	AAA	100	54	23	
	AA	25	13	8	
	A and lower	25	14	3	
		265	143	112	61%
Total		284	153	318	46%

Revaluation charged to equity

Description	Rating	Revaluation charged to equity in 2007	Tax effect	Carrying amount at 31 December 2007	Impact as a % of carrying amount before revaluation
Alt-A RMBS	AAA	3	1	38	
	AA	-	-	1	
	A and lower	1	1	2	
		4	2	41	12%
Subprime RMBS	AAA	16	9	136	
	AA	3	2	19	
	A and lower	5	2	10	
		24	13	165	16%
CDO	Supersenior AAA	96	52	78	
	AAA	-	-	23	
	AA	3	1	8	
	A and lower	-	-	3	
		99	53	112	23%
Total		127	68	318	21%

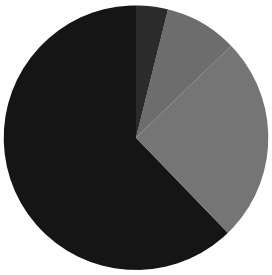
The table below provides more information about the subprime exposure at 31 December 2007 of EUR 318 million after revaluation. A breakdown is given according to type of subprime-related exposure. Although, strictly speaking, the Alt-A RMBS exposure does not match the definition of subprime, Rabobank does consider it as such.

Description	In millions of euros	%
Alt-A RMBS	41	13%
Subprime RMBS	165	52%
CDO	112	35%
Total	318	



In general, a structured product's rating is a measure of when the position will be affected by losses on the underlying assets. Losses will initially be absorbed by the lowest-rated tranches. If losses increase, higher-rated tranches will also be affected, with (Supersenior) AAA positions being the last to be affected. The term 'Supersenior AAA' refers to the fact that these positions will only be affected once remaining AAA positions have been affected. Over 87% of the exposure is AAA-rated, with only 4% being rated A or lower.

Description	In millions of euros	%
Supersenior AAA	79	25%
AAA	197	62%
AA	28	9%
A and lower	14	4%
Total	318	



To provide insight into underlying assets, the table below discloses the times of grant of the underlying subprime mortgage loans, known as their vintage. In subprime mortgage markets, the most recent vintages are considered the most vulnerable.

Vintage of underlying positions

Description	Rating	2004 and before	2005	2006	2007	Totaal
Alt-A RMBS	AAA	-	-	10	28	38
	AA	-	-	1	-	1
	A and lower	-	2	-	-	2
		-	2	11	28	41
Subprime RMBS	AAA	-	2	49	85	136
	AA	-	11	7	1	19
	A and lower	2	4	2	2	10
		2	17	58	88	165
CDO	Supersenior AAA	11	25	27	15	78
	AAA	-	19	4	-	23
	AA	-	7	1	-	8
	A and lower	-	1	2	-	3
		11	52	34	15	112
Total		13	71	103	131	318

Another effect of the credit market crisis was the discrediting of monoline insurers. At year-end 2007, exposure to monoline insurers through insured subprime-related positions was EUR 756 million. For reasons of prudence, losses of EUR 100 million have been recognised.

The credit market crisis also caused many structures that had been financed with money market paper to be difficult to finance. Examples include Asset Backed Commercial Paper (ABCP conduits) – i.e. collateralised investment vehicles – and Structured Investment Vehicles (SIVs) – i.e. off-balance sheet investment vehicles. Over the past few months, the ABCP market has started to show a split, with high-quality programmes still able to finance themselves and the lesser programmes, including SIVs, gradually disappearing from the market. Despite the crisis and thanks to its high-quality programmes, Rabobank still succeeded in refinancing its expiring commercial paper. At year-end, Rabobank Group had EUR 23 billion in ABCP outstanding, largely for the financing of its own borrowings and amounts due to customers. A relatively minor part concerns so-called securities arbitrage programmes. Since the benefits of these programmes will largely be lost as a result of the Basel II regulations in force as from 2008, Rabobank Group is considering a phase-out of these structures.

Type	Programme	Established	Amount outstanding	Underlying portfolio
Solvency management	Atlantis	1997	10.5	Own originated loans
	Neptune	1997		
Client facilitation	Erasmus	2000	5.9	Amounts due to customers
	Nieuw Amsterdam	1999		
Securities arbitrage	Tempo	Jan 2007	6.6	AAA and AA-rated asset-backed securities
	Aquinas	1999		
	Monument Garden	2004		
Total			23.0	

Rabobank sponsored an SIV named 'Tango', in which it had a 10% shareholding. Since the situation regarding SIVs shows no signs of improvement in the short term, this position has likewise been phased out. After the other investors had bought out for more than EUR 5 billion in assets, the remaining Tango assets, amounting to EUR 4.8 billion, were recognised in the balance sheet in January 2008. This had no direct effect on profit or loss. After an excellent first half, results for the second half of 2007 lagged behind, particularly in the Global Financial Markets division.

4.10 Trust activities

Rabobank provides fiduciary, trustee, corporate accounting, and asset management services, as well as advisory services to third parties, as part of which it has to make decisions on the allocation, purchase and sale of a wide variety of financial instruments. Assets held in connection with fiduciary activities are not disclosed in these financial statements. For some of the arrangements, Rabobank has agreed to achieve yield targets for the assets under its management. With these services, Rabobank could be exposed to the risk of being held liable for inadequate management or performance.

5 Business segments

The business segments Rabobank uses in its reporting are defined from a management viewpoint. This means they are the segments that are reviewed as part of Rabobank's strategic management and for the purpose of making business decisions and have different risks and returns.

Rabobank distinguishes five major business segments: Domestic retail banking, Wholesale and international retail banking, Asset management and investment, Leasing, and Real estate.

The 'domestic retail banking' business segment covers mainly the core activities of the local Rabobanks, Bizner and Obvion. Wholesale banking services are focused on the food and agri business, Telecom, Media & Internet and Trade & Commodity Finance. Rabobank's international retail activities are developed in the regions Europe, North and Latin America, Australia and New Zealand, as well as Asia. In addition, clients are served via four Internet banks. Rabobank's asset management core activities are administered by Robeco Group, Bank Sarasin, Schretlen & Co and Alex Beleggersbank, and its leasing activities are covered by De Lage Landen. The real estate division, under its new name Rabo Bouwfonds, includes FGH Bank, Rabo Vastgoed and parts of Bouwfonds.

The other business activities of Rabobank comprise a variety of segments, none of which requires separate reporting.

Inter-segment transactions are conducted in accordance with normal commercial terms and market conditions.

No other material income or expense items arise between business segments. The assets and liabilities of a segment comprise operating assets and operating liabilities, in other words, a substantial part of the balance sheet, but excluding items relating to tax.

The accounting policies used for segment reporting are the same as those described in the section on the main accounting policies used in preparing the consolidated financial statements.

In millions of euros	Domestic retail banking	Wholesale banking and international retail banking	Asset management and investment	Leasing	Real estate	Other*	Total
For the year ended 31 December 2007							
External income	7,736	717	1,473	1,611	1,008	(1,046)	11,499
Income from other segments	(1,941)	1,829	6	(616)	(362)	1,084	-
Total income	5,795	2,546	1,479	995	646	38	11,499
Segment expense	3,980	2,208	992	694	437	140	8,451
Operating profit before tax	1,815	338	487	301	209	(102)	3,048
Income tax expense	466	(56)	125	67	55	(271)	386
Net profit for the year	1,349	394	362	234	154	169	2,662
Business unit assets	277,660	399,308	21,790	27,376	21,288	(181,477)	565,945
Investments in associates	15	607	34	17	59	3,826	4,558
Total assets	277,675	399,915	21,824	27,393	21,347	(177,651)	570,503
Business unit liabilities	260,493	390,380	19,586	25,073	20,295	(176,699)	539,128
Total liabilities	260,493	390,380	19,586	25,073	20,295	(176,699)	539,128
Additions to property and equipment	146	170	21	1,547	10	109	2,003
Depreciation and amortisation including amortisation of software	145	53	24	32	51	113	418
Value adjustments	145	493	1	100	2	1	742
Value adjustments in loans to customers							
At 1 January	1,224	774	1	221	24	5	2,249
Additional value adjustment for credit losses	158	221	1	105	3	1	489
Reversal of value adjustment for credit losses	-	(185)	-	-	-	-	(185)
Defaulting loans written off during the year	(128)	(83)	-	(94)	-	-	(305)
Interest	-	(22)	-	-	-	-	(22)
Other adjustments	44	16	2	(6)	-	-	56
Closing balance	1,298	721	4	226	27	6	2,282
Individual value adjustment (specific provision)	732	542	4	139	3	6	1,426
Collective value adjustment (collective provision)	158	38	-	27	-	-	223
General provision (IBNR)	408	141	-	60	24	-	633
	1,298	721	4	226	27	6	2,282

* Including elimination between segments for profit and loss account.

In millions of euros	Domestic retail banking	Wholesale banking and international retail banking	Asset management and investment	Leasing	Real estate	Other*	Total
For the year ended 31 December 2006							
External income	7,731	1,582	894	1,304	492	(1,954)	10,049
Income from other segments	(2,180)	1,040	(58)	(462)	(248)	1,908	-
Total income	5,551	2,622	836	842	244	(46)	10,049
Segment expense	4,016	1,820	551	571	100	279	7,337
Operating profit before tax	1,535	802	285	271	144	(325)	2,712
Income tax expense	444	115	62	65	40	(359)	367
Net profit for the year	1,091	687	223	206	104	34	2,345
Business unit assets	242,380	403,554	18,894	24,765	17,069	(153,457)	553,205
Investments in associates	12	460	11	11	56	2,700	3,250
Total assets	242,392	404,014	18,905	24,776	17,125	(150,757)	556,455
Business unit liabilities	226,552	394,688	17,238	22,670	16,377	(150,447)	527,078
Total liabilities	226,552	394,688	17,238	22,670	16,377	(150,447)	527,078
Additions to property and equipment	142	48	8	2,855	195	12	3,260
Depreciation and amortisation including amortisation of software	152	51	11	21	3	103	341
Value adjustments	139	234	-	77	(1)	1	450
Value adjustments in loans to customers							
At 1 January	1,198	901	3	189	30	36	2,357
Additional value adjustment for credit losses	145	444	-	78	-	-	667
Reversal of value adjustment for credit losses	8	(179)	-	-	(1)	-	(172)
Defaulting loans written off during the year	(156)	(283)	(3)	(72)	(3)	-	(517)
Interest	-	(22)	-	-	-	-	(22)
Other adjustments	29	(85)	-	26	(2)	(32)	(64)
Closing balance	1,224	776	-	221	24	4	2,249
Individual value adjustment (specific provision)	666	599	-	133	-	4	1,402
Collective value adjustment (collective provision)	196	44	-	24	-	-	264
General provision (IBNR)	362	133	-	64	24	-	583
	1,224	776	-	221	24	4	2,249

* Including elimination between segments for profit and loss account.

