

Base Prospectus
9 August 2007

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



RABOBANK STRUCTURED PRODUCTS

*Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(a cooperative with limited liability established under the laws of the Netherlands
and having its statutory seat in Amsterdam, the Netherlands)*

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

Under the Euro 1,500,000,000 German Debt Issuance Programme (the “**Programme**”) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“**Rabobank Structured Products**” or the “**Issuer**”) may, from time to time, issue Notes, in particular, Equity Linked Notes, Index Linked Notes, Exchangeable Notes, Dual Currency Notes, Partly-paid Notes, Inverse Floating Rate Notes and Fixed/Floating Rate Notes.

The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 1,500,000,000 (or the equivalent in other currencies). The Programme is, and Notes issued under it may be, denominated in euro, which means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty of European Union (signed in Maastricht on 7 February 1992).

This Base Prospectus is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**” and the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the “**Financial Supervision Act**”) and regulations thereunder (together “**Dutch financial supervision laws**”) and has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or “**AFM**”), in its capacity as competent authority under Dutch financial supervision laws, in accordance with the provisions of the Prospectus Directive and Dutch financial supervision laws on 9 August 2007.

References in this Programme to Notes being “listed” (and all related references) shall mean that such Notes may be admitted to a regulated market for the purposes of Directive 93/22/EC (the “**Investment Services Directive**”). In addition, Notes may be listed or admitted to trading, as the case may be, on any other stock exchange or market and unlisted notes may also be issued pursuant to the Programme. The relevant final terms to this Base Prospectus (the “**Final Terms**”) in respect of the issue of any Notes will specify whether such Notes will be listed on a regulated market or whether the Notes will not be listed. In relation to each separate issue of Notes, the price and amount of such Notes will be determined by the Issuer and the relevant Dealer(s) in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms.

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

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

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

This Base Prospectus supersedes and replaces the Base Prospectus dated 13 July 2006.

Dealer

RABOBANK INTERNATIONAL

IMPORTANT INFORMATION

The Issuer (the “**Responsible Person**”), accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

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

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

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in jurisdictions other than the Netherlands. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by

the Issuer or the Dealer(s), which would permit a public offering of any Notes outside the European Economic Area or distribution of this document in any jurisdiction where action for that purpose is required other than the Netherlands. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any such jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and Dealer(s) to inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus or any Final Terms and the offering and sale of Notes. See “Subscription and Sale”.

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

All references in this document to “**U.S.\$**”, “**U.S. Dollars**” and “**USD**” refer to the currency of the United States of America, and to “**€**”, “**euro**” and “**EUR**” refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on the European Union, which is the lawful currency of, *inter alia*, the Netherlands.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market, the aggregate nominal amount of Notes allotted does not exceed 105 per cent. of the aggregate nominal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

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SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to the Responsible Person in any such Member State in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Words and expressions defined in Terms and Conditions of the Notes below shall have the same meanings in this summary. Unless the context otherwise requires, references in this summary to the “Rabobank Group”, “Rabobank” or the “Group” are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“**Rabobank Nederland**”) and its members, subsidiaries and affiliates.*

Issuer

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products).

Rabobank Group

The Rabobank Group is comprised of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), the cooperative local Rabobanks, which are members of Rabobank Nederland and Rabobank Nederland’s subsidiaries. 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 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. For regulatory and financial reporting purposes, Rabobank Nederland and the local Rabobanks, as well as the participating subsidiaries, are treated as one consolidated entity.

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Objects

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

Activities

In the Netherlands, the Rabobank Group follows an “Allfinanz” concept, meaning that it provides an integrated range of financial services comprised primarily of 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 Allfinanz strategy, the Rabobank Group focuses on operations that produce fee-based income in addition to its traditional interest-based income sources. For example, Rabobank is active in asset management through Robeco Group N.V., the largest Dutch retail investment manager in terms of assets under management, in which Rabobank Nederland currently owns a 100 per cent. equity interest. Internationally, Rabobank pursues a niche strategy in investment and international corporate banking through Rabobank International. At 31 December 2006, the Rabobank Group operated in the Netherlands through 188 Local Rabobanks and 3.031 points of contact and internationally through overseas offices in countries outside the Netherlands.

