Prospectus dated 6 June 2008

Rabobank Nederland
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

£250,000,000 6.567 per cent. Fixed/Floating Rate Perpetual Non-Cumulative Capital Securities

Issue Price of the Capital Securities: 100.00 per cent.

The £250,000,000 6.567 per cent. Fixed/Floating Rate Perpetual Non-Cumulative Capital Securities (the "Capital Securities") will be issued by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) ("Rabobank Nederland", the "Issuer" or the "Bank"). Interest on the Capital Securities will accrue from (and including) [0 June 2008 (the "Issue Date") to (but excluding) 10 June 2038 (the "**First Call Date**") at the rate of 6.567 per cent. per annum, and will be payable semi-annually in arrear in equal instalments on 10 June and [0 December in each year. From (and including) the First Call Date the Capital Securities will bear interest at a rate reset semi-annually of 2.825 per cent. per annum above the London inter bank offer rate for six-month sterling deposits and will be payable semi-annually in arrear on the Interest Payment Date falling on or nearest to 10 June and 10 December in each year. Payments on the Capital Securities will be made without deduction for, or on account of, taxes of the Netherlands to the extent described under "Terms and Conditions of the Capital Securities - Taxation".

The Capital Securities will be perpetual securities and will have no fixed or final redemption date. Subject to satisfaction of certain conditions (as described herein) and applicable law, the Capital Securities will be redeemable (at the option of the Issuer) on the First Call Date, or on any Interest Payment Date thereafter, in whole but not in part in an amount equal to the Redemption Price (as defined in "Terms and Conditions of the Capital Securities") with respect to such Capital Securities. Unless the Capital Securities have previously been redeemed or purchased and cancelled as provided in the "Terms and Conditions of the Capital Securities", the Issuer undertakes to exercise its option to redeem the Capital Securities as aforesaid on the first Interest Payment Date falling on or after 10 June 2038 on which the Conditional Call Exercise Requirements (as defined in "Terms and Conditions of the Capital Securities") have been satisfied, as further described herein. In addition, upon the occurrence of a Tax Law Change or a Capital Event (each as defined in "Terms and Conditions of the Capital Securities"), the Capital Securities may be redeemed (at the option of the Issuer) prior to the First Call Date in whole but not in part in an amount equal to their Make Whole Redemption Price, as further described herein. The Capital Securities will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves.

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

The denomination of the Capital Securities shall be £50,000 and integral multiples of £1,000 in excess thereof. The Capital Securities will initially be represented by a global Capital Security in registered form (the "Capital Security Certificate"), which will be deposited with a common depositary for, and registered in the name of a nominee of, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") on the Issue Date. Individual definitive Capital Securities in registered form ("Definitive Capital Securities") will only be available in certain limited circumstances as described herein. See "Summary of the Provisions Relating to the Capital Securities in Global Form".

The Capital Securities are expected upon issue to be rated "Aa2" by Moody's Investors Service Inc., "AA" by Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies, Inc. and "AA" by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In addition to the issue of the Capital Securities, the Issuer expects to issue U.S.$130,000,000 Perpetual Non-Cumulative Capital Securities on 6 June 2008.

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

Placement Agent

UBS Investment Bank

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

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

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

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

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

The Placement Agent has not separately verified the information contained in this Prospectus. The Placement Agent does not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are or should be considered as a recommendation by the Issuer or the Placement Agent that any recipient of this Prospectus or any other financial statements should purchase the Capital Securities. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Capital Securities. Each potential purchaser of Capital Securities should determine for itself the relevance of the information contained in this Prospectus and its purchase of Capital Securities should be based upon such investigation as it deems necessary.

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

All figures in this Prospectus have not been audited, unless stated otherwise. Such figures are internal figures of Rabobank Nederland or Rabobank Group. Unless the context otherwise requires, references in this Prospectus to the "Rabobank Group", "Rabobank" or the "Group" are to Rabobank Nederland and its members, subsidiaries and affiliates.

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RISK FACTORS

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

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

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

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

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 is considered very weak. Ratings D1 to D4 indicate in principle that payment commitments are no longer being met and that the collectibility 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 per cent. 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 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 per cent. 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.

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 euro. 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 11 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 the Capital Securities

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

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

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

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

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

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

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

The Capital Securities are subordinated obligations

The obligations of the Issuer to make payments under Capital Securities provide to the Holders of the Capital Securities, as nearly as possible, rights to payment upon liquidation or redemption equivalent to those which the Holders would be entitled if they held the most senior ranking preferred equity securities or preferred or preference shares directly issued by the Issuer.

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

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

(b) *pari passu* (a) with the Issuer's obligations under the guarantees and contingent guarantees in relation to the Non-cumulative Guaranteed Trust Capital Securities issued by Rabobank Capital Funding Trusts II, III, IV, V and VI and the corresponding Class B Capital Securities issued by Rabobank Capital Funding LLCs II, III, IV, V and VI, (b) effectively, with the most senior ranking preferred equity securities or preferred or preference shares of the Issuer, (c) with the NZ$ Perpetual Non-Cumulative Capital Securities issued on 8 October 2007, the U.S.$ Perpetual Non-Cumulative Capital Securities issued on 22 October 2007 and the U.S.$ Perpetual Non-Cumulative Capital Securities to be issued on 6 June 2008; and

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

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

Other than the limitations in relation to the issue of prior rating Tier 1 Capital of the Rabobank Group as set out in Condition 4(*c*), the Capital Securities do not limit the Issuer's ability or the ability of any entity in the Rabobank Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Capital Securities.

No limitation on issuing pari passu securities; subordination

There is no restriction on the amount of securities which the Issuer may issue and which rank *pari passu* with, the Capital Securities.

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

In addition to the issue of the Capital Securities, the Issuer expects to issue U.S.$130,000,000 Perpetual Non-Cumulative Capital Securities on 6 June 2008. These securities will, on issue, rank *pari passu* with the Capital Securities.

Profit Risk

The extent to which the Issuer makes a profit from its operations (if any) will affect whether the payment of interest is required, prohibited or discretionary as more particularly set out in Conditions 6 and 7.

Prohibited and Discretionary Interest

Payments of interest on any Interest Payment Date may be prohibited to the extent that the Solvency Rules prevent the Issuer, any Local Rabobank or any other member of the Rabobank Group from declaring or paying dividends or distributions or any Parity Share or any of their other respective instruments which effectively rank *pari passu* with any Parity Share on such Interest Payment Date.

In addition, any Interest that is neither Required Interest nor Prohibited Interest shall be payable on the relevant Interest Payment Date at the sole discretion of the Issuer, subject to the approval of the Dutch Central Bank, if required.

Any Prohibited Interest or Discretionary Interest not paid on the relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and holders shall have no right thereto whether in a bankruptcy or dissolution of, or in the event of a Moratorium with respect to, the Issuer or otherwise. Thus, any interest not paid as a result of these restrictions will be lost and the Issuer will have no obligation to make payment of such interest or to pay interest thereon. Furthermore, if the Issuer is prohibited from paying interest on the Capital Securities by virtue of non-compliance with its regulatory capital ratios as described above, there will be no restriction on the Issuer from otherwise making distributions to holders of its member certificates should it have available distributable funds available for such purpose.

Perpetual Securities

The Capital Securities are perpetual securities which have no scheduled repayment date. However, the Issuer has the option to redeem the Capital Securities in certain circumstances (including from the First Call Date) and, subject to the Conditions, has undertaken to exercise its option to redeem the Capital Securities on the Conditional Call Exercise Date. The ability of the Issuer to redeem Capital Securities, including on a Conditional Call Exercise Date, is subject to the Issuer satisfying certain conditions (see Condition 8).

Holders of Capital Securities have no ability to require the Issuer to redeem their Capital Securities unless an Event of Default occurs. The Events of Default, and Holders' rights following an Event of Default, are set out in Condition 10.

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

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

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

(c) by selling their Capital Securities.

In addition, upon the occurrence of a Tax Law Change or a Capital Event, the Capital Securities may be redeemed, as more particularly described herein. There can be no assurance that Holders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

Modification and waiver

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

The Terms and Conditions of the Capital Securities 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 Capital Securities, to all of which each Holder shall, by acceptance thereof, consent.

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Capital Securities. 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 Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

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

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 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). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

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

Capital Security as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Change of law

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

IMPORTANT INFORMATION

Responsibility Statement

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

Documents incorporated by reference

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

(a) the audited consolidated and unconsolidated annual financial statements of the Issuer for the financial year ended 31 December 2005 (together with the audit reports thereon and explanatory notes thereto);

(b) the audited consolidated and unconsolidated annual financial statements of the Issuer for the financial year ended 31 December 2006 (together with the audit reports thereon and explanatory notes thereto);

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

(d) the "Historical Financial Information" section from the Issuer's Euro 110,000,000,000 Global Medium-Term Note Programme Offering Circular dated 13 May 2008, on pages F77 to F88 (inclusive).