In millions of euros	Assets	Liabilities	Income from external clients	Additions to property and equipment and intangible assets	Contingent liabilities and obligations (including revocable commitments)
At 31 December 2007					
The Netherlands	375,536	353,297	11,012	1,532	55,297
Other countries in the EU zone	27,918	7,973	1,384	64	4,400
Rest of Europe (excl. EU zone)	60,692	58,146	553	339	8,729
North America	61,914	76,471	(242)	468	8,661
Latin America	7,214	2,661	480	4	486
Asia	10,863	18,841	(177)	78	3,458
Australia	26,365	19,183	464	29	3,140
Other and consolidation effects	-	2,556	(1,975)	25	-
Total	570,503	539,128	11,499	2,539	84,171
At 31 December 2006					
The Netherlands	341,455	328,832	9,634	2,257	48,834
Other countries in the EU zone	29,373	14,010	1,069	864	4,710
Rest of Europe (excl. EU zone)	73,952	64,063	802	34	8,186
North America	72,168	82,005	424	203	9,174
Latin America	5,363	2,370	298	1	692
Asia	8,145	14,901	19	1	2,413
Australia	25,999	18,467	226	78	3,528
Other and consolidation effects	-	2,430	(2,423)	570	-
Total	556,455	527,078	10,049	4,008	77,537

6 Cash and cash equivalents

In millions of euros	2007	2006
Cash	777	870
Money market loans	25	39
Deposits at central banks other than mandatory reserve deposits	763	355
Cash and cash equivalents	1,565	1,264
Mandatory reserve deposits at central banks	564	366
Total cash and cash equivalents	2,129	1,630

Mandatory reserve deposits consist of deposits with the Dutch central bank required under its minimum reserve policy. These deposits are not available to Rabobank for use in its daily business activities.

7 Due from other banks

In millions of euros	2007	2006
Deposits with other banks	9,537	10,965
Assets transferred under repurchase transactions	29,738	35,790
Loans	3,960	2,362
Other	18	17
Less: value adjustments	(35)	(48)
Total due from other banks	43,218	49,086
Breakdown of value adjustments		
At 1 January	48	64
Additional value adjustment to due from other banks	10	3
Reversal of value adjustment to due from other banks	(16)	(26)
Value adjustments	(6)	(23)
Amounts written off during the year	3	-
Other changes	(10)	7
At 31 December	35	48

8 Trading financial assets

			2007			2006
In millions of euros	Listed	Unlisted	Total	Listed	Unlisted	Total
Purchased loans	-	2,350	2,350	-	2,059	2,059
Short-term government securities	298	-	298	187	543	730
Government bonds	2,900	70	2,970	5,050	112	5,162
Other debt securities	15,770	417	16,187	19,408	216	19,624
Equity instruments	6,662	511	7,173	3,860	1,882	5,742
Other financial assets	33	168	201	3,410	62	3,472
Total	25,663	3,516	29,179	31,915	4,874	36,789

9 Other financial assets at fair value through profit and loss

			2007			2006
In millions of euros	Listed	Unlisted	Total	Listed	Unlisted	Total
Short-term government securities	-	61	61	-	42	42
Government bonds	223	291	514	170	141	311
Other debt securities	8,812	3	8,815	13,426	16	13,442
Venture capital	5	309	314	4	281	285
Equity instruments	6,382	-	6,382	3,460	2,346	5,806
Other financial assets	2,054	(7)	2,047	1,571	11	1,582
Total	17,476	657	18,133	18,631	2,837	21,468

The maximum credit risk of other financial assets at fair value through profit and loss is 18,133 (2006: 21,468). The cumulative change in the fair value of the financial assets that is allocable to the changes in credit risk is minor, as are the changes in the credit risk for the current year.

10 Derivative financial instruments and other trade liabilities

10.1 Types of derivative instruments used by Rabobank

Forward currency and interest rate contracts are contractual obligations to receive or pay a net amount based on movements in exchange or interest rates, or to purchase or sell foreign currency or a financial instrument on a future date at a fixed specified price in an organised financial market. As collateral for forward contacts is provided in the form of cash, cash equivalents or marketable securities, and movements in the value of forward contracts are settled daily, the credit risk is negligible.

Forward rate agreements are individually agreed forward interest rate contracts under which the difference between a contractually agreed interest rate and the market rate on a future date has to be settled in cash, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps entail an economic exchange of currencies or interest rates (such as a fixed rate for one or more variable rates, or a combination i.e., a cross-currency swap). Except for certain currency swaps, there is no transfer of the principal amount. The credit risk exposure of Rabobank represents the potential cost of replacing the swaps if the counterparties default. The risk is monitored continuously against current fair value, a portion of the notional amount of the contracts and the liquidity of the markets. As part of the credit risk management process, Rabobank employs the same methods for evaluating counterparties as it does for evaluating its own lending activities.

Currency and interest rate options are contracts under which the seller (known as the writer) gives the buyer (known as the holder) the right, entailing no obligation, to purchase (in the case of a call option) or sell (in the case of a put option) a specific amount of foreign currency or a specific financial instrument on or before an agreed date or during an agreed period at a price set in advance. As consideration for accepting the currency or interest rate risk, the writer receives a payment (known as a premium) from the holder. Options are traded on exchanges or between Rabobank and clients (OTC). Rabobank is exposed to credit risks only as option holder and only up to the carrying amount, which is equal to the fair value in this case.

Credit default swaps (CDSs) are instruments by means of which the seller of a CDS agrees to pay the buyer an amount equal to the loss that would be incurred by holding an underlying reference asset if a specific credit event were to occur (i.e. the materialisation of a risk). The buyer is under no obligation to hold the underlying reference asset. The buyer pays the seller a credit protection fee expressed in basis points, with the size of the fee depending on the credit spread of the reference asset.

10.2 Derivative financial instruments issued or held for trading

Rabobank trades in financial instruments to take positions in tradable or OTC instruments, including derivative financial instruments, so that it can profit from short-term movements on share and bond markets and in exchange and interest rates. For this type of trading, Rabobank sets risk limits relating to market positions at the end of the day (overnight trades) as well as during the day (intraday trades). Apart from specific hedging rules, the currency and interest rate risks associated with these derivative financial instruments are usually offset by taking counter positions in order to manage the volatility in the net amounts needed to liquidate the market positions.

Derivative financial instruments held as hedges

Rabobank concludes various derivative contracts that are intended as fair value, cash flow or net investment hedges, and which accordingly qualify as such. Rabobank also concludes derivative contracts as hedges against economic risks. It does not apply hedge accounting to these contracts.

Fair value hedges

Most of Rabobank's fair value hedges are interest rate and cross currency swaps that provide protection against a potential decrease in the fair value of fixed-interest financial assets or a potential increase in the fair value of clients' time deposits in local as well as foreign currencies. The net fair value of these swaps at 31 December 2007 was a loss of 171 (2006: loss 287).

Rabobank hedges part of its currency risk exposure relating to available-for-sale shares with fair value hedges in the form of currency futures contracts. The net fair value of these forward currency contracts at 31 December 2007 was a loss of 251 (2006: loss 467).

For the year ended 31 December 2007, Rabobank recognised a gain of 207 (2006: gain 26) on the portion of the fair value hedges classified as ineffective.

For the year ended 31 December 2007, Rabobank recognised a gain of 2,296 (2006: gain 2,793) on the hedging instrument. The total loss on the hedged position allocable to the hedged risk is 2,089 (2006: loss 2,767).

Cash flow hedges

Rabobank makes almost no use of cash flow hedges.

Net investment hedges

Rabobank uses forward currency contracts to hedge part of the translation risk on net investments in foreign entities. The net fair value of these forward currency contracts at 31 December 2007 was 2 (2006: 0).

At 31 December 2007, forward contracts with a total notional amount of 2,762 (2006: 3,138) were classified as net investment hedges. These contracts produced gains totalling 143 (2006: 115), which were recognised in equity. No deductions from equity were made during the year (0). For the year ended 31 December 2007, Rabobank recognised no ineffectiveness a result of the net investment hedges.

10.3 Notional amount and fair value

Although the notional amount of certain types of financial instruments provides a basis for comparing instruments that are included on the balance sheet, it does not necessarily represent the related future cash flows or the fair values of the instruments. Hence, it does not represent the exposure of Rabobank to credit or exchange risks. The notional amount is the value of the underlying asset or reference rate or index of a derivative financial instrument and forms the basis for measuring changes in the value of such instruments. It provides an indication of the volume of transactions executed by Rabobank; it is not a measure of risk exposure, however. Some derivative financial instruments are standardised in terms of notional amount or settlement date, having been designed for trading on active markets (i.e. on stock exchanges). Others are specifically constructed for individual clients and not for trading on an exchange, even though they can be traded at prices negotiated by buyers and sellers (OTC instruments).

The positive fair value represents the cost for Rabobank to replace all contracts on which it will be entitled to receive payment. Replacement would apply in the event of all counterparties remaining in default. This is the standard method in the industry for calculating the current credit risk exposure. The negative fair value represents the cost of all Rabobank contracts on which it will have to make payment. Replacement would apply in the event of Rabobank remaining in default. The total of positive fair values and the total of negative fair values are disclosed separately in the balance sheet. Derivative financial instruments are favourable (if passive) or not favourable (if not passive) as a result of swings in market or exchange rates in relation to their contract values. The total contract amount or notional amount of derivative financial instruments held, the degree to which these instruments are favourable or not favourable, and hence the total fair value of the derivative financial assets and liabilities can sometimes fluctuate significantly.

The table below shows the notional amounts and the positive and negative fair values of Rabobank's derivative contracts (including those relating to closed derivative positions / embedded derivative financial instruments).