Risk Factors

Risk factors relating to Rabobank

There are certain factors that may affect Rabobank’s ability to fulfil its obligations under the Notes issued pursuant to the Programme. These factors are set out under “Risk Factors” below and include (i) the fact that particular borrowers may not (timely) satisfy their obligations vis-à-vis Rabobank, (ii) the probability of credit losses as indicated by the “bad debt expenses/private sector lending ratio” which with respect to Rabobank for the period from 2001 to 2006 was up to 22 basis points, and for 2006 was 15 basis points, (iii) the possibility of foreign governments placing restrictions on funds transfers from debtors in that country to creditors abroad and the situation when a large number of debtors in a country cannot meet their commitments for the same reason, (iv) that not all (re)payment commitments can be met by Rabobank due to i.e. counterparties suddenly withdrawing more funding than expected, (v) changes in the value of the trading portfolio as a result of price movements (including prices of interest rate products, equities, currencies, certain commodities and derivatives), (vi) deviations in interest income and/or the market value of capital as a result of changes in market interest rates, outside the trading environment, (vii) currency risk positions taken in both trading and non-trading books, (viii) the risk of losses resulting from failure of internal processes, people or systems or from external events, (ix) Rabobank’s reputation, the quality of its services and advice, intellectual

capital, product innovation, execution ability, pricing, sales efforts and the talent of its employees, (x) geopolitical developments, oil prices and natural disasters as well as accounting and corporate governance scandals in the commercial world, (xi) a reduction of Rabobank's credit ratings which could adversely affect its access to the unsecured funding markets, (xii) the possibility that a counterparty will be unable to honour its contractual obligations especially if this arises from unforeseen events or circumstances.

Risk factors relating to the Notes

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued pursuant to the Programme, see "Risk Factors" in this Base Prospectus. The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes. Material risks relating to the structure of particular issuance of Notes may (depending on the terms of the particular issue) include that the market price of the Notes may be volatile, the Notes may not pay interest or the payment of interest may depend on the market value of other securities or assets, and payment of principal or interest may occur at a different time or in a different currency than expected. The principal and/or interest of some structured Notes issued hereunder may be determined by reference to currency prices, single securities, baskets of securities or indices or commodities or other assets or instruments. Any such Notes may entail significant risks not associated with a similar investment in fixed or floating rate debt securities, including a return that may be significantly less than the return available on an investment in fixed or floating rate debt securities. In some cases, such Notes may also carry the risk of a total or partial loss of principal. A description of some of the risks is contained in "Investment Considerations". The Final Terms may also contain specific risk factors.

Description

German Debt Issuance Programme

Date

9 August 2007

Dealer(s)

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

Fiscal Agent

BNP Paribas Securities Services S.A. - Frankfurt Branch

Paying Agents

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

Listing Agent

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

Currencies and Regulatory Matters

Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer(s) as specified in the relevant Final Terms.

Programme Amount

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

Denomination of Notes

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and will be specified in the relevant Final Terms.

Method of Issue

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

Distribution

Notes may be distributed, as specified in the Final Terms, by way of public or private placements and, in each case, on a syndicated or non-syndicated basis.

Maturities

Such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant specified currency. Maturities will be specified in the Final Terms.

No payments in the U.S.

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

No Ownership by U.S. Persons

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

Issue Price

Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes

The Notes will be issued in bearer form.

Definitive Notes will not be printed. Notes to which U.S. Treasury Regulation §.1.163 5(c) (2) (i) (C) (the “**TEFRA C Rules**”) applies (“**TEFRA C Notes**”) will be represented by a permanent global Note in bearer form, without interest coupons, in a nominal amount equal to the aggregate nominal amount of such Notes (“**Permanent Global Note**”). Notes to which U.S. Treasury Regulation §1.163 5 (c) (2) (i) (D) (the “**TEFRA D Rules**”) applies (“**TEFRA D Notes**”) will be represented initially by a Temporary Global Note which will be exchanged for Notes represented by one or more Permanent Global Note(s), in each case not earlier than 40 days (and not later than 180 days) after the later of (i) the commencement of the offering and (ii) the relevant issue date (the “**Exchange Date**”), upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Fiscal Agent. Notes with an initial maturity of one year or less, or that are issued in circumstances in which the Notes will not constitute “registration required obligations” for U.S. income tax purposes, in which cases the relevant Final Terms will indicate that TEFRA is inapplicable to the transaction, will be represented by a Permanent Global Note. Each Global Note

representing TEFRA D Notes will bear the following legend: “Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Notes.