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

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

FORWARD-LOOKING STATEMENTS

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

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The issue of the Capital Securities of the Issuer was authorised by a resolution of the Executive Board passed on 13 November 2007. The Agency Agreement has been entered into in respect of the Capital Securities and is available for inspection during usual business hours at the specified offices of each of the Paying Agents and the Registrar.

1 Definitions

In these Conditions:

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

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

"**Agency Agreement**" means the fiscal agency agreement dated 10 June 2008 entered into between the Issuer, the Fiscal Agent, the Registrar, the Transfer Agent, the Paying Agents and the Agent Bank;

"**Agent Bank**" means the agent bank for the time being in respect of the Capital Securities appointed from time to time under the Agency Agreement;

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

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

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

"**Calculation Amount**" means £1,000 in principal amount;

"**Call Exercise Determination Date**" means each date which is 60 calendar days' prior to an Interest Payment Date falling on or after 10 June 2038;

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

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

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

"**Capital Securities**" means the £250,000,000 6.567 per cent. Fixed/Floating Rate Perpetual Non-Cumulative Capital Securities, which expression shall, unless the context otherwise requires, include any further instruments issued pursuant to Condition 16 and forming a single series with the Capital Securities;

"**Certificate**" means the certificate representing a Holder's registered holding of the Capital Securities;

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*;

"**Conditional Call Exercise Date**" means the first Interest Payment Date falling on or after 10 June 2038 on which all of the Conditional Call Exercise Requirements are satisfied;

"**Conditional Call Exercise Requirements**" shall be deemed to be satisfied as at an Interest Payment Date falling on or after 10 June 2038 if (a) Interest on such date is Required Interest and (b) the Issuer (or any member of the Rabobank Group) has raised the Replacement Capital Amount, if any, on or before such date;

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

"**Day-count Fraction**" means (i) in respect of an Interest Amount payable on or prior to the First Call Date on a scheduled Interest Payment Date, one-half, (ii) in respect of an Interest Amount payable on or prior to the First Call Date (other than on a scheduled Interest Payment Date), the number of days in the relevant period, from (and including) the date from which Interest begins to accrue to (but excluding) the date on which it falls due, divided by the product of (1) the number of days in the Fixed Rate Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Fixed Rate Interest Periods normally ending in any year and (iii) in respect of an Interest Amount payable after the First Call Date, the actual number of days elapsed in the period divided by 365 (or, in the case of any such days Interest Amount payable in a leap year, 366) the relevant period falls (including the first such day but excluding the last);

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

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

"**Euroclear**" means Euroclear Bank S.A./N.V.;

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

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

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

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

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

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

"**Existing Capital Securities**" means the NZ$ Perpetual Non-Cumulative Capital Securities issued on 8 October 2007, the U.S.$ Perpetual Non-Cumulative Securities issued on 22 October 2007 and the U.S.$ Perpetual Non-Cumulative Securities issued on 6 June 2008;

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

"**First Call Date**" means 10 June 2038;

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

"**Fixed Rate**" means, in respect of each Fixed Rate Interest Period, 6.567 per cent. per annum;

"**Fixed Rate Interest Payment Date**" means 10 June and 10 December in each year, commencing on 10 December 2008 and ending on the First Call Date;

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

"**Floating Rate**" means, in respect of a Floating Rate Interest Period, six-month sterling LIBOR for such Floating Rate Interest Period, plus the Initial Margin plus 1.00 per cent., determined in accordance with Condition 5*(d)*;

"**Floating Rate Interest Payment Date**" means 10 June and 10 December in each year, commencing on the First Call Date, in each case subject to adjustment, provided that if any Interest Payment Date after the First Call Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall in the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day;

"**Floating Rate Interest Period**" means the period from (and including) the First Call Date;

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

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

"**Initial Margin**" means 1.825 per cent. per annum;

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

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

"**Interest Determination Date**" means, in relation to each Floating Rate Interest Period, the First Business Day of the relevant Floating Rate Interest Period;

"**Interest Payment Date**" means any Fixed Rate Interest Payment Date and/or Floating Rate Interest Payment Date;

"**Interest Period**" means any Fixed Rate Interest Period and/or Floating Rate Interest Period;

"**Interest Rate**" means the Fixed Rate and/or the Floating Rate;

"**Issue Date**" means 10 June 2008, being the date of the initial issue of the Capital Securities;

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

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

"**Junior Member Certificates Related Agreements**" means the junior subordinated loan agreements between the Issuer and Rabobank Ledencertificaten N.V. and Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively (and including any similar junior subordinated loan agreements subsequently entered into between the parties referred to above in addition to the existing subordinated loan agreements) and the agreements regarding certain obligations of the Issuer between the Issuer and Stichting Buffer Rabobank Ledencertificaten and Stichting Buffer Rabobank Ledencertificaten II and Stichting Buffer Rabobank Ledencertificaten III, dated 30 June 2000, 29 October 2001, 18 November 2002 and 26 October 2005, respectively, relating to the Member Certificates (*ledencertificaten*) issued by Stichting AK Rabobank Ledencertificaten, Stichting AK Rabobank Ledencertificaten II and Stichting AK Rabobank Ledencertificaten III representing depositary receipts of shares issued by Rabobank Ledencertificaten N.V., Rabobank Ledencertificaten II N.V. and Rabobank Ledencertificaten III N.V., respectively;

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

"**Local Rabobank Instrument**" means any share capital or other instrument of any Local Rabobank which qualifies as consolidated Tier 1 Capital for the Rabobank Group;

"**Make Whole Redemption Price**" means, in respect of each Capital Security, (a) the principal amount of such Capital Security or, if this is higher, (b) the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the Gross Redemption Yield on the Capital Security on the Reference Date (assuming for this purpose that the Capital Securities are to be redeemed at their principal amount on the First Call Date) is equal to the Gross Redemption Yield (determined by reference to the middle market price) at 11:00 hours (London time) on the Reference Date of the Reference Bond plus 0.75 per cent., all as determined by the Agent Bank. For the purposes of the definition of Make Whole Redemption Price:

> "**Gross Redemption Yield**" means, with respect to a security, the gross redemption yield on such security (as calculated by the Agent Bank on the basis set out in the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 4, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Interest Date" (published on 8 June 1998 and updated on 15 January 2002 and as further updated or amended) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places));
>
> "**Reference Bond**" means the 4.75 per cent. Treasury Stock due December 2038, or if such stock is no longer in issue such other United Kingdom government stock with a maturity date as near as possible to the First Call Date, as the Agent Bank may, with the advice of the Reference Market Makers, determine to be appropriate by way of substitution for the 4.75 per cent. Treasury Stock due December 2038;
>
> "**Reference Date**" means the date which is three Business Days prior to the date fixed for redemption pursuant to Conditions 8*(d)* or 8*(e) by* the Issuer; and
>
> "**Reference Market Makers**" means three brokers or market makers of gilts selected by the Agent Bank and approved for this purpose by the Agent Bank or such other three persons operating in the

gilt-edged market as are selected by the Agent Bank in consultation with the Issuer and approved for this purpose by the Agent Bank;

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

(i) trading in securities generally on any national securities exchange or over-the-counter market on which any Parity Bank Share or other securities and instruments of the Issuer which effectively rank *pari passu* with or junior to the most senior ranking preferred equity securities or preferred or preference shares of the Issuer (if and when existing) are then listed or traded shall have been suspended or their settlement generally shall have been materially disrupted;

(ii) a banking moratorium shall have been declared by the relevant authorities in the Netherlands; or

(iii) the Issuer would be required to obtain the consent or approval of its members or a regulatory body or governmental authority to issue Qualifying Securities and the Issuer fails, notwithstanding its commercially reasonable efforts, to obtain that consent or approval,

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

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

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

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

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

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

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

"**Parity Bank Share**" means:

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

(B) any Bank Instrument which effectively ranks:

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

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

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

and,

(C) any Parity Bank Guarantee;

and,

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

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

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

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

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

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

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

(B) any Local Rabobank Instrument which effectively ranks:

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

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

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

(C) any Parity Local Rabobank Guarantee; and

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

"**Parity Share**" means (i) any Parity Bank Share and (ii) any Parity Local Rabobank Share; provided, however, that "**Parity Share**" shall not include any Parity Bank Share or Parity Local Rabobank Share which is held by, or on which payments are made to, any member of the Rabobank Group;

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

"**pounds sterling**", "**sterling**", "**GBP**", "**£**", "**pence**" or "**penny**" means the lawful currency of the United Kingdom;

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

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

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

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

"**Record Date**" means, in relation to any payment due on the Capital Securities, the date 15 calendar days prior to the date on which such payment is due;

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

"**Reference Banks**" means four major banks in the London interbank market as selected by the Agent Bank;

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

"**Registrar**" means Deutsche Bank Luxembourg S.A in its capacity as registrar, which expression shall include any successor thereto;

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

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

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

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

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

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

"**Tier 1 Capital**" has the meaning given to such term from time to time by the Dutch Central Bank;

"**Transfer Agent**" means Deutsche Bank AG, London Branch in its capacity as transfer agent, which expression includes any successor and additional transfer agents appointed from time to time in connection with the Capital Securities; and

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

2 Form, Denomination and Title

(a) Form and Denomination

The Capital Securities are serially numbered and in registered form in the denominations of £50,000 and integral multiples of £1,000 in excess thereof.