In millions of euros	Contract/ Notional amount	Fair value Assets	Fair value Liabilities
At 31 December 2007			
Derivative financial instruments held for trading	2,223,346	23,413	22,945
Derivative financial instruments held as hedges	100,458	2,676	3,150
Short positions shares and bonds	-	-	5,002
Total derivative financial assets/liabilities recognised	2,323,804	26,089	31,097
Derivative financial instruments held for trading			
Currency derivative financial instruments			
Unlisted tradable contracts (OTC)			
Forward currency contracts	56,884	559	748
Currency swaps	230,332	3,957	5,313
Currency options	16,417	266	312
Listed tradable contracts			
Currency futures	787	-	-
Options	746	7	12
Total currency derivative financial instruments	305,166	4,789	6,385
Interest rate derivative financial instruments			
Unlisted tradable contracts (OTC)			
Interest rate swaps	1,359,413	10,822	13,170
Cross-currency interest rate swaps	(22,089)	116	(2,405)
Forward rate agreements	150,933	37	34
Interest rate options	158,050	1,527	1,541
Total OTC contracts	1,646,307	12,502	12,340
Listed tradable contracts			
Interest rate swaps	197,820	10	5
Total interest rate derivative financial instruments	1,844,127	12,512	12,345
Credit derivative financial instruments			
Credit default swaps	41,376	1,528	1,221
Total return swaps	22,144	1,613	674
Total credit derivative financial instruments	63,520	3,141	1,895
Equity instruments/index derivative financial instruments			
Unlisted tradable contracts (OTC)			
Options	7,472	895	2,146
Listed tradable contracts			
Futures	308	-	-
Options	1,627	1,666	173
Total equity instruments/index derivative financial instruments	9,407	2,561	2,319
Other derivative financial instruments	1,126	410	1
Total derivative financial assets/liabilities held for trading	2,223,346	23,413	22,945

In millions of euros	Contract/ Notional amount	Fair value Assets	Fair value Liabilities
Derivative financial instruments held as hedges			
Derivative financial instruments classified as fair value hedges			
Currency swaps	256	20	271
Interest rate swaps	76,172	2,654	459
Cross-currency interest rate swaps	24,030	2	2,420
Total derivative financial instruments classified as fair value hedges	100,458	2,676	3,150
Derivative financial instruments classified as cash flow hedges			
Interest rate swaps	-	-	-
Total derivative financial assets/liabilities classified as hedges	100,458	2,676	3,150
At 31 December 2006			
Derivative financial instruments held for trading	2,135,191	17,751	20,373
Derivative financial instruments held as hedges	58,450	1,241	1,995
Short positions shares and bonds	-	-	4,326
Total derivative financial assets/liabilities recognised	2,193,641	18,992	26,694
Derivative financial instruments held for trading			
Currency derivative financial instruments			
Unlisted tradable contracts (OTC)			
Forward currency contracts	48,298	691	787
Currency swaps	166,559	2,719	3,972
Currency options	5,083	44	42
Listed tradable contracts			
Currency futures	620	-	-
Options	-	5	16
Total currency derivative financial instruments	220,560	3,459	4,817
Interest rate derivative financial instruments			
Unlisted tradable contracts (OTC)			
Interest rate swaps	1,441,122	10,400	11,754
Cross-currency interest rate swaps	675	81	102
Forward rate agreements	87,759	50	29
Interest rate options	145,447	1,547	1,526
Total OTC contracts	1,675,003	12,078	13,411
Listed tradable contracts			
Interest rate swaps	171,007	8	5
Total interest rate derivative financial instruments	1,846,010	12,086	13,416
Credit derivative financial instruments			
Credit default swaps	31,657	292	336
Total return swaps	19,571	135	223
Total credit derivative financial instruments	51,228	427	559

In millions of euros	Contract/ Notional amount	Fair value Assets	Fair value Liabilities
At 31 December 2006			
Equity instruments/index derivative financial instruments			
Unlisted tradable contracts (OTC)			
Options	8,110	1,114	1,581
Listed tradable contracts			
Futures	722	-	-
Options	6,336	584	-
Total equity instruments/index derivative financial instruments	15,168	1,698	1,581
Other derivative financial instruments	2,225	83	-
Total derivative financial assets/liabilities held for trading	2,135,191	17,751	20,373
Derivative financial instruments held as hedges			
Derivative financial instruments classified as fair value hedges			
Currency swaps	4,446	31	498
Interest rate swaps	53,679	1,193	1,474
Cross-currency interest rate swaps	325	17	23
Total derivative financial instruments classified as fair value hedges	58,450	1,241	1,995
Derivative financial instruments classified as cash flow hedges			
Interest rate swaps	-	-	-
Total derivative financial assets/liabilities classified as hedges	58,450	1,241	1,995

11 Loans to customers

In millions of euros	2007	2006
Loans initiated by Rabobank:		
Loans to government clients:		
Leasing	513	474
Other	4,582	2,619
Loans to private clients:		
Overdrafts	10,030	9,098
Mortgages	243,636	221,037
Leasing	17,324	15,943
Receivables relating to securities transactions	14,422	28,396
Other	84,743	79,606
Gross loans to customers	375,250	357,173
Less: changes in loans to customers	(2,282)	(2,249)
Total loans to customers	372,968	354,924

In millions of euros	2007	2006
Value adjustments in loans to customers		
Value adjustments in loans to customers can be broken down as follows:		
At 1 January	2,249	2,357
Additional value adjustment for credit losses	489	667
Reversal of value adjustment for credit losses	(190)	(172)
Defaulting loans written off during the year	(305)	(517)
Interest	(22)	(22)
Other changes	61	(64)
Total value adjustments in loans to customers	2,282	2,249
Individual (specific) provision	1,426	1,402
Collective value adjustment	223	264
General provision (IBNR)	633	583
Total value adjustment	2,282	2,249
Gross carrying amount of loans whose value adjustments were established on an individual basis (specific and collective provisions)	4,198	4,355

The fair value of the collateral obtained by the bank for assets which were individually adjusted at the balance sheet date amounts to 2,397 (2006: 2,412).

During the year, Rabobank acquired financial and non-financial assets by taking possession of collateral with an estimated value of 12. In general, it is Rabobank's policy to sell these assets in the reasonably foreseeable future. Yields are allocated to redeem the outstanding amount.

Finance leases

Loans to customers also includes receivables from finance leases, which can be broken down as follows:

In millions of euros	2007	2006
Receivables from gross investment in finance leases:		
Shorter than 1 year	6,899	6,724
Longer than 1 year but not longer than 5 years	12,326	11,364
Longer than 5 years	778	372
Total receivables from gross investment in finance leases	20,003	18,460
Unearned deferred finance income from finance leases	2,392	2,264
Net investment in finance leases	17,611	16,196
Net investment in finance leases can be broken down as follows:		
Shorter than 1 year	6,495	5,574
Longer than 1 year but not longer than 5 years	10,512	10,287
Longer than 5 years	604	335
Net investment in finance leases	17,611	16,196

The provision for finance leases included in value adjustments amounted to 226 at 31 December 2007 (2006: 221).

12 Available-for-sale financial assets

In millions of euros	2007 Listed	2007 Unlisted	2007 Total	2006 Listed	2006 Unlisted	2006 Total
Short-term government securities	669	13	682	1,052	20	1,072
Government bonds	21,343	3,706	25,049	18,701	6,723	25,424
Other debt instruments	8,143	14,409	22,552	5,654	14,060	19,714
Equity instruments	199	1,080	1,279	322	1,341	1,663
Other available-for-sale financial assets	624	169	793	968	120	1,088
Total available-for-sale financial assets	30,978	19,377	50,355	26,697	22,264	48,961

Gains and losses on available-for-sale financial assets:

In millions of euros	2007	2006
Derecognised available-for-sale financial assets	64	7

The changes in available-for-sale financial assets can be broken down as follows:

In millions of euros	2007	2006
Opening balance	48,962	48,644
Translation differences on monetary assets	(2,347)	(2,588)
Additions	21,423	15,919
Disposals (sale and redemption)	(16,162)	(12,151)
Changes in fair value	(1,601)	(528)
Amortisation of commission, costs and premiums and discounts	(215)	(126)
Other changes	295	(209)
Closing balance	50,355	48,961

13 Held-to-maturity financial assets

In millions of euros	2007 Listed	2007 Unlisted	2007 Total	2006 Listed	2006 Unlisted	2006 Total
Government bonds	736	-	736	1,187	-	1,187
Other debt instruments	123	-	123	302	-	302
Total held-to-maturity financial assets	859	-	859	1,489	-	1,489

The changes in held-to-maturity financial assets can be broken down as follows:

In millions of euros	2007	2006
Opening balance	1,489	1,908
Additions	20	456
Disposals (sale and redemption)	(645)	(856)
Value adjustments	(5)	(19)
Closing balance	859	1,489

14 Investments in associates

In millions of euros	2007	2006
Opening balance	3,250	2,971
Purchases	440	-
Sales	(18)	(5)
Share of profit of associates	523	469
Dividends paid	(16)	(211)
Associates included in consolidation	-	(166)
Revaluation and other	379	192
Total	4,558	3,250

15 Intangible assets

In millions of euros	Goodwill	Software developed in-house	Other intangible assets	Total
Year ended 31 December 2007				
Net opening carrying amount	1,056	218	570	1,844
Foreign exchange differences	(56)	-	(4)	(60)
Additions	768	159	332	1,259
Acquisition/disposal of subsidiaries	-	-	45	45
Other	291	5	37	333
Amortisation and value adjustments	(13)	(114)	(111)	(238)
Net closing carrying amount	2,046	268	869	3,183
Cost	2,059	492	1,138	3,691
Accumulated depreciation and value adjustments	(13)	(224)	(269)	(508)
Net carrying amount	2,046	268	869	3,183
Year ended 31 December 2006				
Net opening carrying amount	154	84	14	252
Foreign exchange differences	3	-	-	3
Additions	942	178	485	1,605
Acquisition/disposal of subsidiaries	47	11	76	134
Other	(90)	6	-	(84)
Amortisation and value adjustments	-	(61)	(5)	(66)
Net closing carrying amount	1,056	218	570	1,844
Cost	1,056	408	606	2,070
Accumulated depreciation and value adjustments	-	(190)	(36)	(226)
Net carrying amount	1,056	218	570	1,844

In millions of euros	Acquisition date	Percentage of equity instruments with voting rights acquired	Acquisition price	Fair value	Goodwill
Year ended 31 December 2007					
Mid-State Bank & Trust	30-04-2007	100%	628	218	410
Transtrend	01-03-2007	51%	374	96	278
Sub total			1,002	314	688
Other			156	76	80
Total			1,158	390	768

The goodwill is attributable to synergy benefits that cannot be separately identified and intangible assets (brand name and customer portfolio) that have been included in goodwill because the relevant amounts are minor. These acquisitions are important strategic steps for Rabobank and contribute directly to Rabobank profit. Goodwill is allocated to cash flow-generating units for the purpose of impairment testing. These cash flow-generating units represent the lowest level at which the goodwill is monitored. Virtually no impairments of goodwill were identified in 2007 since recoverable amounts exceed carrying amounts.

The carrying amounts of the assets and liabilities of the acquired entities largely correspond to the fair values first recognised in the financial statements of Rabobank. The main differences concern separate newly-valued intangible assets (brand names, customer portfolio and so on for 151 million) and an upward revaluation of property, plant and equipment of 51 million.

The contribution of the newly acquired entities to profit for 2007 from the date of their acquisition amounts to 76 million. If the acquired entities had been consolidated for the full year, their contribution to the income of Rabobank would have been 366 million. Net of financing charges, their contribution to profit of Rabobank would have been 91 million.

16 Property and equipment

In millions of euros	Land and buildings	Equipment	Total
Year ended 31 December 2007			
Net opening carrying amount	1,867	3,155	5,022
Foreign exchange differences	(7)	(17)	(24)
Purchases	199	1,702	1,901
Acquisition of subsidiaries	66	36	102
Disposals	(44)	(494)	(538)
Depreciation and value adjustments	(195)	(175)	(370)
Other (including depreciation operational lease equipment)	88	(609)	(521)
Net closing carrying amount	1,974	3,598	5,572
Cost	3,381	6,268	9,649
Accumulated depreciation and value adjustments	(1,407)	(2,670)	(4,077)
Net carrying amount	1,974	3,598	5,572

In millions of euros	Land and buildings	Equipment	Total
Year ended 31 December 2006			
Net opening carrying amount	1,880	1,235	3,115
Foreign exchange differences	(5)	(16)	(21)
Purchases	196	604	800
Acquisition of subsidiaries	58	2,402	2,460
Disposals	(103)	(471)	(574)
Depreciation and value adjustments	(85)	(190)	(275)
Other (including depreciation operational lease equipment)	(74)	(409)	(483)
Net closing carrying amount	1,867	3,155	5,022
Cost	3,187	5,422	8,609
Accumulated depreciation and value adjustments	(1,320)	(2,267)	(3,587)
Net carrying amount	1,867	3,155	5,022

17 Investment properties

In millions of euros	2007	2006
Net opening carrying amount	1,338	768
Purchases	173	124
Acquisition of subsidiaries	17	567
Sales	(373)	(135)
Depreciation	(30)	(33)
Other	(20)	47
Net closing carrying amount	1,105	1,338
The fair value and carrying amount are practically equal.		
Cost	1,292	1,475
Accumulated depreciation	(187)	(137)
Net carrying amount	1,105	1,338

The maximum remaining maturity of investment properties is 15 years.