Clearance, Settlement and Initial Delivery of Notes

Notes will be accepted for clearing through one or more clearing systems (each a “**Clearing System**”) as specified in the Final Terms. These systems will include those operated by Clearstream Banking AG, Frankfurt am Main (“**Clearstream Banking AG**”), Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream Banking S.A.**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”). Notes will be deposited on the issue date with (i) a common depository on behalf of Euroclear and Clearstream Banking S.A. or (ii) Clearstream Banking AG or (iii) otherwise delivered as selected by the Issuer or agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s). Each Noteholders will have co-ownership interests (*Miteigentumsanteile*) in the Global Note which are transferable in accordance with the rules and procedures of the relevant Clearing System.

Description of Notes

Notes may be either interest bearing at fixed or variable rates or non-interest bearing, with principal repayable at a fixed amount or by reference to a formula, index or other parameter as may be agreed between the Issuer and the Dealer(s) and as specified in the Final Terms.

Fixed Rate Notes

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

Floating Rate Notes

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

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (each as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s).

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

Index Linked Notes:

Index Linked Interest Notes: Payments of interest in respect of Index Linked Interest Notes will be made by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and

relevant Dealer(s) as more fully set out under “Supplemental Terms and Conditions of the Notes for Index Linked Notes” and the applicable Final Terms.

Index Linked Redemption Notes: Payments of principal in respect of Index Linked Redemption Notes will be calculated by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and relevant Dealer(s) as more fully set out under “Supplemental Terms and Conditions of the Notes for Index Linked Notes” and the applicable Final Terms.

Equity Linked Notes

Equity Linked Interest Notes: Payments of interest in respect of Equity Linked Interest Notes will be made by reference to a single equity or a basket of equities and/or such formula as may be agreed between the Issuer and relevant Dealer(s), as more fully set out under “Supplemental Terms and Conditions of the Notes for Equity Linked Notes” and the applicable Final Terms.

Equity Linked Redemption Notes: Payment of principal in respect of Equity Linked Redemption Notes will be calculated by reference to a single equity or a basket of equities and/or such formula as may be agreed between the Issuer and relevant Dealer(s). Equity Linked Redemption Notes may also provide that redemption will be by physical delivery of a Reference Asset Amount, as more fully set out under “Supplemental Terms and Conditions of the Notes for Equity Linked Notes” and the applicable Final Terms.

If Potential Adjustment Events and/or Delisting and/or Merger Event and/or Nationalisation and/or Insolvency and/or Change of Exchange are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed, as more fully set out under “Supplemental Terms and Conditions of the Notes for Equity Linked Notes” and the applicable Final Terms.

Exchangeable Notes

The Issuer and/or the Noteholders may have the right to deliver or demand the delivery, as the case may be, of Underlying Securities, all as set forth in the “Supplemental Terms and Conditions for Exchangeable Notes” and the applicable Final Terms.

Dual Currency Notes

Payments (whether in respect of repayment or interest and whether at maturity or otherwise) in respect of Notes to which “Dual Currency” has been declared applicable will be made in such currencies, and based on such rates of exchange, as the Issuer may select.

Taxation

Payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of Germany or the Netherlands, or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, subject to the exceptions set out in §6 of the Terms and Conditions (Taxation) of the Notes.

Redemption

The Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default or a Tax Call) or that such Notes will be redeemable at the option of the Issuer or the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Dealer(s) or if otherwise specified.

Early Redemption for Taxation Reasons

Early redemption for taxation reasons (a “**Tax Call**”) will be permitted as provided in §4 of the Terms and Conditions (Redemption) of the Notes.