(b) Title

Title to the Capital Securities passes by transfer and registration as described in Condition 3. The Holder of any Capital Security will (except as otherwise required by law) be treated as its absolute owner for all purposes and no person will be liable for so treating the Holder. Neither the Issuer nor the Registrar shall be affected by any trust or equity affecting any Capital Securities, whether or not either of them is aware of the same.

3 Transfers

(a) Transfer

Subject to Condition 3(*d*) below, a Capital Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Registrar or Transfer Agent, together with such evidence as the Registrar or Transfer Agent may reasonably require to provide the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Capital Securities represented by the surrendered Certificate are the subject or the transfer, a new Certificate in respect of the part transferred will be issued to the transferee and a new Certificate in respect of the part not transferred will be issued to the transferor.

(b) Registration and delivery of Certificates

Within three business days of the surrender of a form of transfer and a Certificate in accordance with Condition 3(*a*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Capital Securities transferred to each relevant Holder or (as the case may be) the specified office of the Registrar or Transfer Agent or (at the request and risk of such relevant Holder) by uninsured first class mail (airmail, if overseas) to the address specified for the purpose by such relevant Holder, unless such Holder requests otherwise and pays in advance to the Registrar the costs of such other method of delivery and/or insurance as it may specify. In this paragraph, "business day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its specified office.

(c) No charge

The transfer of a Capital Security will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(d) Closed periods

Holders may not require transfers to be registered (i) during the period of 15 calendar days ending on (and including) the due date for redemption of the Capital Securities pursuant to Condition 8 or (ii) during the period of 15 calendar days ending on (and including) any Record Date in respect of any payment of Interest on the Capital Securities.

(e) Regulations concerning transfer and registration

All transfers of Capital Securities and entries in the Register are subject to the detailed regulations concerning the transfer of Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar and/or the Transfer Agent to any Holder who requests in writing a copy of such regulations.

4 Status and Subordination

(a) Status

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 4(*b*).

(b) Subordination

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

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

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

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

Member Certificates Related Agreements) and any other instruments ranking *pari passu* therewith.

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

(c) Other Issues

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

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

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

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

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

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

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

5 Interest

(a) General

The Capital Securities bear Interest from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Subject to Conditions 6 and 7, during the period commencing on (and including) the Issue Date and ending on (but excluding) the First Call Date Interest shall be payable on the Capital Securities semi-annually in arrear in equal instalments on each Fixed Rate Interest Payment Date and thereafter shall be payable on the Capital Securities semi-annually in arrear on each Floating Rate Interest Payment Date, in each case as provided in this Condition 5.

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

(b) Interest Accrual, Calculation and Rounding

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

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

(c) Fixed Interest Rate

From (and including) the Issue Date to (but excluding) the First Call Date, the Capital Securities bear interest at the Fixed Rate and will be payable semi-annually in arrear on each Fixed Rate Interest Payment Date.

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

(d) Floating Interest Rate

For each Floating Rate Interest Period, the Capital Securities will bear interest at the relevant Floating Rate. The relevant Floating Rate in respect of each Floating Rate Interest Period commencing on or after the First Call Date will be determined by the Agent Bank on the basis of the following provisions:

(i) On each Interest Determination Date, the Agent Bank will determine the offered rate (expressed as a rate per annum) for six-month deposits in pounds sterling as at 11:00 hours (London time) on such Interest Determination Date, as displayed on the display designated as page "LIBOR 01" on the Reuters Monitor Money Rates Service (or such other page or pages as may replace it for the purpose of displaying such information). The Floating Rate for the relevant Floating Rate Interest Period shall be such offered rate as determined by the Agent Bank plus the Initial Margin plus 1.00 per cent.

(ii) If such offered rate does not so appear, or if the relevant page is unavailable, the Agent Bank will, on such date, request the principal London office of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks in the London interbank market for six-month deposits in pounds sterling as at 11:00 hours (London time) on the Interest Determination Date in question. If at least two of the Reference Banks provide the Agent Bank with such offered quotations, the Floating Rate for the relevant Floating Rate Interest Period shall be the rate determined by the Agent Bank to be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Initial Margin plus 1.00 per cent.

(iii) If on any Interest Determination Date to which the provisions of paragraph (ii) above apply, one only or none of the Reference Banks provides the Agent Bank with such a quotation, the Floating Rate for the relevant Floating Rate Interest Period shall be the rate which the Agent Bank determines to be the aggregate of the Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the pounds sterling lending rates which leading banks in London selected by the Agent Bank are quoting, on the relevant Interest Determination Date, to leading banks in London for a period of six months, except that, if the banks so selected by the Agent Bank are not quoting as mentioned above, the Floating Rate for such Interest Period shall be either (1) the Floating Rate in effect for the last preceding Interest Period to which one of the preceding sub-paragraphs of this Condition 4(d) shall have applied or (2) if none, 7.567 per cent. per annum.

(e) Determination of Floating Rate and Calculation of Floating Interest Amounts

The Agent Bank will, as soon as practicable after 11:00 hours (London time) on each Interest Determination Date, determine the Floating Rate in respect of the relevant Floating Interest Period and calculate the amount of interest payable in respect of a Calculation Amount on the Floating Interest Payment Date for that Floating Interest Period (the "Floating Interest Amounts").

(f) Publication of Floating Rate and Floating Interest Amounts

The Issuer shall cause notice of the Floating Rate determined in accordance with this Condition 5 in respect of each relevant Floating Interest Period, the Floating Interest Amount per Calculation Amount and the relevant date scheduled for payment to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

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

(g) Agent Bank and Reference Banks

With effect from the First Call Date, and so long as any Capital Securities remain outstanding thereafter, the Issuer will maintain an Agent Bank and the number of Reference Banks provided above where the Floating Rate is to be calculated by reference to them.

The Issuer may from time to time replace the Agent Bank or any Reference Bank with another leading investment, merchant or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Floating Rate in respect of any Floating Rate Interest Period as provided in Condition 5*(d)*, or calculate the Floating Interest Amount or calculate the Make Whole Redemption Price (as applicable), the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution in London to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 and Conditions 8*(d)* and 8*(e)* will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Registrar, the Paying Agents and all Holders and (subject as aforesaid) no liability to the Holders, or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Required Interest

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

(a) In full

(i) The payment of Interest will be required in full for the Interest Period with a related Interest Payment Date that occurs on or first following the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment with respect to (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument that, in the case of (x), (y) or (z), pays dividends or other distributions annually or semi-annually, if any (other than any Group Declarations and any Excluded Declarations);

(ii) The payment of Interest will be required in full for the Interest Period with a related Interest Payment Date that occurs on or first following the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group exchanges or converts, redeems, repurchases or otherwise acquires (w) a Parity Share, (x) any Bank Instrument which effectively ranks junior to a Parity Bank Share, (y) any Local Rabobank Instrument which effectively ranks junior to a Parity Local Rabobank Share or (z) any Junior Group Member Instrument, for any consideration, or any moneys are paid to or made available for a sinking fund, or for redemption of any such securities (other than (i) any redemption, repurchase or other acquisition of such share capital or other instrument held by any member of the Rabobank Group and any payments in connection therewith by any Local Rabobank applied for purposes deemed by such Local Rabobank to be of local or general interest as provided in the articles of association of such Local Rabobank, (ii) as a result of a reclassification of the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group or the exchange or conversion of one class or series of such share capital for another class or series of such share capital or (iii) the purchase of fractional interests in the share capital of the Issuer, any Local Rabobank or any other member of the Rabobank Group pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged); and

(b) Fractional or in full

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

The payment of Interest will be required:

(i) for the Interest Period with a related Interest Payment Date that occurs on or first following the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends annually or semi-annually, if any (other than any Excluded Declarations); and

(ii) on the Interest Payment Date that occurs on or first following the date on which the Issuer, any Local Rabobank or any other member of the Rabobank Group declares or pays a dividend or distribution or makes any other payment on any Parity Share that pays dividends on a basis other than annually or semi-annually, if any (other than any Excluded Declarations);

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

(d) ***Notification of fractional or pro rata payments***

The Issuer shall give notice to the Registrar, the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders in each case as soon as practicable following any Interest Payment Date in respect of which Interest has been paid only in part pursuant to Condition 6*(b)* or proportionally pursuant to Condition 6*(c)*, to such effect setting out brief details as to why the Interest has been paid in part or proportionally, as the case may be.