18 Other assets

In millions of euros	2007	2006
Receivables and prepayments	1,706	1,792
Assets held for sale	-	28
Accrued interest	2,746	2,220
Precious metals, goods and warehouse receipts	17	109
Assets in progress	3,274	2,900
Other assets	3,416	2,960
Total other assets	11,159	10,009

19 Due to other banks

In millions of euros	2007	2006
Other loans	9,898	7,634
Money market deposits	87	455
Time deposits	48,259	61,896
Other deposits	7,768	6,931
Repurchase agreements	7,416	17,710
Total due to other banks	73,428	94,626

20 Due to customers

In millions of euros	2007	2006
Savings	101,175	89,500
Current account/settlement accounts	58,815	62,168
Time deposits	55,044	46,346
Repurchase agreements	3,694	8,107
Other due to customers	30,787	28,796
Total due to customers	249,515	234,917

21 Debt securities in issue

	2007			2006		
In millions of euros	Listed	Unlisted	Total	Listed	Unlisted	Total
Certificates of deposit	-	22,319	22,319	-	22,014	22,014
Commercial paper	-	34,649	34,649	-	36,812	36,812
Bonds	76,963	3,821	80,784	63,373	3,900	67,273
Other debt securities	644	3,416	4,060	958	1,009	1,967
Total debt securities in issue	77,607	64,205	141,812	64,331	63,735	128,066

22 Other debts

In millions of euros	2007	2006
Payables	3,435	5,410
Dividends payable	121	92
Accrued interest	4,054	3,089
Other	2,908	2,058
Total other debts	10,518	10,649

23 Other financial liabilities at fair value through profit and loss

The change in the fair value of the other financial liabilities at fair value through profit and loss that is allocable to changes in Rabobank's credit risk is negligible. The accumulated change in the fair value that is allocable to changes in Rabobank's credit risk from the issue of bonds and debt securities is likewise negligible. The change in fair value that is allocable to changes in the credit risk is calculated by establishing a connection with the change in credit mark-up in the market value of bonds issued by Rabobank. The amount Rabobank is obliged to pay on the contract repayment date, discounted at the effective rate of interest, exceeds the carrying amount by 1,035 (2006: 670).

In millions of euros	2007	2006
Bonds	24,937	20,795
Other debt securities	1,329	5,194
Time deposits	1,037	281
Total other financial liabilities at fair value through profit and loss	27,303	26,270

24 Provisions

Rabobank recognised the following provisions during the year:

In millions of euros	2007	2006
Restructuring provision	348	385
Legal issues provision	414	375
Other	405	415
Total provisions	1,167	1,175
Restructuring provision		
Opening balance	385	343
Interest	-	4
Additional provisions recognised in profit and loss	52	247
Used during the year	(89)	(209)
Closing balance	348	385
Legal issues provision		
Opening balance	375	199
Additional provisions recognised in profit and loss	50	192
Used during the year	(11)	(16)
Closing balance	414	375
Other		
Opening balance	415	389
Additional provisions recognised in profit and loss	28	79
Used during the year	(38)	(53)
Closing balance	405	415
Total provisions	1,167	1,175

'Other' includes provisions for onerous contracts, credit guarantees and tax claims.

Maturity of the Rabobank provisions (excluding provisions for employee benefits and doubtful debts)

In millions of euros	Less than 1 year	1-5 years	More than 5 years	Total
At 31 December 2007	778	381	8	1,167
At 31 December 2006	761	396	18	1,175

25 Deferred tax

Deferred tax assets and liabilities are measured for all temporary differences using the 'liability' method and an effective tax rate of 25.5% (2006: 25.5%). No deferred tax asset has been recognised for carry forwarded losses totalling approximately 835 (400). Changes in the deferred income tax account can be broken down as follows:

In millions of euros	2007	2006
Deferred tax assets		
Opening balance	1,477	1,575
(Charged)/taken to profit and loss		
– in respect of rate changes	-	(5)
– other temporary differences	(79)	1
Available-for-sale financial assets		
– remeasurement of fair value	349	(10)
Foreign exchange differences	(45)	(43)
Acquisition/(disposal) of subsidiaries	5	2
Other temporary differences	(130)	(43)
Closing balance	1,577	1,477
Deferred tax liabilities		
Opening balance	836	668
Charged/(taken) to profit and loss		
- in respect of rate changes	-	32
- other temporary differences	50	49
Available-for-sale financial assets	(83)	(99)
Foreign exchange differences	(16)	(10)
Acquisition / (disposal) of subsidiaries	51	108
Other	13	88
Closing balance	851	836

In millions of euros	2007	2006
Deferred tax assets		
Pensions and other post-employment benefits	104	156
Value adjustments	179	71
Other provisions	186	235
Hedging of interest rate risk	221	174
Carry forward losses	106	240
Intangible assets	181	292
AFS reserve	362	37
Other temporary differences	238	272
Total deferred tax assets	1,577	1,477
Deferred tax liabilities		
Intangible assets	176	28
Property and equipment including lease	368	317
AFS reserve	(31)	67
Other tempory differences	338	424
Total deferred tax liabilities	851	836

The deferred tax expense relates to the following temporary differences:

In millions of euros	2007	2006
Property and equipment	(30)	(41)
Pensions and other post-employment benefits	11	41
Value adjustments, provisions and losses on financial assets	155	53
Carry forward losses	(1)	(4)
Other temporary differences	(6)	36
Deferred tax expense	129	85

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax items relate to the same taxation authority.

26 Employee benefits

In millions of euros	2007	2006
Pension plans	386	618
Other employee benefits	555	605
Total pension liabilities	941	1,223

26.1 Pension plans

Rabobank has implemented several pension plans covering a significant percentage of its employees. Most of the plans are career average defined benefit plans, some of which are administered by pension funds. The assets of the fund-administered plans are held independent of Rabobank assets and are managed by the trustees of the funds. These plans are valued each year by independent actuaries using the method prescribed by IFRS. The most recent actuarial valuations were carried out at the end of 2007.

The weighted average of the principal actuarial assumptions used in the valuation of the provision for defined benefit plans at 31 December (in % per annum) are:

	2007	2006
Discount rate	5.5	4.6
Expected salary accrual rate	3	3
Consumer price inflation (indexation)	2.25	2.25
Expected return on investments	6.0	5.6

The expected long-term return on the Rabobank Pension Fund's portfolio depends largely on the allocation of assets among various investment categories – fixed-interest securities, shares, real estate and alternatives – as each category has its own specific projected returns. The Dutch central bank, which is the supervisory authority for the pensions industry, has set certain limits to projected returns for the various investment categories that may be disclosed as part of a continuity analysis. Based on the present asset allocation in the Rabobank Pension Fund's portfolio and the Dutch central bank's parameters, the projected long-term return is estimated at 6%.

In millions of euros	2007	2006	2005	2004
Present value of liabilities				
administered by funds	9,497	9,699	9,676	8,593
Fair value of plan assets	(11,013)	(10,262)	(8,739)	(7,820)
	(1,516)	(563)	937	773
Present value of liabilities				
not administered by funds	-	-	1	8
Unrecognised actuarial gains/(losses)	1,904	1,184	(62)	466
Unrecognised past service costs	(2)	(3)	(38)	-
Net liabilities	386	618	838	1,247

In millions of euros	2007	2006
Present value of liabilities administered by funds		
Present value of entitlements at 1 January	9,699	9,676
Acquired entitlements	236	236
Interest	468	414
Increase in entitlements during the year	404	485
Benefits paid	(200)	(140)
Transfer of accrued benefits	23	9
Pension plan changes	1	(1)
Expected present value of entitlements at 31 December	10,631	10,679
Actuarial result	(1,134)	(980)
Present value of entitlements at 31 December	9,497	9,699
Fair value of plan assets		
Fair value of assets at 1 January	10,262	8,739
Acquired plan assets	228	230
Expected income from investments	600	467
Premium contributed by the employer	496	707
Premium contributed by the employee	18	3
Benefits paid	(201)	(140)
Transfer of accrued benefits and costs	6	(10)
Expected fair value of assets at 31 December	11,409	9,996
Actuarial result	(396)	266
Fair value of assets at 31 December	11,013	10,262
The premium to be contributed to the 2008 plan is expected to be 480.		
Plan assets have been allocated as follows:		
Shares	40.5%	45.5%
Fixed-interest securities	43.0%	41.9%
Real estate	7.3%	7.1%
Alternatives	6.7%	4.4%
Cash and cash equivalents	2.5%	1.1%
Total plan assets	100%	100%

Less than 5% of plan assets is allocated to Rabobank's own funds. These are chiefly cash and cash equivalents maintained with Rabobank.

Actual income from investments		
Expected income from investments	600	467
Actuarial result	(396)	266
Actual income from investments	204	733

The amounts recognised in consolidated profit and loss for the year are as follows:

In millions of euros	2007	2006
Costs based on period of employment during the year	404	485
Interest on liabilities	468	414
Expected income from plan assets	(600)	(467)
Pension plan changes	-	(2)
Past service costs	1	38
Amortisation of actuarial (gains) / losses	(18)	-
Losses / (gains) on discounts / (settlements) / costs	1	22
Total cost for defined benefit plans	256	490

26.2 Other employee benefits

Other employee benefits mainly comprise early retirement liabilities, the non-active persons scheme and liabilities for future long-service awards.

27 Subordinated debt

In millions of euros	2007	2006
Trust Preferred Securities I and II	1,189	1,329
Rabobank Nederland	1,000	1,000
ACC Bank	63	63
FGH Bank	41	51
Other	1	7
Total subordinated debt	2,294	2,450

Movements in the Trust Preferred Securities I and II are stated in the table below.

In millions of euros	2007	2006
Trust Preferred Securities I and II		
At 1 January	1,329	1,483
Foreign exchange differances and other	(140)	(154)
At 31 December	1,189	1,329

In 2003, 1.75 million non-cumulative Trust Preferred Securities were issued by Rabobank Capital Funding Trust II, Delaware, a group company of Rabobank Nederland. The expected distribution is 5.26% until 31 December 2013, after which the expected distribution is equal to the three-month USD LIBOR plus 1.6275%. The total proceeds from this issue amounted to USD 1,750. As from 31 December 2013, these Trust Preferred Securities can be repurchased on each distribution date (once every quarter) after prior written approval is received from the Dutch central bank.