Early Redemption of Equity Linked Notes and Index Linked Notes

Equity Linked Notes and Index Linked Notes may be redeemed before their stated maturity upon the occurrence of an Extraordinary Event such as Merger Events, Tender Offers, Nationalisation, Insolvency, Delisting or Index Adjustment Event, all as set forth in the Supplemental Terms and Conditions for Equity Linked Notes and Index Linked Notes and the Final Terms.

Protection Amount

The Final Terms will indicate whether a Protection Amount is applicable to the Notes. If applicable, the Notes will in no circumstances be repayable, at stated maturity, at less than the percentage of their nominal amount specified in the Final Terms. For the avoidance of doubt, the Protection Amount will not apply in case Notes are redeemed prior to their stated maturity or upon the occurrence of an Event of Default or upon the occurrence of a Tax Call.

Status of the Notes

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

Negative Pledge

None.

Events of Default and Cross Default

The Notes will provide for Events of Default including a cross default provision entitling Noteholders to demand immediate redemption of the Notes. See §9 of the Terms and Conditions of the Notes (Events of Default).

Rating

Notes may be rated or unrated as specified in the Final Terms. A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Listing

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

Governing Law

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

Selling Restrictions

There will be specific restrictions on the offer and sale of Notes and the distribution of offering materials in each Member State of the European Economic Area which has implemented the Prospectus Directive, the Netherlands, the United States of America, the United Kingdom, as and such other restrictions as may be required under applicable law in connection with the offering and sale of a particular Tranche of Notes. See “Selling Restrictions”.

Jurisdiction

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

RISK FACTORS

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

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

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

*References in this chapter “Risk Factors” to the “**Bank**” are to Rabobank Group.*

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

Credit risk

Credit risk is the risk that particular borrowers do not (timely) satisfy their obligations.

Bad debt expenses/private sector lending ratio

The “bad debt expenses/private sector lending ratio” provides an indication of the probability of credit losses. At Group level, the average for the five year period 2001 to 2005 was 22 basis points and for 2006 it was 15 basis points, being the lowest level in 25 years, reflecting Rabobank Group’s favourable credit risk profile. The ratio improved for all business units.

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).

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.

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.

Deviations in interest income and/or the market value of capital as a result of changes in market interest rates, outside the trading environment, are an important risk component (interest rate risk) for Rabobank Group. 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.

Currency risk

Currency risk positions are taken in both trading and non-trading books. Currency risk in the non-trading books relates exclusively to the translation risk¹ on capital invested in foreign activities and issues of Trust Preferred Securities not denominated in euro.

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”.

Competitive Environment

All aspects of the Bank’s business are highly competitive. The Bank’s competitive ability depends on many factors, including its reputation, the quality of its services and advice, intellectual capital, product innovation, execution ability, pricing, sales efforts and the talent of its employees.

Business Environment

Concerns about geopolitical developments, oil prices and natural disasters, among other things, can affect the global financial markets. Accounting and corporate governance scandals in recent years have had a significant effect on investor confidence.

Credit Ratings

The Bank’s access to the unsecured funding markets is dependent on its credit ratings. A reduction in its credit ratings could adversely affect the Bank’s access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements.

Credit Exposure

Credit exposure represents the possibility that a counterparty will be unable to honour its contractual obligations. Although the Bank actively manages credit exposure daily as part of its risk management framework, counterparty default risk may arise from unforeseen events or circumstances.

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

The Notes may not be a suitable investment for all investors

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

¹ Translation risk is the risk that exists when assets or liabilities are denominated in a currency deviating from the presentation currency.

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

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

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

Equity Linked Notes, Index Linked Notes and Dual Currency Notes

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

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

No Claim against any Reference Item

A Note will not represent a claim against any item (a "**Reference Item**") to which the amount of principal and/or interest payable or amount of specified assets deliverable in respect of the Notes is dependent and, in

the event that the amount paid by the Issuer or the value of the specified assets delivered on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item.