7 Prohibited and Discretionary Interest

(a) ***Prohibited Interest***

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

The Issuer shall give notice to the Registrar, the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders in each case as soon as practicable following any declaration that Interest is Prohibited Interest pursuant to this Condition 7*(a)* or, where no such prior declaration is made, following any Interest Payment Date on which Interest was scheduled to be paid if such Interest is Prohibited Interest, to such effect setting out brief details as to why the Interest is Prohibited Interest.

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

(b) Discretionary Interest

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

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

The Issuer shall give notice to the Registrar, the Fiscal Agent, the Paying Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, the Holders in each case as soon as practicable following the relevant Interest Payment Date on which Interest was scheduled to be paid if such Interest is Discretionary Interest and the Issuer has exercised its discretion under this Condition 7*(b)* to not pay such Discretionary Interest, to such effect setting out brief details of such exercise.

8 Redemption and Purchase

(a) No Fixed Redemption Date

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem them or purchase them in accordance with the following provisions of this Condition 8.

(b) Conditions to Redemption and Purchase

Any redemption or purchase of the Capital Securities in accordance with Condition 8*(c)*, *(d)*, *(e)* or *(f)* is subject to the Issuer (i) obtaining the prior written consent of the Dutch Central Bank, provided that at the relevant time such consent is required to be given; (ii) both at the time of, and immediately following, the redemption or purchase, being in compliance with its capital requirements as provided in the Solvency Rules applicable to it from time to time (and a certificate from any two Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance); and (iii) except in the case of any purchase of the Capital Securities in accordance with Condition 8*(f)*, giving not less than 30 nor more than 60 calendar days' notice to the Holders, the Registrar, the Fiscal Agent and the Paying Agents, in accordance with Condition 15, which notice shall be irrevocable.

Prior to the publication of any notice of redemption pursuant to this Condition 8 (other than redemption pursuant to Condition 8*(c)*), the Issuer shall deliver to the Registrar a certificate signed by any two members of the Executive Board stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied.

(c) Issuer's Call Option

Subject to the first paragraph of Condition 8*(b)*, the Issuer may elect, in its sole discretion, to redeem all, but not some only, of the Capital Securities on the First Call Date or on each Interest Payment Date thereafter at their Redemption Price.

Unless the Capital Securities have previously been redeemed or purchased and cancelled in accordance with Condition 8, the Issuer undertakes to exercise its option to redeem the Capital Securities on the Conditional Call Exercise Date (being the first Interest Payment Date falling on or after 10 June 2038 on which (i) all Interest is Required Interest and (ii) the Issuer has previously raised (or caused to be raised by a member of the Rabobank Group) the amount of net proceeds, between zero and the aggregate Redemption Price of the Capital Securities (both inclusive), which the Issuer determines (at any time prior to such date in its sole discretion but in consultation with the Dutch Central Bank, as necessary) is the minimum amount required by the Rabobank Group to be raised through the issuance of Qualifying Securities to replace the Capital Securities (on or prior to their redemption) in accordance with the remaining provisions of this Condition 8*(c)*.

If, by reference to the facts pertaining on a Call Exercise Determination Date:

(I) any part of the Interest on the Interest Payment Date related thereto is not Required Interest, the Conditional Call Exercise Requirements shall be deemed not to be satisfied as of such Interest Payment Date;

(II) all Interest on the Interest Payment Date related thereto is Required Interest and:

(A) the Replacement Capital Amount is zero, the Conditional Call Exercise Requirements shall be deemed to be satisfied as of such Interest Payment Date and the Issuer shall give not less than 30 calendar days' notice to the Registrar, the Fiscal Agent and the Paying Agents and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Interest Payment Date at their Redemption Price; or

(B) the Replacement Capital Amount is greater than zero, the Issuer shall use its commercially reasonable efforts (except while a Market Disruption Event persists) to raise (or cause to be raised by a member of the Rabobank Group), at a minimum, the Replacement Capital Amount so as to satisfy the Conditional Call Exercise Requirements as of, and to permit payment of the Redemption Price in full on, such Interest Payment Date.

If the Replacement Capital Amount is greater than zero and is raised in full on or before the date falling 35 calendar days prior to such Interest Payment Date and Interest on such Interest Payment Date continues, by reference to the facts pertaining at such time, to be Required Interest, the Conditional Call Exercise Requirements shall be deemed to be satisfied as of such Interest Payment Date and the Issuer shall give not less than 30 calendar days' notice to the Registrar, the Fiscal Agent and the Paying Agents and the Holders in accordance with Condition 15, which notice shall be irrevocable, that the Capital Securities will be redeemed on such Interest Payment Date at their Redemption Price.

If the Replacement Capital Amount is greater than zero and is not raised in full on or before the date falling 35 calendar days prior to such Interest Payment Date, the Conditional Call Exercise Requirements shall be deemed not to be satisfied as of such Interest Payment Date and the Issuer shall give not less than 30 calendar days' notice thereof to the Registrar, the Fiscal Agent and the Paying Agents and the Holders in accordance with Condition 15 and shall continue to use its commercially reasonable efforts (subject as aforesaid) to raise (or cause to be raised by a member of the Rabobank Group) the Replacement Capital Amount so as to satisfy the Conditional Call Exercise Requirements as of, and to permit redemption of the Capital Securities in full on, the next Interest Payment Date.

The Issuer shall continue the above procedure until the Capital Securities have been redeemed in full.

Interest on the Capital Securities shall, subject to the limitations thereon set out in Condition 7*(a)*, continue to accrue at the Interest Rate until the Capital Securities have been redeemed in full.

Subject to Condition 8*(b)*, nothing in this Condition 8*(c)* shall prevent the Issuer from exercising its option to redeem the Capital Securities on the Interest Payment Date falling on 6 June 2038 or at any time thereafter, in its sole discretion in accordance with the first paragraph of this Condition 8*(c)* without regard to the Conditional Call Exercise Requirements.

(d) Redemption Due to Taxation

If as a result of a Tax Law Change:

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

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

then the Issuer may, subject to Condition 8*(b)*, having delivered to the Registrar a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Netherlands experienced in such matters to the effect set out in (i) or, as applicable, (ii) above, and having given the notice required by Condition 8*(b)* specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Redemption Price in the case of any redemption arising from the events detailed in paragraph (i) above and at their Make Whole Redemption Price in the case of any redemption arising from the events detailed in paragraph (ii) above on the relevant date fixed for redemption.

(e) Redemption for Regulatory Purposes

If a Capital Event has occurred and is continuing, then the Issuer may, subject to Condition 8*(b)* and having given the notice required by Condition 8*(b)* specifying the date fixed for redemption, at any time prior to the First Call Date redeem all, but not some only, of the Capital Securities at their Make Whole Redemption Price on the relevant date fixed for redemption.

(f) Purchases

The Issuer or any other member of the Rabobank Group may, subject to Condition 8*(b)(i)* and *(ii)*, at any time purchase Capital Securities in any manner and at any price.

(g) Cancellation

All Capital Securities redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Capital Securities purchased by or on behalf of the Issuer or any other member of the Rabobank Group may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation. Capital Securities so surrendered shall be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be discharged.

9 Payments

(a) Method of Payment

Payments of principal and Interest shall be made by pounds sterling cheque drawn on, or, upon application by a Holder to the specified office of any Paying Agent or the Registrar not later than the fifteenth day before the due date for any such payment, by transfer to a pounds sterling account maintained by the payee with, a bank in London upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificate(s) at the specified office of any Paying Agent or the Registrar.

(b) Payments Subject to Fiscal Laws

Without prejudice to the terms of Condition 11, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Payments on Business Days

Payments due on a Capital Security may only be made on a business day. Unless otherwise specified herein, if the due date for any payment in respect of the Capital Securities is not a business day that payment shall be made on the next following business day but the Holder shall not be entitled to any interest or other sum in respect of such postponed payment. In this Condition, "business day" means a day on which commercial banks and foreign exchange markets are open in the place of the location of the specified office of the relevant Paying Agent or of the Registrar, as the case may be.

(d) Record Date

Each payment in respect of a Capital Security will be made to the person shown as the holder in the Register at the opening of business (in the place of the Registrar's specified office) on the Record Date. Where payment in respect of a Capital Security is to be made by cheque, the cheque will be mailed to the address shown as the address of the holder in the Register at the opening of business on the relevant Record Date.

10 Events of Default

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

11 Taxation

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

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

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

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

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

12 Prescription

Claims for principal and Interest shall become void unless the relevant Certificates are presented for payment as required by Condition 9 within a period of 5 years of the appropriate due date.