Rabobank Nederland issued a variable interest rate loan of 1,000 in 2005, with a quarterly review of the rates.

The subordinated loan of ACC Bank is a loan of 63 bearing interest at a variable rate. The loan matures in 2008.

The subordinated loan of FGH Bank NV consists of two loans, totalling 41. A loan of 40 bearing a fixed rate of interest of 6% and repayable in 2012. A further loan of 0.7 bearing a variable rate of interest and repayable in 2012.

28 Contingencies and commitments

Credit related liabilities

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

In millions of euros	2007	2006
Guarantees	8,992	7,694
Credit granting liabilities	36,323	38,290
Letters of credit	2,402	1,378
Other contingent liabilities	21	7
Total credit related and contingent liabilities	47,738	47,369

Liabilities relating to operating leases

Rabobank has taken on various operating lease contracts as lessee. The future net minimum lease payments under non-cancellable operating leases can be broken down as follows:

In millions of euros	2007	2006
Shorter than 1 year	35	9
Longer than 1 year but not longer than 5 years	113	20
Longer than 5 years	76	16
Total liabilities relating to operating leases	224	45

Payments receivable from operating leases

Rabobank has taken on various operating lease contracts as lessor. The future net minimum lease payments receivable from non-cancellable operating leases can be broken down as follows:

In millions of euros	2007	2006
Earlier than 1 year	1,403	1,339
Later than 1 year but not later than 5 years	2,059	1,487
Later than 5 years	110	180
Total payments receivable from operating leases	3,572	3,006

Carrying amount of financial assets provided as security for (contingent) liabilities

Carrying amount of financial assets provided as security

In millions of euros	2007	2006
Due from other banks	185	3,400
Trading financial assets	2,509	860
Other financial assets at fair value through profit and loss	135	98
Loans to customers	625	9,764
Available-for-sale financial assets	35,549	12,814
Held-to-maturity financial assets	-	236
	39,003	27,172

The assets were provided to counterparties as security for (contingent) liabilities. If Rabobank remains in default the counterparties may use the security to settle the debt.

29 Equity

Equity of Rabobank Nederland and local Rabobanks

In millions of euros	2007	2006
Foreign currency translation reserve	(127)	78
Revaluation reserve for available-for-sale financial assets	489	213
Revaluation reserve for associates	164	94
Hedging reserve for cash flow hedges	1	(14)
Retained earnings	19,123	17,055
Total reserves and retained earnings at year-end	19,650	17,426

Changes in reserves were as follows:

Foreign currency translation reserve		
Opening balance	78	93
Currency translation differences emerging during the year	(205)	(15)
Closing balance	(127)	78
Revaluation reserve available-for-sale-financial assets		
Opening balance	213	184
Fair value changes	(39)	(277)
(Gains)/losses reclassified under profit	315	295
Other	-	11
Closing balance	489	213

The fair value changes include unrealised gains from available-for-sale financial assets of associates of 573 (2006: 95).

Revaluation reserve for associates		
Opening balance	94	-
Fair value changes	70	94
Closing balance	164	94

If a shareholding is increased to such an extent that it must be consolidated, the initial shareholding is remeasured at fair value at the time of its increase.

In millions of euros	2007	2006
Hedging reserve for cash flow hedges		
Opening balance	(14)	1
Acquired hedging reserve	-	(12)
Fair value changes	12	(2)
Net gains/(losses) reclassified under profit	3	(1)
Closing balance	1	(14)
Retained earnings		
Opening balance	17,055	15,172
Net profit attributable to Rabobank Nederland and local Rabobanks	1,937	1,757
Other	131	126
Closing balance	19,123	17,055
Total reserves and retained earnings	19,650	17,426

30 Rabobank Member Certificates issued by group companies

Members' capital relates to the Member Certificates issued in 2000, 2001, 2002 and 2005. In 2000, Rabobank Ledencertificaten N.V. (RLC), a group company of Rabobank Nederland, issued 40 million shares. The total proceeds from this issue amounted to 1,000. In 2000, RLC granted Rabobank Nederland a 900 deep-subordinated loan with a term of 31 years.

In 2001, RLC issued an additional 60 million shares. The total proceeds of this issue amounted to 1,575. In 2001, RLC granted Rabobank Nederland a 1,350 deep-subordinated loan with a term of 30 years. In 2007, RLC granted Rabobank Nederland a third deep-subordinated loan of 250 with a term of 24 years. In 2002, RLC II issued an additional 17 million shares. The total proceeds of this issue amounted to 1,747. In 2002, RLC II granted Rabobank Nederland a 1,487 deep-subordinated loan with a term of 32 years. In 2007, RLC II granted Rabobank Nederland a second deep-subordinated loan of 165 with a term of 27 years. In 2005, RLC III issued an additional 40 million shares. The total proceeds of this issue amounted to 2,000. In 2005, RLC III granted Rabobank Nederland a 1,999 deep-subordinated loan with a term of 35 years.

At year-end 2007, the number of shares held by members and employees was 98,837,631 (98,506,903) with a net asset value of 2,533 (2,527), 16,370,436 (16,309,627) shares with a net asset value of 1,719 (1,714) and 39,537,632 (39,450,735) shares with a net asset value of 1,978 (1,973).

Subject to the prior written approval of the Dutch central bank, the loan may be repaid on 29 June 2012. The loans granted by RLC II can be repaid ahead of schedule on 29 December 2012. The loan granted by RLC III can be repaid early on 29 September 2035 and on the 29th of the third month of every quarter thereafter.

Since the proceeds of the issue are available to Rabobank on a perpetual and highly subordinated basis (also subordinate to the Trust Preferred Securities) and since in principle no distribution is made if the consolidated profit and loss account of Rabobank shows a loss for any financial year, the issue proceeds, insofar as they have been lent on to Rabobank Nederland, are recognised in equity in proportion to the number of shares held by members and employees.

The distribution per certificate in 2007 was 1.30 for RLC I, 5.15 for RLC II and 2.20 for RLC III. RLC has the right not to make a distribution.

Rabobank Member Certificates

In millions of euros	2007	2006
Changes during the year:		
Opening balance	5,808	5,811
Exchange of government bonds for subordinated loans to Rabobank Nederland	415	-
Rabobank Member Certificates issued and cancelled during the year	10	(3)
Closing balance	6,233	5,808

31 Capital securities and Trust Preferred Securities III to VI

In millions of euros	2007	2006
Capital Securities issued by Rabobank Nederland	990	-
Trust Preferred Securities III to VI issued by group companies	1,789	1,959
Closing balance	2,779	1,959

In 2007, Rabobank Nederland issued Capital Securities for USD 750,000,000 and for NZD 900,000,000. The Capital Securities are perpetual and do not mature. The distribution on the USD Capital Securities is 7% per annum, payable in arrears every six months from the date of issue of 22 October 2007, the first distribution therefore being on 22 April 2008. The distribution on the NZD Capital Securities is equivalent to the one-year swap interest rate plus a mark-up of 0.76% per annum and is payable each year on 8 October until 8 October 2017. As from 8 October 2017, the distribution will be made payable each quarter based on the 90-day bank bill swap interest rate plus the same mark-up. The distributions will be made payable at the end of each quarter, the first time being 8 January 2008.

The amount of Rabobank Nederland's net profit may affect the interest payments on the Capital Securities. In the event of insolvency on the part of Rabobank Nederland the Capital Securities are subordinated to the rights of all other (current and future) creditors of Rabobank Nederland unless the rights of those other creditors dictate otherwise.

Trust Preferred Securities III to VI issued by group companies

In 2004, four tranches of non-cumulative Trust Preferred Securities were issued.

- Rabobank Capital Funding Trust III, Delaware, a group company of Rabobank Nederland, issued 1.50 million non-cumulative Trust Preferred Securities. The expected distribution is 5.254% until 21 October 2016. For the period 21 October 2016 to 31 December 2016 inclusive, the expected distribution is equal to the USD LIBOR interpolated for the period, plus 1.5900%. The trust has the right not to make a distribution. Thereafter, the expected distribution is equal to the three-month USD LIBOR plus 1.5900%. The total proceeds from this issue amounted to USD 1,500 million. As from 21 October 2016, these Trust Preferred Securities can be repurchased on each distribution date (which is once a quarter) after prior written approval is received from the Dutch central bank.
- Rabobank Capital Funding Trust IV, Delaware, a group company of Rabobank Nederland, issued 350 thousand non-cumulative Trust Preferred Securities. The expected distribution is 5.556% until 31 December 2019, after which the expected distribution is equal to the six-month GBP LIBOR plus 1.4600%. The trust has the right not to make a distribution. The total proceeds from this issue amounted to GBP 350 million. As from 31 December 2019, these Trust Preferred Securities can be repurchased on each distribution date (which is once every half-year) after prior written approval is received from the Dutch central bank.
- Rabobank Capital Funding Trust V, Delaware, a group company of Rabobank Nederland, issued 250 thousand non-cumulative Trust Preferred Securities. The expected distribution is equal to the three-month BBSW plus 0.6700% until 31 December 2014 inclusive, after which the expected distribution is equal to the three-month BBSW plus 1.6700%. The trust has the right not to make a distribution. The total proceeds from this issue amounted to AUD 250 million. As from 31 December 2014, these Trust Preferred Securities can be repurchased on each distribution date (which is once a quarter) after prior written approval is received from the Dutch central bank.

- Rabobank Capital Funding Trust VI, Delaware, a group company of Rabobank Nederland, issued 250 thousand non-cumulative Trust Preferred Securities. The expected distribution is 6.415% until 31 December 2014, after which the expected distribution is equal to the three-month BBSW plus 1.6700%. The trust has the right not to make a distribution. The total proceeds from this issue amounted to AUD 250 million. As from 31 December 2014, these Trust Preferred Securities can be repurchased on each distribution date (which is once a quarter) after prior written approval is received from the Dutch central bank.

A distribution becomes due on the Trust Preferred Securities issued in 1999 and 2003 included under subordinated loans if:

(i) the most recent, audited and adopted consolidated financial statements of Rabobank Nederland show that Rabobank Group realised a net profit (after tax and extraordinary expenses) in the previous year; or

(ii) a distribution is made on securities that are more subordinated (such as Rabobank Member Certificates and Rabobank Member Certificates II) or on securities of equal rank (pari passu);

subject to the proviso that no distribution becomes due should the Dutch central bank object (for example, if Rabobank Group's solvency ratio is below 8%).

The condition stated under (i) does not apply to Trust Preferred Securities issued in 2004. The other conditions do apply. If Rabobank Group realises a profit, Rabobank Nederland can make a distribution on these securities at its own discretion.

Trust Preferred Securities

In millions of euros	2007	2006
Changes during the year:		
Opening balance	1,959	2,092
Foreign exchange differences	(170)	(133)
Closing balance	1,789	1,959

32 Minority interests

This item relates to shares held by third parties in subsidiaries and other group companies. Movements in minority interests in 2007 mainly relate to the (de)consolidation effects of structured finance deals and conduits with third-party investors. An amount of 548 million of the movements in minority interests in 2006 relates to the full consolidation of Bank Sarasin.