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

Potential conflicts of Interest in relation to Hedging

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

Other Potential Conflicts of Interest

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

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

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

Risks related to Notes generally

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

Modification, waivers and substitution

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

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

EU Savings Directive

If, following implementation of the Directive on the taxation of saving income (the “**Savings Directive**”) (see “Taxation — EU Savings Directive” below), a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

Change of law

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

Loss of principal

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or

reevaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus, will be approved by or filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, in its capacity as competent authority under the Financial Supervision Act, the “**Competent Authority**”), shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the Terms and Conditions of notes as set forth in the offering circular of the Issuer’s predecessor, Rabo Securities N.V., dated 28 November 2003, as supplemented on 1 March 2004, 9 June 2004, 2 November 2004 and 4 April 2005, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with aforementioned notes;
- (b) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 17 June 2005, as supplemented on 9 June 2006, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with aforementioned notes;
- (c) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 13 July 2006, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with above-mentioned notes;
- (d) the annual reports of Rabobank Group for the years ended 31 December 2004, 2005 and 2006;
- (e) the audited consolidated and unconsolidated financial statements of Rabobank Nederland for the years ended 31 December 2004, 2005 and 2006 (together with the explanatory notes); and
- (f) the most recent articles of association of the Issuer.

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

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be 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 shall be provided. Requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, from the office of BNP Paribas Securities Services S.A. - Frankfurt Branch (as “**Listing Agent**” for the regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange and the EUWAX trading segment of the Stuttgart Stock Exchange) for Notes listed on the regulated unofficial market (*Freiverkehr*) of the Frankfurt Stock Exchange and the EUWAX trading segment of the Stuttgart Stock Exchange.

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

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

ISSUE PROCEDURES

General

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

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

As to whether non-consolidated Conditions or consolidated Conditions will apply, the Issuer anticipates that non-consolidated Conditions will generally be used for Notes sold on a non-syndicated basis and which are not publicly offered and that consolidated Conditions will generally be used for Notes sold and distributed on a syndicated basis. Consolidated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or are to be distributed, in whole or in part, to non-professional investors.

As to the binding language of the respective Conditions, the Issuer anticipates that, in general, subject to any stock exchange or legal requirements applicable from time to time, and unless otherwise agreed between the Issuer and the relevant Dealer(s) in the case of Notes sold and distributed on a syndicated basis, and in the case of Notes publicly offered, in whole or in part, in Germany, or distributed, in whole or in part, to non-professional investors in Germany, English will be the binding language and a German language convenience translation of the Conditions may be made available at the option of the Issuer from the principal office of the Fiscal Agent. However, in the event of such public offer or distribution to non-professional investors, German may be chosen as the binding language.

Non-consolidated Terms and Conditions

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

- (i) the blanks in the provisions of the Terms and Conditions which are applicable to the Notes will be deemed to be completed by the information contained in the Final Terms as if such information was inserted in the blanks of such provisions;
- (ii) the Terms and Conditions will be modified, supplemented or replaced by the text of any provisions of the Final Terms modifying, supplementing or replacing the provisions of the Terms and Conditions;
- (iii) alternative or optional provisions of the Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted will be deemed to be deleted from the Terms and Conditions; and

- (iv) all instructions and explanatory notes set out in square brackets in the Terms and Conditions and any explanatory text in the Final Terms will be deemed to be deleted from the Conditions.

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

Consolidated Terms and Conditions

If the Final Terms specify that consolidated Terms and Conditions are to apply to the Notes, the consolidated Terms and Conditions in respect of such Notes will be constituted by the consolidated Terms and Conditions set out in the Final Terms. Where consolidated Terms and Conditions apply, the consolidated Terms and Conditions alone will constitute the terms and conditions of the Notes and will be attached to each global note representing Notes.

Supplemental Terms and Conditions for Index-linked Notes, Equity-linked Notes and Exchangeable Notes

Index Linked Notes, Equity Linked Notes and Exchangeable Notes will be governed by the General Terms and Condition, as supplemented and amended by the Supplemental Terms and Conditions for Index Linked Notes, Equity Linked Notes and Exchangeable Notes. Any provision of the supplemental conditions shall supersede any conflicting provision of the general Terms and Conditions.