13 Replacement of Certificates

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

14 Meetings of Holders, Modification and Waiver

(a) Meetings of Holders

The Agency Agreement contains provisions for convening meetings of Holders to consider any matter affecting their interests, including sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Holders holding not less than 10 per cent. in principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons holding or representing whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration or proposals, *inter alia*, (i) to modify the provisions for redemption of the Capital Securities or the dates on which Interest is payable in respect of the Capital Securities, (ii) to reduce or cancel the principal amount of payable on redemption of, the Capital Securities, (iii) to reduce the rate of Interest in respect of the Capital Securities or to vary the method of calculating the rate of Interest, or method of calculating the Interest Amount, on the Capital Securities, (iv) to change the currency of payment of the Capital Securities, (v) to modify the provisions concerning the quorum required at any meeting of Holders or (vi) to modify the provisions regarding the status of the Capital Securities referred to in Condition 4(*a*), in which case the resolution must be approved by an Extraordinary Resolution.

(b) Modification and Waiver

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

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 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.

15 Notices

Notices to Holders shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to Holders shall, so long as the Capital Securities are listed on Euronext Amsterdam and the rules of such exchange so require, in the Euronext Amsterdam N.V.'s Daily Official List and a daily newspaper with general circulation in the Netherlands. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Capital Securities are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

16 Further Issues

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

17 Agents

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

Notice of any such termination or appointment and of any change in the specified office of the Registrar, the Fiscal Agent, the Paying Agents, the Transfer Agent and the Agent Bank will be given to the Holders in accordance with Condition 15. If the Fiscal Agent, any Paying Agent or the Transfer Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint an independent investment bank or financial institution registrar to act as such in its place. The Registrar, the Fiscal Agent, the Paying Agents and the Transfer Agent may not resign their duties or be removed without a successor having been appointed as aforesaid.

18 Governing Law

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

19 Jurisdiction

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

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

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

1. Form of Capital Securities

The Capital Securities will be represented by a Global Capital Security Certificate in registered form, which will be registered in the name of BT Globenet Nominees Limited as nominee for, and deposited on or about the Issue Date with, Deutsche Bank AG, London Branch, as common depositary for, and in respect of, interests held through Euroclear and Clearstream, Luxembourg.

2. Exchange

The Global Capital Security Certificate is exchangeable in whole but not in part (free of charge to the holder) for Definitive Capital Securities:

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

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

(iii) with the consent of the Issuer,

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

3. Payments

A record of each payment made in respect of Capital Securities represented by the Global Capital Security Certificate will be endorsed in the appropriate schedule to such Global Capital Security Certificate, which endorsement will be *prima facie* evidence that such payment has been made in respect of such Capital Securities. Conditions 11(iii) and 17(v) will apply to the Definitive Capital Securities only.

4. Transfers

Transfers of Capital Securities represented by the Global Capital Security Certificate shall be effected in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg.

5. Accountholders

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

6. Notices

So long as the Capital Securities are represented by the Global Capital Security Certificate and the Global Capital Security Certificate is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Capital Securities, except that so long as the Capital Securities are listed on Euronext Amsterdam and rules of such exchange so require, notices to Holders will also be published on the Euronext Daily Official List and a daily newspaper having general circulation in the Netherlands, or failing such publication, in accordance with the procedures set out in Condition 15.

7. Prescription

Claims against the Issuer in respect of principal and interest on redemption while the Capital Securities are represented by the Global Capital Security Certificate will become void unless the Global Capital Security Certificate is presented for payment within a period of 5 years from the due date.

8. Meetings

The holder of the Global Capital Security Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each £1,000 Calculation Amount of Capital Securities for which the Global Capital Security Certificate may be exchanged.

9. Purchase and Cancellation

Cancellation of any Capital Security required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Capital Security Certificate.

DESCRIPTION OF THE 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 31 December 2007. At 31 December 2007, we had 54,737 full-time equivalent employees ("FTEs").

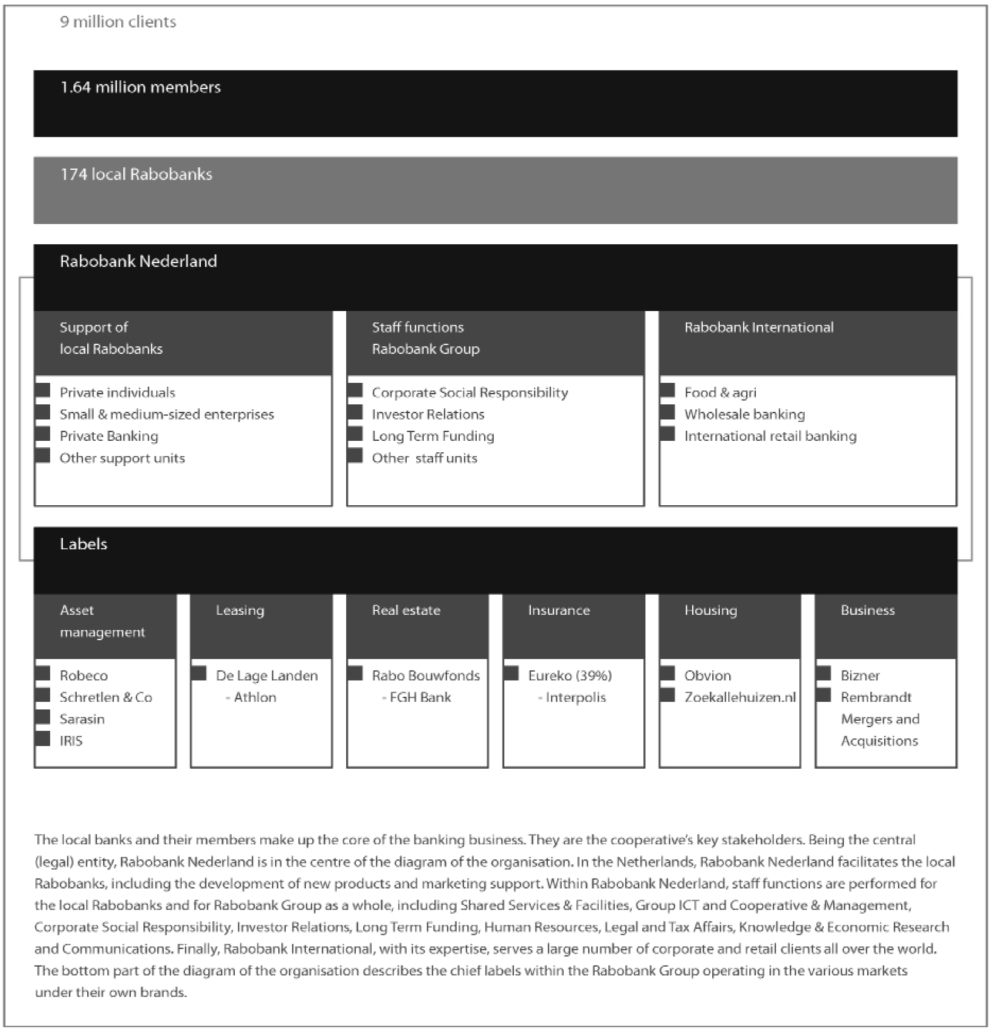
The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative local Rabobanks, which are members of Rabobank Nederland and are also licensed banks, and Rabobank Nederland's subsidiaries. We had 174 local Rabobanks, 1,159 branches and 3,102 points of contact located throughout the Netherlands at 31 December 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.

Rabobank Group



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 1 January 2007 through 31 December 2007, we had a market share of 27.7 per cent. of new home mortgages in the Dutch mortgage market (22.4 per cent. by local Rabobanks and 5.3 per cent. by Obvion N.V. ("Obvion"); source: Dutch Land Registry Office (Kadaster)). In 2007, we had an 84 per cent. 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 per cent. 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 31 December 2007 we had a 41 per cent. 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 31 December 2007, our Domestic Retail Banking operations accounted for 60 per cent., 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 per cent. 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 31 December 2007, our Wholesale and International Retail Banking operations accounted for 11 per cent., 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 per cent. voting rights). On 1 January 2008 the internet-brokerage activities which are conducted under the trade name Alex were sold. For the year ended 31 December 2007, our Asset Management and Investment operations (including Alex) accounted for 16 per cent. 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 31 December 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 per cent. of our operating profit before taxation for the year ended 31 December 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 31 December 2006, our Real Estate operations accounted for 7 per cent., or €209 million, of our operating profit before taxation.

Recent Developments

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

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

Rabobank sells Alex Beleggersbank

On 31 October 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 1 January 2008.