In millions of euros	2007	2006
Opening balance	4,184	2,996
Net profit	303	201
Currency translation differences	(225)	(191)
Exchange of government bonds for subordinated loans to Rabobank Nederland	(415)	-
Changes in AFS revaluation reserve	(584)	85
Other	(550)	1,093
Closing balance	2,713	4,184

33 Interest

In millions of euros	2007	2006
Interest income		
Cash and cash equivalents	46	12
Due from other banks	2,936	3,359
Trading financial assets	1,483	1,499
Other financial assets at fair value through profit and loss	1,033	951
Loans to customers	21,201	16,905
Available-for-sale financial assets	2,480	1,788
Held-to-maturity financial assets	41	55
Accrued interest income on impaired financial assets	22	20
Other	114	470
Total interest income	29,356	25,059
Interest expense		
Due to other banks	4,876	5,371
Trading financial liabilities	101	142
Due to customers	9,204	6,795
Debt securities in issue	7,240	5,335
Other debts	173	185
Other	991	759
Total interest expense	22,585	18,587
Net interest	6,771	6,472

34 Fees and commission

In millions of euros	2007	2006
Fee and commission income		
Asset management	1,177	776
Insurance commission	361	387
Trust or fiduciary activities	8	-
Lending	261	247
Purchase and sale of other financial assets	517	335
Payment services	411	370
Custodial fees and securities services	45	40
Handling fees	146	149
Other transactions involving financial instruments	133	136
Other commission income	335	301
Total fee and commission income	3,394	2,741
Fee and commission expense		
Asset management	251	193
Purchase and sale of other financial assets	191	115
Payment services	6	7
Custodial fees and securities services	12	10
Handling fees	33	37
Other commission expense	44	83
Total fee and commission expense	537	445
Net fees and commission	2,857	2,296

35 Income from associates

In millions of euros	2007	2006
Profit of associates	753	556
Key figures of associates are as follows:		
Total assets at year-end	134,468	113,374
Total liabilities at year-end	115,710	99,095
Total income	29,341	25,241
Net result	1,775	1,435
Rabobank share of profit of associates	523	469
Discontinued/disposed interests	230	87
Total income from associates	753	556

36 Net income from financial assets and liabilities at fair value through profit and loss

In millions of euros	2007	2006
Debt instruments and interest rate derivative financial instruments	(610)	(315)
Equity instruments	238	506
Foreign currencies and other trading income	435	44
Total trading income	63	235
Total net income from other financial assets and liabilities	(101)	11
Total net income from financial assets and liabilities at fair value through profit and loss	(38)	246

Net income from currency trading also includes gains and losses on spot and forward contracts, options, futures and assets and liabilities denominated in foreign currencies. Trading income was depressed by widening credit spreads and by market-to-market results on subprime positions. At 31 December 2007, the subprime position in the trading portfolio was 31 million.

37 Other

As well as rent from real estate investments and income from operating leases, the item Other includes the results on effects that cannot be allocated to individual categories of the profit and loss account.

38 Staff costs

In millions of euros	2007	2006
Wages and salaries	3,219	2,792
Social security contributions and insurance costs	301	275
Pension costs for defined contribution plans	24	49
Pension costs for defined benefit plans	256	490
Other post-employment benefits	23	(29)
Other employee costs	622	540
Total staff costs	4,445	4,117

Expressed in FTEs, the average number of employees was 52,655 (48,076).

39 Other administrative expenses

This item includes office supplies, IT expenses, postage, advertising, rent, maintenance of buildings, etc.

In millions of euros	2007	2006
Other administrative expenses	2,846	2,429

40 Depreciation and amortisation

In millions of euros	2007	2006
Depreciation and amortisation	418	341

41 Value adjustments

In millions of euros	2007	2006
Due from other banks	(6)	(23)
Loans to customers	299	495
Receipts less write-offs	(32)	(31)
Credit related liabilities	1	-
Available-for-sale financial assets	477	9
Other assets	3	-
Total value adjustments	742	450

42 Taxation

In millions of euros	2007	2006
Current income tax		
– year under review	196	346
– prior years	61	(64)
Deferred tax	129	85
Taxation	386	367

The taxation on operating profit of Rabobank differs from the nominal amount based on Dutch standard tax rates. The reconciliation between the two amounts is shown below:

In millions of euros	2007	2006
Profit before taxation	3,048	2,712
Tax exempt income	(1,667)	(987)
Non-deductible expenses	133	106
Tax losses not recognised in prior years	(100)	(101)
Other	(296)	43
	1,118	1,773
Income tax expense based on a rate of 25.5% (2006: 29.6%)	285	525
Effect of change in tax rates	-	37
Effect of different tax rates in other countries and other non-recurring tax income and charges	101	(195)
Taxation	386	367

43 Acquisitions and disposals

Acquisitions and disposals of subsidiaries

There were no major disposals in 2007. The main acquisitions made in 2007 relate to Mid-State & Trust (United States), Transtrend (Netherlands), HNS Banco (Chile), Hagabank and Bank Hagakita (Indonesia) and Sustainable Asset Management (Switzerland).

The fair values of the identifiable assets and liabilities of Mid-State and the other entities acquired are as follows:

	Mid-State Bank &Trust		Other	
In millions of euros	Recognised at fair value upon acquisition	Carrying amount	Recognised at fair value upon acquisition	Carrying amount
Intangible assets	45	39	-	-
Property and equipment	78	23	24	25
Financial assets	1,613	1,624	651	649
Other assets	51	52	23	47
Total identifiable assets	1,787	1,738	698	721
Due to other banks	34	34	26	26
Other liabilities	1,535	1,525	651	616
Total identifiable liabilities	1,569	1,559	677	642
Total net equity	218	179	21	79
New identifiable intangible assets	-		151	

44 Transactions with related parties

Two parties are considered related if one exercises control or has significant influence over the other party (regarding finance or operating decisions). In the normal course of business, Rabobank conducts a wide variety of transactions with related entities, involving different types of loans, deposits and transactions in foreign currencies. Transactions between related parties also include transactions with subsidiaries, associates, joint venture entities, shareholders and senior management, as well as transactions between subsidiaries. All these transactions were at arm's length. In accordance with IAS 24.4, transactions within the Rabobank Group are eliminated in the preparation of the consolidated financial statements.

In the normal course of Rabobank's business operations, banking transactions are carried out with related parties. These involve loans, deposits and transactions in foreign currencies. All these transactions were at arm's length and against market prices. The volumes of related party transactions, year-end outstanding balances and the corresponding income and expenses during the year are given below:

In millions of euros	2007	2006	2007	2006
		Associates		Other related parties
Loans				
– outstanding at beginning of year	545	33	29	22
– granted during the year	-	601	-	36
– repaid during the year	-	(89)	(6)	(29)
Loans outstanding at end of the year	545	545	23	29
Due to other banks and due to customers				
– outstanding at beginning of the year	6,265	5,969	-	-
– received during the year	16	296	-	-
– repaid during the year	-	-	-	-
Deposits at 31 December	6,281	6,265	-	-
Other liabilities	91	91	(6)	18
Credit liabilities and other guarantees issued by Rabobank	2,154	1,743	18	4

In millions of euros	2007	2006	2007	2006
		Associates		Other related parties
Income				
– interest income	39	25	56	90
– commission income	61	12	114	120
– trading income	33	55	-	3
– other	47	3	153	74
Total income from transactions with related parties	180	95	323	287
Expense				
– interest expense	84	71	76	111
– commission expense	19	24	5	4
Total expenses from transactions with related parties	103	95	81	115

45 Supervisory Board and Executive Board

The members of the Supervisory Board and the Executive Board are listed on page 74 of these consolidated financial statements. The benefits for members and former members of the Executive Board came to 10.8 in 2007 (9.8). This amount is included under staff costs. It can be broken down as follows.

In millions of euros	2007	2006
Salaries	7.1	6.6
Pension charges	1.2	1.2
Performance related benefits	2.3	1.7
Other	0.2	0.3
Total	10.8	9.8

The pension plan for the members of the Supervisory Board qualifies as a defined benefit plan.

The total benefits for members and former members of the Supervisory Board amounted to 1.4 (1.3).

At year-end 2007, loans and advances granted to members of the Supervisory Board and the Executive Board totalled 4.9 (3.9) respectively 4.0 (4.2).

46 Principal subsidiaries and associates

Name	Share	Voting rights
Subsidiaries		
Netherlands		
De Lage Landen International B.V.	100%	100%
FGH Bank N.V.	100%	100%
OWM Rabobanken B.A.	100%	100%
Obvion N.V.	50%	70%
Rabohypotheekbank N.V.	100%	100%
Rabobank Ledencertificaten N.V. I t/m III	100%	100%
Rabo Merchant Bank N.V.	100%	100%
Rabo Vastgoed B.V.	100%	100%
Rabo Bouwfonds B.V.	100%	100%
Rabo Wielerploegen B.V.	100%	100%
Raiffeisenhypotheekbank N.V.	100%	100%
Robeco Groep N.V.	100%	100%
Schretlen & Co N.V.	100%	100%
Other Euro zone/EU countries		
ACC Bank Plc	100%	100%
Rest of Europe		
Bank Sarasin & Cie S.A.	46%	69%
North America		
Rabobank Capital Funding LCC II t/m VI	100%	100%
Rabobank Capital Funding Trust II t/m VI	100%	100%
Utrecht America Holdings Inc.	100%	100%
Australia and New Zealand		
Rabobank Australia Limited	100%	100%
Rabobank New Zealand Limited	100%	100%
Associates		
Netherlands		
Eureko B.V.	39%	39%
Equens N.V.	19%	19%
Gilde Venture Capital funds	Various	Various
Abroad		
B.G.Z. S.A.	46%	46%

47 Reverse repurchase transactions and securities borrowing agreements

Reverse repurchase transactions and securities borrowing agreements concluded by Rabobank are included under 'Due from other banks' and 'Loans to customers'.
At 31 December, they amounted to:

In millions of euros	2007	2006
Due from other banks	29,738	35,790
Loans to customers	14,422	28,396
Total reverse repurchase transactions and securities borrowing agreements	44,160	64,186

Under the terms of the reverse repurchase transactions and securities borrowing agreements, Rabobank receives collateral that it can pledge or sell to third parties. The total fair value of the securities received under the terms of the agreements was 44,344 at 31 December 2007 (64,446). In accordance with the agreement terms, a portion of the securities was repledged or sold as collateral. These transactions were effected subject to the normal conditions for standard reverse repurchase transactions and securities borrowing agreements.

48 Repurchase transactions and securities lending agreements

Repurchase transactions and securities lending agreements concluded by Rabobank are included under 'Due from/ to other banks', 'Due to Customers' and 'Other loans'.
At 31 December, they amounted to:

In millions of euros	2007	2006
Due to other banks	7,416	17,710
Due to customers	3,694	8,107
Total repurchase and securities lending agreements	11,110	25,817

At 31 December 2007 and 2006, interest-bearing securities with a carrying amount of 11,118 and 25,981 respectively had been provided as collateral for repurchase and similar agreements. In general, the counterparty has the right to resell or repledge the securities. These transactions were performed subject to the normal conditions for standard repurchase transactions and securities lending agreements.