Issue of Capital Securities

On 8 October 2007, Rabobank issued NZ$900 million Perpetual Non-Cumulative Capital Securities. On 22 October 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 6 December 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 31 December 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 31 December 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 31 December 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 31 December 2007, Rabobank Nederland's liabilities to De Lage Landen amounted to €1,778 million. As at 31 December 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 startup 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 per cent. 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 31 December 2007 we had a 41 per cent. 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 31 December 2007, our Domestic Retail Banking operations accounted for 50 per cent., or €5,795 million, of our total income and 60 per cent., or €1,815 million, of our operating profit before taxation. At 31 December 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 per cent. 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 31 December 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 per cent., 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 31 December 2007 €244.1 billion of our total lending (except government lending) or approximately 68 per cent., was granted by Domestic Retail Banking. Loans made by the Wholesale and International Retail Banking business amounted to €77.7 billion, or 22 per cent., 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:

	31 December 2007	**31 December 2006**
	(in billions of euro)	
Mortgage loans	243.5	221.0
Food and agri sector	59.4	52.5

	31 December 2007	31 December 2006
	(in billions of euro)	
Small and medium sized business sector	116.4	105.5
Savings	101.2	89.5

With 41 per cent. of the Dutch savings market as of 31 December 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 per cent. are held by the local Rabobanks and 2 per cent. 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 31 December 2007 stood at 5.3 per cent. (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 per cent. by the local Rabobanks and 5 per cent. by Rabobank Nederland.

Rabohypotheekbank also serves as a supplementary financing vehicle for the local Rabobanks in the event that they choose not to make certain mortgage loans to their customers entirely on their own, either for liquidity or lending limit reasons or because of the nature of the required financing. The majority of Rabohypotheekbank's loans are secured by mortgages on residential property. Its loans are funded by term loans from, or guaranteed by, Rabobank Nederland and by the issuance of mortgage bonds. Rabohypotheekbank does not engage in the financing of real estate development. At 31 December 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 31 December 2007, our Wholesale and International Retail Banking operations accounted for 22 per cent., or €2,546 million, of our total income and 11 per cent., or €338 million, of our operating profit before taxation. At 31 December 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 31 December 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 longterm financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. In December 2004, we acquired a 35 per cent. interest in the Polish bank BGZ which was expanded to 46 per cent. in 2007.On 4 April 2008 Rabobank received regulatory approval from the Polish Financial Supervision Authority to acquire an additional 12.87 per cent. 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 per cent. 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 31 December 2007, our Asset Management and Investment operations accounted for 13 per cent., or €1,479 million, of our total income and 16 per cent., or €487 million, of our operating profit before taxation. At 31 December 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 31 December 2007. At December 2007 institutional clients accounted for approximately 54 per cent. of the assets managed by Robeco. Approximately 35 per cent. 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 per cent. 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 31 December 2007.

Bank Sarasin & Cie AG

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

At 31 December 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 31 December 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 31 December 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 per cent. of our operating profit before taxation for the year ended 31 December 2007.

At 31 December 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 per cent. in 2007; source: Dutch Land Registry Office (Kadaster)), private savings (41 per cent. as of 31 December 2007; source: Statistics Netherlands (Centraal Bureau voor de Statistiek)), small and medium-sized enterprises (38 per cent. in 2007, based on our own surveys) and the agricultural sector (84 per cent. 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 31 December 2007 the Rabobank Group had 60,342 employees (being 54,737 FTEs), an increase of 4,133 compared to 31 December 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 31 December 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 22 December 1970. A cooperative under Dutch law has members and has the statutory objective to provide for certain material needs of its members. Rabobank Nederland was registered with the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands in December 1970 under number 30046259. The executive offices are located at Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is +31 (0)30 2160000.

Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. In addition to being a member of Rabobank Nederland, each local Rabobank has shares in Rabobank Nederland in accordance with Article 15 of Rabobank Nederland's articles of association. The shares are fully paid up on issuance and are not permitted to be pledged, given in usufruct, or otherwise encumbered, alienated or transferred. The articles of association provide that shares may be issued only pursuant to a resolution of the General Meeting proposed by Rabobank Nederland's Executive Board and approved by its Supervisory Board. Pursuant to the articles of association, each local Rabobank is obliged, by virtue of its membership, to participate in any future issue of shares 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 31 December 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 per cent. of its last adopted balance sheet total. However, this limitation of liability under the articles of association of Rabobank Nederland does not affect the liability of the local Rabobanks under the Cross-Guarantee System and their liability under the compensation agreements, 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 31 December 2006 to 174 at 31 December 2007. At 31 December 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 "crossguarantee" 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 2 January 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 Prospectus. 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 Prospectus 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 31 December 2007. At that date, we had 54,737 of 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 31 December 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 per cent. of our total income and 79 per cent. 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 Prospectus 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 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
Interest	6,771	6,472	6,261
Fees and commission	2,857	2,296	2,060
Other income	1,871	1,281	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 31 December 2007 compared to year ended 31 December 2006

Total income. Total income grew by 14 per cent. 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 per cent. of total income in 2007.

Interest. Interest income was 5 per cent. 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 per cent. 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 per cent. 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 per cent. in 2007 to €7,709 million compared to €6,887 million in 2006. Staff costs accounted for 58 per cent. of total expenses.

Staff costs. The higher staffing level caused staff costs to go up by 8 per cent. 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 per cent. in 2007 to 54,737 (50,573) FTEs.

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

Depreciation. Depreciation charges were 23 per cent. 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 per cent. 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 per cent. (13.5 per cent. 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 per cent. 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 31 December 2006 compared to year ended 31 December 2005

Total income. Total income grew by 7 per cent. 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 per cent. of total income in 2006.

Interest. Interest income increased by 3 per cent. 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 per cent. 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 per cent. 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 per cent. to €6,887 million compared to €6,242 million in 2005, with staff costs accounting for 60 per cent. of total costs.

Staff costs. The increase in employee numbers and standard salary increases caused staff costs to increase by 6 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 riskrelated 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 per cent., compared to 20 per cent. in 2005. The reduction in the Dutch corporate tax rate from 31.5 per cent. to 29.6 per cent. 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 per cent. 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 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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 31 December 2007 compared to year ended 31 December 2006

Total income. Total income was 4 per cent. 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 per cent. 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 per cent. rise in fees and commission income to €1,379 million, compared to €1,259 million in 2006. Commission income from insurance activities was one per cent. 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 one per cent. 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 per cent. lower, at €2,072 million compared to €2,118 million in 2006.

Other administrative expenses. Other administrative expenses were one per cent. 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 per cent. 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 per cent. to 25.5 per cent.

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

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

Total income. Total income increased by 2 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. to €3,877 million compared to €3,735 million in 2005.

Staff costs. The growth in staff numbers contributed to the 6 per cent. 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 per cent. 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 per cent. 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 per cent. to 29.6 per cent. contributed to the decrease in effective tax rate.

Net profit. Net profit was 7 per cent. 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 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
Net Profit	394	687	573

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

Total income. Total income declined by 3 per cent. 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 per cent. 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 per cent. lower and income from Structured Finance was 5 per cent. lower.

Income from Corporate Banking activities was 11 per cent. higher. Of total income, 24 per cent. (19 per cent. in 2006) is from the international retail banking business. Income from the Retail Banking activities was 23 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. to €1,715 million compared to €1,586 million in 2006.

Staff costs. Staff costs increased by 3 per cent. 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 per cent. 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 31 December 2006 compared to year ended 31 December 2005

Total income. Total income increased by 18 per cent. 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 per cent. 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 per cent.. 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 per cent. of total income. Income from retail activities increased by 10 per cent. 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 per cent. 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 per cent. 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 per cent. 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 per cent. to €867 million compared to €760 million in 2005. The expansion of activities caused the number of staff to increase by 12 per cent. 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 per cent. 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 per cent. to 29.6 per cent. 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 31 December		
	2007	2006	2005
	(in millions of euros)		
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 31 December 2007 compared to year ended 31 December 2006

Total income. Total income increased by 77 per cent. 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 per cent. 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 per cent. to €362 million compared to €223 million in 2006.

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

Total income. Total income increased by 16 per cent. 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 per cent. 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 per cent. 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 per cent. 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 31 December 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 per cent. 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 per cent. to 29.6 per cent. and due to incidental tax income in 2006.

Net profit. The asset management activities achieved an increase in net profit of 28 per cent. 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 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
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 31 December 2007 compared to year ended 31 December 2006

Total income. Total income increased by 18 per cent. 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 per cent. 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 per cent. growth in other income to €425 million compared to €286 million in 2006.

Operating expenses. Total operating expenses were 20 per cent. higher in 2007, at €594 million compared to €494 million in the previous year.

Staff costs. The greater part of the 21 per cent. 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 per cent. 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 per cent. 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 per cent. higher at €234 million compared to €206 million in 2006.

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

Total income. The 17 per cent. 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 per cent. 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 per cent. increase in other income to €286 million compared to €158 million in 2005.

Operating expenses. Total operating expenses increased by 26 per cent. 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 per cent. to 4,128 FTEs compared to 3,045 FTEs in 2005, with staff costs rising by 25 per cent. 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 per cent. 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 per cent. 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 per cent. 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 31 December		
	2007	2006	2005
	(in millions of euros)		
Interest	72	98	96
Fees and commission	1	1	1
Other income	573	145	53
Total income	646	244	150

	Year ended 31 December		
	2007	2006	2005
	(in millions of euros)		
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 31 December 2007 compared to year ended 31 December 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 per cent. to €154 million compared to €104 million in the previous year.

Year ended 31 December 2006 compared to year ended 31 December 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 per cent. 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 per cent. to €104 million compared to €78 million in 2005.

Liquidity and Capital Resources

The Rabobank Group's total assets were €571 billion at 31 December 2007, a 3 per cent. increase from €556 billion at 31 December 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 per cent. or €18.1 billion to €373.0 billion at 31 December 2007 from €354.9 billion at 31 December 2006. Private sector lending increased by €31.9 billion to €356.0 billion at 31 December 2007, an increase of 10 per cent. from €324.1 billion at 31 December 2006. The increase in private sector lending for private individuals, primarily for mortgage finance, was €14.0 billion to €180.1 billion at 31 December 2007 from €166.1 billion at 31 December 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 31 December 2007, a 10 per cent. increase compared to 31 December 2006. Lending to the food and agri sector increased by €6.9 billion to €59.4 billion at 31 December 2007, a 13 per cent. increase.

The following table shows a breakdown of the Rabobank Group's total lending outstanding to the private sector at 31 December 2007 and 2006, by category of borrower:

	At 31 December			
	2007		2006	
	(in millions of euros and as % of total private sector lending)			
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%

	At 31 December			
	2007		2006	
	(in millions of euros and as % of total private sector lending)			
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 31 December 2007 and 31 December 2006 of the remaining maturity of the Rabobank Group's total outstanding lending (public and private sector) and professional securities transactions:

	At 31 December			
	2007		2006	
	(in billions of euros and as % of total loans)			
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 31 December 2007, amounts due to customers of the Rabobank Group were €249.5 billion, an increase of 6 per cent. compared to 31 December 2006. The balance held in savings accounts increased by €11.7 billion to €101.2 billion, an increase of 13 per cent., 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 31 December 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 31 December 2007, non-subordinated bonds and other debt securities, including certificates of deposit, totalled €141.8 billion compared to €128.1 billion at 31 December. 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 31 December 2007, the Rabobank Group had a market share of 40.9 per cent. 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 31 December 2007, 2006 and 2005:

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
Savings accounts	101,175	89,500	86,181

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
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 31 December 2007, a 22 per cent. decrease from €94.6 billion at 31 December 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 31 December 2007				
	Trading for-sale	Other financial assets	Available for-sale	Held-to maturity	Total
	(in millions of euro)				
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 31 December 2006				
	Trading for-sale	Other financial assets	Available for-sale	Held-to maturity	Total
	(in millions of euro)				
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 31 December 2007:

	Payments Due by Period				
	On demand/ undated	<1 year	>1 year <5 years	>5 years	Total
	(in millions of euro)				
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 31 December	
	2007	2006
	(in millions of euro)	
Contingent liabilities consist of:		

	At 31 December	
	2007	2006
	(in millions of euro)	
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 31 December 2007 compared to €31 million at 31 December 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 31 December	
	2007	2006
	(in millions of euro)	
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 per cent. Bank capital adequacy requirements have also been established pursuant to EU directives. These directives, as implemented in the Netherlands, set forth capital standards similar to those of the Basel Committee guidelines.

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

The risk asset approach to capital adequacy emphasises the importance of Tier 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 per cent. 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 31 December 2007, Rabobank Group's Tier I ratio stood at 10.7 (10.7 at 31 December 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 31 December 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 31 December 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 31 December 2007, the BIS ratio came to 10.9 (11.0 at 31 December 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 31 December 2007and 2006, in each case calculated under the Netherlands' implementation of the relevant EU directives:

Development in capital and solvency ratios

	At 31 December	
	2007	**2006**
	(in millions of euro, except ratios)	
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

Notes:

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

(2) Net profit as a percentage of average equity, based on 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:

	2007	**2006**	**2005**
	(in millions of euro, except percentages)		
Outstanding Member Certificates[1]	5,948	5,812	4,311
Payments	299	277	211
Average dividend yield	5.03%	4.77%	4.89%

Note:

(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 31 December 2007, 2006 and 2005:

	At 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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

Note:

(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 31 December 2007, 2006 and 2005:

	At 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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			

	At 31 December		
	2007	2006	2005
	(in millions of euro)		
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

Notes:

(1) Excluding the Netherlands.

(2) After provisions for loan losses.

Maturities and Interest Rate Sensitivity of Loan Portfolio

Domestic Retail - Interest Rate position, as at 31 December 2007

	On demand	1-3	4-6	7-9	10-12	2-5	5-10	>10	Non-rate sensitive	Total
			(months)				(years)			
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 per cent.

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 per cent. 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 31 December 2007, there were no cross-border outstandings exceeding 1 per cent. of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following table analyses cross-border outstandings 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 per cent. of total assets, by type of borrower:

	At 31 December 2007			
	Banks	Public Authorities	Private Sector	Total Amount
	(in millions of euros)			
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 31 December 2006			
	Banks	Public Authorities	Private Sector	Total Amount
	(in millions of euros)			
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

	At 31 December 2006			
	Banks	Public Authorities	Private Sector	Total Amount
	(in millions of euros)			
Australia	1,306	881	9,014	11,201

	At 31 December 2005			
	Banks	Public Authorities	Private Sector	Total Amount
	(in millions of euros)			
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 31 December 2007:

	At 31 December 2007		
	On Balance	Off Balance	Total exposure
	(in millions of euro)		
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

	At 31 December 2007		
	On Balance	**Off Balance**	**Total exposure**
	(in millions of euro)		
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 31 December 2007 which is 8 per cent. 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 per cent. 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 per cent. 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 31 December 2007, 2006 and 2005:

	At 31 December		
	2007	2006	2005
	(in millions of euro)		
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:

	2007	2006	2005
	(in millions of euro)		
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

	2007	2006	2005
	(in millions of euro)		
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 31 December			
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 31 December	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 31 December 2007, 2006 and 2005. Interest rates paid on customer deposits by banks and individuals reflect market conditions. Current accounts do not earn interest.

	At 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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 31 December 2007, 2006 and 2005 is provided below.

	At 31 December		
	2007	**2006**	**2005**
	(in millions of euro)		
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 Prospectus. The Rabobank audited consolidated financial statements for the year ended 31 December 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 31 December	
	2007	**2006**
	(in millions of euro)	
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
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

	At 31 December	
	2007	2006
	(in millions of euro)	
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 31 December	
	2007	2006
	(in millions of euro)	
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

	Year ended 31 December	
	2007	**2006**
	(in millions of euro)	
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

Note:

(1) The required capital of the banking operations in accordance with the BIS requirements amounts to 8 per cent. 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 per cent. 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 per cent. in 2007 consisted of loans to private individuals which tend to have a very low risk profile in relative terms. The remaining 50 per cent. 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

	2007	2006	2005
		(%)	
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 31 December 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

Name	Born	Year Appointed[1]	Term Expires	Nationality
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2011	Dutch
Paul (P F.M.) Overmars	1945	2005	2008	Dutch
Herman (H.C.) Scheffer	1948	2002	2010	Dutch
Martin (M.J.M.) Tielen	1942	2002	2009	Dutch
Aad (A.W.) Veenman	1947	2002	2010	Dutch
Cees (C.P) Veerman	1949	2007	2011	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	2010	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2011	Dutch

Note:

(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

Note:

(1) Hans (J.C.) ten Cate will retire on 1 July 2008.

Bert (H.) Heemskerk: Mr. Heemskerk was appointed Chairman of the Executive Board of Rabobank Nederland as of 1 December 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 15 November 2004. Mr. Bruggink joined the Rabobank Group in 1986. After several different jobs in Finance and Control within Rabobank Group, he became Head of Finance and Control Rabobank International (1994-1998) and Group Finance Director Rabobank Group (1998-2004). As CFO he fulfils several additional functions. He also works as a part time professor in the Twente University of Technology (Financial Institutions and Markets). He is a member of the Advisory Council of Isala Klinieken and of the Board of Supervisory Directors ROVA. Member of the Dutch Banking Association Policy Committee of Supervision & Monetary Affairs and Member of the Policy Committee of the DNB/Dutch Banking Association Mixed Working Group.

Hans (J.C.) ten Cate: Mr. ten Cate was appointed to Rabobank Nederland's Executive Board as of 1 September 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 1 January 2003. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. Moerland is responsible for Medium and Small scale Business, Shared Services and Facilities and the department that operationally supports the local banks. After completing his degree and dissertation in the field of economics at the Erasmus University of Rotterdam in 1978, Mr. Moerland undertook a position with Rabobank Nederland's Central Group Staff from 1979 to 1980. Mr. Moerland then took a position as a professor of business administration with a focus on economics at the University of Groningen from 1981 to 1987 and as a professor of business economics with a focus on corporate finance at the University of Tilburg from 1988 to 2002. Mr. Moerland also had an unsponsored chair as a professor of corporate governance at the University of Tilburg. Within the Rabobank Group Mr. Moerland serves as a member of the Supervisory Board of Rabobank International Advisory Services B.V. and as a member of the Board of Directors of Rabobank Foundation and as a Member of the Supervisory Board of Bank Sarasin & Cie AG. Outside Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Netherlands Order of Accountants and Administration Consultants, Member of the Board of Directors of the NVB (Association of Dutch Banks), member of the Executive Committee European Association of Co-operative Banks (Groupement) and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten.