49 Securitisations

As part of Rabobank Group's financing activities and the reduction of credit risk, cash flows from certain financial assets are transferred to third parties. Most financial assets subject to these transactions are mortgage and other loan portfolios. The carrying amount of these financial assets is 68,650 (2006: 25,813) and the corresponding liability amounts to some 69,727 (2006: 24,304).

50 Subsequent events

The sale of Alex Beleggersbank to listed internet broker BinckBank was effected early in 2008. The net gain realised on this transaction in 2008 is 276 million. The total assets and liabilities at the balance sheet date amount to 1,317 and 1,282 million respectively.

After the other investors had bought out for more than EUR 5 billion in assets, the remaining assets of the structured investment vehicle named Tango, amounting to EUR 4.8 billion, were recognised in the balance sheet in 2008.

Until now no further events after the balance sheet date have occurred.

51 Management's report on internal control over financial reporting

The management of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) is responsible for establishing and maintaining adequate internal control over financial reporting. Management is also responsible for the preparation and fair presentation of the consolidated financial statements.

Rabobank Nederland's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the European Union.

All internal control systems, no matter how well designed, have inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that control may become inadequate, because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Rabobank Nederland's internal control over financial reporting as of December 31, 2007 based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) established in Internal Control – Integrated Framework. Based on that assessment, management concluded that, as of December 31, 2007, Rabobank Nederland's internal control over financial reporting is effective based on the criteria established by COSO.

Ernst & Young Accountants, which have audited the consolidated financial statements of Rabobank Nederland for the fiscal year ended December 31, 2007, have also examined management's assessment of the effectiveness of Rabobank Nederland's internal control over financial reporting and the effectiveness of Rabobank Nederland's internal control over financial reporting; their report is included on page 78.

Bert Heemskerk (H.) Bert Bruggink (A.)

52 Approval by Supervisory Board

The publication of these consolidated financial statements was approved by the Supervisory Board on 4 March 2008.

Executive Board

Bert Heemskerk (H.), chairman
Bert Bruggink (A.)
Hans ten Cate (J.C.)
Piet Moerland (P.W.)
Sipko Schat (S.N.)
Piet van Schijndel (P.J.A.)

Supervisory Board

Lense Koopmans (L.), chairman
Antoon Vermeer (A.J.A.M.), deputy chairman
Sjoerd Eisma (S.E.), secretary
Leo Berndsen (L.J.M.)
Bernard Bijvoet (B.)
Teun de Boon (T.)
Louise Fresco (L.O.)
Marinus Minderhoud (M.)
Paul Overmars (P.F.M.)
Herman Scheffer (H.C.)
Martin Tielen (M.J.M.)
Aad Veenman (A.W.)
Cees Veerman (C.P.)
Arnold Walravens (A.H.C.M.)

Auditor's report

To the Executive Board and Supervisory Board of Rabobank Nederland

Report on the consolidated financial statements

We have audited the 2007 consolidated financial statements of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Amsterdam. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the consolidated profit and loss account, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and accounting policies and other explanatory notes.

Management's responsibility

Management of Rabobank Nederland is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board of Rabobank Nederland, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Rabobank Nederland as at 31 December 2007 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Dutch Civil Code, we report, to the extent of our competence, that the management report is consistent with the financial statements as required by 2:391 sub 4 of the Dutch Civil Code.

Utrecht, 4 March 2008

for Ernst & Young Accountants

/s/ G.H.C. de Meris

Assurance report of Independent Auditors

To the Executive Board and Supervisory Board of Rabobank Nederland

We have performed an assurance engagement in accordance with ISAE 3000 'Assurance engagements other than audits or reviews of historical financial information' (equivalent) on management's assessment, included in the accompanying 'Management's Report On Internal Control Over Financial Reporting', that Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) maintained effective internal control over financial reporting as of 31 December 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (the COSO criteria).

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's responsibility

Rabobank Nederland's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

Auditor's responsibility

Our responsibility is to conclude on management's assessment and on the effectiveness of the company's internal control over financial reporting based on the procedures performed during our assurance engagement.

We conducted our assurance engagement in accordance with Dutch law. This requires that we plan and perform the assurance engagement to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our assurance engagement included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed we conclude that management's conclusion that, as of 31 December 2007, Rabobank Nederland's internal control over financial reporting is effective, is fairly stated, in all material respects, based on the COSO criteria. We also conclude that Rabobank Nederland maintained, in all material respects, effective internal control over financial reporting as of 31 December 2007, based on the COSO criteria.

Utrecht, 4 March 2008

for Ernst & Young Accountants

G.H.C. de Meris

KEY FIGURES RABOBANK GROUP

	2007	2006	2005	2004
Volume of services (in millions of euros)				
Total assets	570,503	556,455	506,573	483,574
Private sector lending	355,973	324,110	278,095	248,958
Due to customers	249,515	234,917	186,427	177,482
Assets managed and held in custody	301,300	291,200	224,200	223,400
Financial position and solvency (in millions of euros)				
Equity	31,375	29,377	26,349	23,004
Tier I capital	28,484	26,391	24,860	21,404
Qualifying capital	29,156	27,114	25,272	21,205
Risk-weighted assets	266,573	247,458	213,901	196,052
Tier I ratio	10.7	10.7	11.6	10.9
BIS ratio	10.9	11.0	11.8	10.8
Profit and loss account (in millions of euros)				
Total income	11,499	10,049	9,363	9,222
Operating expenses	7,709	6,887	6,242	6,177
Value adjustments	742	450	517	479
Taxation	386	367	521	773
Net profit	2,662	2,345	2,083	1,793
Ratios				
Net profit growth	13.5%	12.6%	16.2%	
Return on equity	10.1%	9.4%	9.7%	9.1%
Efficiency ratio	67.0%	68.5%	66.7%	67.0%
Nearby				
Local Rabobanks	174	188	248	288
Offices:				
- branches	1,159	1,214	1,249	1,299
- contact points	3,102	3,091	3,031	2,965
Cash dispensing machines	3,107	3,139	3,116	3,062
Foreign places of business	349	330	267	244
Employees				
Number of employees (in fte)	54,737	50,573	45,580	50,216
Employee satisfaction	85%	87%	81%	85%
Absenteeism	3.8%	3.6%	3.7%	3.8%
Market shares (in the Netherlands)				
Mortgages	28%	26%	23%	25%
Savings	41%	39%	39%	39%
Small and medium-sized enterprises	38%	38%	38%	40%
Food & agri	84%	84%	83%	84%
Ratings				
Standard & Poor's	AAA	AAA	AAA	AAA
Moody's Investor Service	Aaa	Aaa	Aaa	Aaa
Dominion Bond Rating Service	AAA	AAA	AAA	AAA

Consolidated balance sheet

	At 31 December	
In millions of euros	2006	2005
Assets		
Cash and cash equivalents	1,630	2,923
Due from other banks	49,086	53,065
Trading financial assets	36,789	39,011
Other financial assets at fair value through profit and loss	21,468	17,449
Derivative financial instruments	18,992	24,135
Loans to customers	354,924	304,451
Available-for-sale financial assets	48,961	48,644
Held-to-maturity financial assets	1,489	1,908
Investments in associates	3,250	2,971
Goodwill and other intangible assets	1,844	252
Property and equipment	5,022	3,115
Investment properties	1,338	768
Current tax assets	176	210
Deferred tax assets	1,477	1,575
Other assets	10,009	6,096
Total assets	556,455	506,573

	At 31 December	
In millions of euros	2006	2005
Liabilities		
Due to other banks	113,644	109,749
Due to customers	215,899	186,427
Debt securities in issue	128,066	115,992
Derivative financial instruments and other trade liabilities	26,694	31,182
Other debts	10,649	7,066
Other financial liabilities at fair value through profit and loss	26,270	23,844
Provisions	1,175	931
Current tax liabilities	172	283
Deferred tax liabilities	836	668
Employee benefits	1,223	1,437
Subordinated debt	2,450	2,645
Total liabilities	527,078	480,224
Equity		
Equity of Rabobank Nederland and local Rabobanks	17,426	15,450
Rabobank Member Certificates issued by group companies	5,808	5,811
	23,234	21,261
Trust Preferred Securities III to VI issued by group companies	1,959	2,092
Minority interests	4,184	2,996
Total equity	29,377	26,349
Total equity and liabilities	556,455	506,573

Consolidated profit and loss account

	For the year ended 31 December	
In millions of euros	2006	2005
Interest income	25,059	19,716
Interest expense	18,587	13,455
Interest	6,472	6,261
Fee and commission income	2,741	2,482
Fee and commission expense	445	422
Fees and commission	2,296	2,060
Income from associates	556	579
Net income from financial assets and liabilities at fair value through profit and loss	246	(146)
Gains on available-for-sale financial assets	7	38
Other	472	571
Income	10,049	9,363
Staff costs	4,117	3,880
Other administrative expenses	2,429	2,031
Depreciation and amortisation	341	331
Operating expenses	6,887	6,242
Value adjustments	450	517
Operating profit before taxation	2,712	2,604
Taxation	367	521
Net profit	2,345	2,083

In millions of euros	2006	2005
Of which attributable to Rabobank Nederland and local Rabobanks	1,757	1,577
Of which attributable to holders of Rabobank Member Certificates	277	211
Of which attributable to Trust Preferred Securities III to VI	110	111
Of which attributable to minority interests	201	184
Net profit for the year	2,345	2,083

See the notes to the consolidated financial statements.

Consolidated cash flow statement

	For the year ended 31 December	
In millions of euros	2006	2005
Cash flows from operating activities		
Operating profit before taxation	2,712	2,604
Adjusted for:		
Non-cash items recognised in profit and loss		
Depreciation and amortisation	341	346
Value adjustments	450	517
Result on sale of property and equipment	(14)	(12)
Share of (profit) of associates and result on sale of subsidiaries	(527)	(218)
Fair value results on investment properties	2	1
Fair value results on financial assets and liabilities at fair value through profit and loss	(246)	146
Net result on available-for-sale financial assets	(7)	(38)
	2,711	3,346
Net change in operating assets:		
Due from other banks	7,874	1,387
Trading financial assets	2,222	(5,741)
Derivative financial instruments	5,143	7,900
Net change in non-trading financial assets at fair value through profit and loss	(4,019)	25,219
Loans to customers	(50,473)	(30,337)
Net change in liabilities relating to operating activities		
Derivative financial instruments and other trade liabilities	(4,488)	(11,090)
Due to customers	29,472	8,956
Debt securities in issue	12,074	18,472
Other debts	3,583	(291)
Income tax paid	(809)	(634)
Other changes (2005: mainly attributable to disposal of Interpolis)	(2,285)	(18,681)
Net cash flow from operating activities	1,005	(1,494)

	For the year ended 31 December	
In millions of euros	2006	2005
Cash flows from investing activities		
Acquisition of subsidiaries net of cash and cash equivalents acquired	1,714	(21)
Disposal of subsidiaries net of cash and cash equivalents disposed	3	2
Acquisition of property and equipment and investment properties	(646)	(456)
Proceeds from sale of property and equipment	330	318
Acquisition of available-for-sale financial assets and held-to-maturity financial assets	(16,160)	(14,885)
Proceeds from sale and repayment of available-for-sale financial assets and held-to-maturity financial assets	12,861	10,286
Net cash flow from investing activities	(1,898)	(4,756)
Cash flows from financing activities		
Proceeds from issue of Rabobank Member Certificates	-	2,000
Proceeds from issue of subordinated debt instruments	-	1,000
Payment on Rabobank Member Certificates and Trust Preferred Securities III to VI	(387)	(322)
Repayment of subordinated debt	(13)	(774)
Net cash flow from financing activities	(400)	1,904
Net change in cash and cash equivalents	(1,293)	(4,346)
Cash and cash equivalents at beginning of year	2,923	7,269
Cash and cash equivalents at end of year	1,630	2,923

The cash flows from interest are included in the net cash flow from operating activities.