Sipko (S.N.) Schat: Mr. Schat was appointed to Rabobank Nederland's Executive Board as per 1 July 2006. As one of the two members of the Executive Board responsible for the international business, Mr. Schat is primarily responsible for Corporate Clients and Global Financial Markets. Mr. Schat took a position as in-house counsel with Rabobank Nederland between 1985 and 1990. Mr. Schat was senior manager Structured Finance between 1990 and 1995, Head Corporate Finance of Rabobank Ireland Plc between January 1994 and December 1994, Head Structured Finance Europe between 1995 and 1999 and Head Corporate Finance of Rabobank International between 1999 and 2002. Mr. Schat also held positions as Head Corporate Finance (worldwide), member of the Supervisory Board of Rabobank Ireland Plc and Managing Director of Rabo Merchant Bank N.V. He was appointed as a member of the management board of Rabobank International as of April 2002 responsible for North and South America and as of September 2004 responsible for Corporate Finance, Trade Finance, Private Equity and Corporate Advisory. He is also Member of the Supervisory Board of De Lage Landen International and Member of the Supervisory Board of Bouwfonds N.V.

Piet (P J.A.) van Schijndel: Mr. van Schijndel was appointed to Rabobank Nederland's Executive Board as of 1 December 2002. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. van Schijndel has responsibility for marketing, product development, market support for the local banks, private banking and Group ICT. Mr. van Schijndel took a position as a management consultant with Rabobank Nederland from 1975 to 1977. From 1977 to 1979, Mr. van Schijndel was Head of Insurance Administration. From 1979 to 1983, Mr. van Schijndel was a member of the Staff Group Directorate Insurance. Thereafter, he served as Acting Head and Head of the Insurance and Travel Directorate from 1983 to 1986 and from 1986 to 1990, respectively, Vice-Chairman of the Executive Board of Interpolis from 1990 to 1997 and Chairman of the Executive Board of Interpolis from 1998 to 2002. Mr. van Schijndel serves as Chairman of the Supervisory Boards of Obvion and Rabohypotheekbank, Chairman of the Supervisory Board of De Lage Landen International and Chairman of the Supervisory Board of Rabo Mobiel. Furthermore, Mr. van Schijndel is a Member of the Board of Directors of the NVB (Association of Dutch Banks). Member of the Board of the Nederlandse Rode Kruis. Member of the Supervisory Board of St. Elisabeth Ziekenhuis Tilburg. Chairman of the Supervisory Board of Orbay.

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

In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988. 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 17 April 1989 on the "own funds" of credit institutions (the "Own Funds Directive"), defining qualifying capital ("own funds"), and the Council Directive of 18 December 1989 on a capital base ratio for credit institutions (the "Capital Base Ratio Directive" and, together with the Own Funds Directive, the "Capital Directives"), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The Capital Directives required EU member states to transform the provisions of the Capital Base Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks operating in the member states. The Capital Directives permitted EU member states, when transforming the Capital Directives into national law, to establish more stringent requirements, but not more lenient requirements. In 1993, the EC adopted the Directive of 15 March 1995 on the capital adequacy of investment firms and credit institutions ("EEC Directive 1993/6") and in 2000 the Directive of 20 March 2000 on the taking up and pursuit of the Business of Credit Institutions ("EC Directive 2000/12"), which directive consolidated various previous directives, including the Capital Directives.

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 16 December 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 1 January 2007. This directive was implemented in the Netherlands in the Financial Supervision Act that came into effect on 1 January 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 1 January 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 one per cent. 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 one per cent. 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 per cent. of the bank’s consolidated balance sheet total, (v) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1 per cent. of the bank’s consolidated balance sheet total or (vi) proceeding to financial or corporate reorganisation. For 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.

USE OF PROCEEDS

The net proceeds of the issue of the Capital Securities, expected to amount to approximately £247,500,000, will be used to fund the general banking business and commercial activities of the Rabobank Group, and to strengthen its capital base.

The expenses in connection with the transaction are expected to amount to £75,000.

TAXATION

Netherlands Taxation

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

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

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

Withholding Tax

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

Taxes on income and capital gains

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

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

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

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

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

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

Gift tax or inheritance tax

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

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

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

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

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

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

Other taxes

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

Residency

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

Luxembourg taxation

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Holders, 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 Holders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Capital Securities.

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 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 1 July 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 per cent. withholding tax has been introduced, as from 1 January 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 1 July 2005 falls within the scope of the withholding tax. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

EC Council Directive

Under EU council Directive 2003/48/EC regarding the taxation of savings income Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual or certain other persons resident in that other Member State, except that Austria, Belgium and Luxembourg instead may impose a withholding system for a transitional period unless during such period they elect otherwise. A number of non-EU countries and territories have adopted similar measures.

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 or Transfer Agent nor any other person would be obliged to pay additional amounts with respect to any Capital Security as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent or Transfer Agent, the Issuer will be required to maintain a Paying Agent and a Transfer Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

PLACEMENT AND SALE

UBS Limited (the "**Placement Agent**") will procure subscribers, failing which will subscribe and pay for the Capital Securities at 100.00 per cent. of the principal amount of the Capital Securities plus accrued interest (if any), pursuant to a Placement Agreement between UBS Limited and the Issuer dated 6 June 2008 (the "**Placement Agreement**") subject to the satisfaction of certain conditions.

In addition, the Issuer has agreed to reimburse the Placement Agent for certain of its expenses in connection with the issue of the Capital Securities. The Placement Agreement entitles the Placement Agent to terminate it in certain circumstances prior to payment of the net subscription monies being made to the Issuer.

United States

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

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

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

United Kingdom

The Placement Agent has represented and agreed that:

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

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

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Capital Securities, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

The Placement Agent has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Capital Securities, or has in its possession or distributes the Prospectus or any other offering material.

GENERAL INFORMATION

1. Application has been made to the AFM to approve this document as a prospectus for the purposes of Article 5.4 of the Prospectus Directive. Application has also been made for the Capital Securities to be admitted to trading on Euronext Amsterdam by NYSE Euronext, a regulated market of Euronext Amsterdam N.V., subject only to the issue of the Global Capital Security Certificate.

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Capital Securities. The issue of the Capital Securities was authorised by a resolution of the Executive Board of the Issuer passed on 13 November 2007, by resolutions of the Supervisory Board passed on 29 November 2007 and 10 April 2008 as confirmed by a Secretary's Certificate dated 6 June 2008.

3. There has been no significant change in the financial or trading position of the Issuer or of the Rabobank Group since 31 December 2007 and no material adverse change in the financial position or prospects of the Issuer or of the Rabobank Group since 31 December 2007.

4. Neither the Issuer nor any member, subsidiary or affiliate of the Rabobank Group is, or has been during the 12 months preceding the date of this Prospectus, involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer's and/or Rabobank Group's financial position or profitability, nor so far as the Issuer is aware are any such proceedings involving any of them pending or threatened.

5. The Capital Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) is XS0368541032 and the Common Code is 036854103.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Duchy of Luxembourg.

6. There are no material contracts entered into in the ordinary course of the Issuer's business, which could result in any member of the Rabobank Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Capital Securities being issued.

7. Where information in this Prospectus (including where such information has been incorporated by reference) has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

8. The Capital Securities will be issued on the Issue Date against payment to the Issuer of the net subscription monies.

9. For so long as the Capital Securities are listed on Euronext Amsterdam, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection, free of charge, at the offices of the Fiscal Agent:

   (a) the Fiscal Agency Agreement (which includes the forms of the Global Capital Security Certificate and the Definitive Capital Security);

   (b) the Articles of Association of the Issuer;

(c) the audited and consolidated financial statements of the Issuer and the Rabobank Group for the two financial years ended 31 December 2007; and

(d) a copy of this Prospectus.

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 the Issuer for the years ended 31 December 2005, 2006 and 2007. Ernst & Young has given its consent to the inclusion in this Prospectus of its audit reports for the years ended 31 December 2005, 2006 and 2007 as incorporated by reference herein in the form and context in which they appear. Ernst & Young has no interest in the Issuer.

Principal Office of the Issuer

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Placement Agent

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United Kingdom

Auditors of the Issuer

Ernst & Young Accountants
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Fiscal Agent, Principal Paying Agent, Transfer Agent and Agent Bank

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United Kingdom

Registrar, Paying Agent and Transfer Agent

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2, Boulevard Konrad Adenauer
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Luxembourg

Paying Agent and Euronext Listing Agent

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
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To the Placement Agent
as to Dutch law

as to Dutch law

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