Interest income	24,675	19,730
Interest expense	17,740	13,986

Balance sheet of Rabobank Nederland (before profit appropriation)

In million of euros	At 31 December 2007		At 31 December 2006	
Assets				
Cash		812		494
Short-term government securities		2,682		2,808
Professional securities transactions	29,388		36,153	
Other banks	124,107		118,699	
Banks		153,495		154,852
Public sector lending	4,897		3,004	
Private sector lending	102,856		97,853	
Professional securities transactions	15,090		28,672	
Lending		122,843		129,529
Interest-bearing securities		104,855		73,788
Shares		9,501		8,580
Interest in group companies		10,144		8,676
Other equity interests		3,885		2,700
Property and equipment		512		411
Intangible assets		296		243
Other assets		2,870		1,381
Derivative financial instruments		29,213		21,852
Prepayments and accrued income		4,160		3,506
Total assets		445,268		408,820

(*) The financial statements of Rabobank Nederland have been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. Apart from two exceptions, these accounting principles are the same as those used in preparing the consolidated financial statements of Rabobank Group, which have been prepared according to IFRS. The exceptions concern the measurement of associates and the measurement of internal derivative financial instruments. The terminology of the following accounting policies is also derived from the consolidated financial statements. Associates are measured at net asset value and internal derivative financial instruments are measured using the accrual method. Rabobank Group comprises the local Rabobanks ('Members') in the Netherlands, the central cooperative Rabobank Nederland and other specialised subsidiaries.

In million of euros	At 31 December 2007		At 31 December 2006	
Equity and liabilities				
Professional securities transactions	6,765		16,389	
Other banks	106,645		111,648	
Banks		113,410		128,037
Savings	4,388		2,847	
Professional securities transactions	8,771		19,742	
Other due to customers	99,371		90,573	
Due to customers		112,530		113,162
Debt securities		129,179		117,137
Other liabilities		38,745		7,563
Derivative financial instruments		29,535		23,340
Accruals and deferred income		4,394		3,781
Provisions		1,824		2,104
		429,617		395,124
Subordinated loans		10,274		10,171
Capital	638		638	
Capital Securities	990		-	
Revaluation reserve and translation differences	508		422	
Statutory undistributed earnings reserve	244		134	
Other reserves	1,912		1,201	
Profit for the year	1,085		1,130	
Equity		5,377		3,525
Capital base		15,651		13,696
Total equity and liabilities		445,268		408,820
Contingent liabilities		14,162		11,290
Irrevocable facilities		38,045		37,005

Profit and loss account of Rabobank Nederland

In million of euros	For the year ended at 31 December 2007	For the year ended at 31 December 2006
Income from associates after tax	1,516	1,661
Other income/(expense) after tax	(431)	(531)
Net profit	1,085	1,130

Prepared in accordance with Section 402 of Book 2 of the Dutch Civil Code.

(*) The financial statements of Rabobank Nederland have been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. Apart from two exceptions, these accounting principles are the same as those used in preparing the consolidated financial statements of Rabobank Group, which have been prepared according to IFRS. The exceptions concern the measurement of associates and the measurement of internal derivative financial instruments. The terminology of the following accounting policies is also derived from the consolidated financial statements. Associates are measured at net asset value and internal derivative financial instruments are measured using the accrual method. Rabobank Group comprises the local Rabobanks ('Members') in the Netherlands, the central cooperative Rabobank Nederland and other specialised subsidiaries.

BALANCE SHEET OF RABOBANK NEDERLAND*
AT DECEMBER 31 (BEFORE PROFIT APPROPRIATION)

(in EUR millions)		2006		2005
Assets				
Cash		494		1,807
Short-term government securities		2,808		364
Professional securities transactions	36,153		36,901	
Other banks	118,699		111,654	
Banks		154,852		148,555
Public sector lending	3,004		1,266	
Private sector lending	97,853		74,970	
Professional securities transactions	28,672		23,484	
Lending		129,529		99,720
Interest-bearing securities		73,788		72,639
Shares		8,580		5,813
Interests in group companies		8,676		7,426
Other equity interests		2,700		2,436
Property and equipment		411		338
Intangible assets		243		74
Other assets		1,381		1,965[1]
Derivative financial instruments		21,852		27,353
Prepayments and accrued income		3,506		2,900
Total assets		**408,820**		**371,390**
Equity and liabilities				
Professional securities transactions	16,389		19,896	
Other banks	130,665		119,882	
Banks		147,054		139,778
Savings	2,847		1,597	
Professional securities transactions	19,742		11,887	
Other due to customers	71,554		61,300	
Due to customers		94,143		74,784
Debt securities		117,137		102,484
Other liabilities		7,565		9,573
Derivative financial instruments		23,340		26,430
Accruals and deferred income		3,781		3,046
Provisions		2,104		2,096[1]
		395,124		358,191
Subordinated loans		10,171		10,459
Capital	638		638	
Revaluation reserve and translation differences	422		524	
Statutory undistributed earnings reserve	134		40	
Other reserves	1,201		622	
Profit for the year	1,130		916	
Equity		3,525		2,740
Capital base		13,696		13,199
Total liabilities		**408,820**		**371,390**
Contingent liabilities		11,290		10,299
Irrevocable facilities		37,005		31,716

(*) The financial statements of Rabobank Nederland have been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. Apart from two exceptions, these accounting principles are the same as those used in preparing the consolidated financial statements of Rabobank Group, which have been prepared according to IFRS. The exceptions concern the measurement of associates and the measurement of internal derivative financial instruments. The terminology of the following accounting policies is also derived from the consolidated financial statements. Associates are measured at net asset value and internal derivative financial instruments are measured using the accrual method. Rabobank Group comprises the local Rabobanks ('Members') in the Netherlands, the central cooperative Rabobank Nederland and other specialised subsidiaries.

(1) The comparative figures for 2005 have been restated to satisfy the requirements concerning the offsetting of deferred tax assets and liabilities. The restatement does not affect equity and profit for 2005.

PROFIT AND LOSS ACCOUNT OF RABOBANK NEDERLAND FOR 2006*
FOR THE YEAR ENDED DECEMBER 31

(in EUR millions)	2006	2005
Income from associates after tax	1,661	1,605
Other income/(expense) after tax	(531)	(689)
Net profit	1,130	916

(*) The financial statements of Rabobank Nederland have been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. Apart from two exceptions, these accounting principles are the same as those used in preparing the consolidated financial statements of Rabobank Group, which have been prepared according to IFRS. The exceptions concern the measurement of associates and the measurement of internal derivative financial instruments. The terminology of the following accounting policies is also derived from the consolidated financial statements. Associates are measured at net asset value and internal derivative financial instruments are measured using the accrual method. Rabobank Group comprises the local Rabobanks ('Members') in the Netherlands, the central cooperative Rabobank Nederland and other specialised subsidiaries.

Financial statements

Selected financial statements of Rabobank Group and Rabobank Nederland are set out above under 'Historical Financial Information'. As Rabobank Nederland forms part of the Rabobank Group, the most relevant financial figures of Rabobank Group have been set out explicitly in this Offering Circular to provide a broader view on the financial position of Rabobank Nederland and its group, Rabobank Group. The full financial figures of Rabobank Group and Rabobank Nederland for the years ended December 31, 2005, 2006 and 2007 are incorporated herein by reference.

Age of latest financial information

The financial information is dated at December 31, 2007.

Interim and other financial information

No interim financial information in respect of the Issuer is available subsequent to December 31, 2007.

Significant change in the Issuer's financial or trading position

There has been no significant change in the financial or trading position of the Issuer or of the Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of the Group, since December 31, 2007.

MATERIAL CONTRACTS

As of the date of this Offering Circular, we are not party to any contracts (not entered into in the ordinary course of business) that are considered material to our results, financial condition or operations.

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PRINCIPAL OFFICES OF THE ISSUER

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

Coöperatieve Centrale
Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland)
Australia Branch
Darling Park Tower 3
Level 16, 201 Sussex Street
Sydney NSW 2000
Australia

Coöperatieve Centrale
Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland)
Singapore Branch
77 Robinson Road # 09-00
SIA Building, Singapore 068896
Singapore

INDEPENDENT AUDITORS

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

Ernst & Young Accountants
Euclideslaan 1
3584 BL Utrecht
The Netherlands

DEALERS

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Coöperatieve Centrale Raiffeisen-
Boerenleenbank B.A.
(Rabobank International)
Thames Court
One Queenhithe
London EC4V 3RL
United Kingdom

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Daiwa Securities SMBC Europe Limited
5 King William Street
London EC4N 7AX
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
United Kingdom

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
United Kingdom

Mizuho International plc
Bracken House
One Friday Street
London EC4M 9JA
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

ARRANGER

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT, TRANSFER AGENT, EXCHANGE AGENT AND REGISTRAR

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

PAYING AGENTS

Coöperatieve Centrale
Raiffeisen-Boerenleenbank B.A. (Rabo Securities)
Amstelplein 1
1096 HA Amsterdam
The Netherlands

Deutsche Bank AG, Paris Branch
Securities & Custody Operations
Floor 1
3 Avenue de Friedland
75008 Paris
France

REGISTRAR, TRANSFER AGENT AND EXCHANGE AGENT

Deutsche Bank Trust Company Americas
60 Wall Street
27th Floor – MS NYC60-2710
New York, New York 10005
United States

LUXEMBOURG STOCK EXCHANGE LISTING AGENT

Deutsche Bank Luxembourg S.A.
Corporate Trust and Agency Services
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

EURONEXT AMSTERDAM LISTING AGENT

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabo Securities)
Amstelplein 1
1096 HA Amsterdam
The Netherlands

LEGAL ADVISERS

To the Issuer

To Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland) Australia Branch
in respect of Australian law
Blake Dawson
Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

To Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Nederland) Singapore Branch
in respect of Singapore law
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

To the Dealers

in respect of United States law
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

in respect of Dutch law
Linklaters LLP
WTC Amsterdam
Zuidplein 180
1077 XV Amsterdam
The Netherlands

Imprima (Nederland) bv – 161255