FORM OF FINAL TERMS

FINAL TERMS

[For Equity Linked Notes insert:]

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

[For Index Linked Notes insert:]

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

[For principal protected Notes insert:]

[IN NO CIRCUMSTANCES MAY THE NOTES BE REDEEMED BY THE ISSUER AT THE MATURITY DATE FOR LESS THAN THE PROTECTION AMOUNT. FOR THE AVOIDANCE OF DOUBT: IN THE EVENT OF INSOLVENCY OF THE ISSUER OR IN THE EVENT OF AN EARLY REDEMPTION PURSUANT TO §4 THE NOTES MAY BE REDEEMED AT LESS THAN THE PROTECTION AMOUNT.]

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

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

ISIN: [●] *[insert Date]*
Common Code: [●]
Other securities code: [●]

RABOBANK STRUCTURED PRODUCTS

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the “Notes”) under the Euro 1,500,000,000 German Debt Issuance Programme

PART A - CONTRACTUAL TERMS

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

The Final Terms are to be read in conjunction with the Base Prospectus dated [●] August 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC). This document constitutes the Final Terms of the Notes described [*Delete in the case of Notes issued pursuant to an exception or exemption pursuant to Dutch financial supervision laws*] [herein for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with the Base Prospectus[.][,] [*Insert if the first tranche of an issue which is being increased (a further issue pursuant to §11) was issued under a Base Prospectus with an earlier date (the “Relevant Increase”:*] [save in respect of the Conditions and the Terms and Conditions (as defined below) which are extracted from the Base Prospectus dated [●] and are attached hereto.]

The Base Prospectus [*Insert in case of a Relevant Increase only:*] [and the Base Prospectus dated [●] are][is] available for viewing at Rabo Securities, Amstelplein 1, 1096 HA Amsterdam, The Netherlands and www.rabobank.nl and copies may be obtained from Rabo Securities, Amstelplein 1, 1096 HA Amsterdam, The Netherlands.

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

[The table below sets out the terms and conditions of the Notes (the “§” or the “Conditions”) and shall be read in conjunction with the terms and conditions set out in the Base Prospectus [*Insert in case of a Relevant Increase only:*] [dated[●]] (the “Terms and Conditions”). [A non-binding [German] [or English] language translation of the Conditions and the Terms and Conditions are attached to the Final Terms].

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

[The terms and conditions of the Notes (the “§”, or the “Conditions”) are set out below and a non-binding [German] [or English] language translation thereof is attached to the Final Terms. The Conditions replace in full the terms and conditions of the Notes as set out in the Base Prospectus [*Insert in case of a Relevant Increase only:*] [dated [●]] and are deemed to be “Terms and Conditions” for the purposes hereof.]

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

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

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

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

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

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

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

1	Issuer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)
2	(i) Series Number:	[•]
	(ii) Tranche Number:	[•] <i>[if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible]</i>
3	Specified Currency or Currencies:	[•]
4	Aggregate Nominal Amount:	[•]
	(i) Series:	[•]
	(ii) Tranche:	[•]
5	Issue Price:	[•]% [plus accrued interest from <i>[insert date]</i> <i>[in the case of fungible issues only, if required]</i> <i>[If Issue Price is not yet known, specify details and time schedule for its determination.]</i>
6	Specified Denomination(s):	[•]
7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•] <i>[only if different from Issue Date]</i>
	(iii) Subscription Period	[Not Applicable] <i>[specify details]</i>
8	Maturity Date [or redemption month]:	[•] <i>[Fixed Rate – Specify date]</i> <i>[Floating Rate – Interest Payment Date falling in or nearest to [specify month]] (the Scheduled Maturity Date)</i>
9	Interest Basis:	<i>[[•] per cent. Fixed Rate]</i> <i>[LIBOR/EURIBOR/[other] + [•] [per cent. Floating Rate]</i> <i>[Zero Coupon]</i> <i>[Index Linked Interest]</i>

- [Equity Linked Interest]
[Other (specify)]
(further particulars specified below)
- 10 (a) Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Equity Linked Redemption]
[Other (specify)]
- (b) Protection Amount: [[●] per cent. of the Specified Denomination/Not Applicable]
- 11 Change of Interest or Redemption/Payment Basis: **[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]** [Not Applicable]
- 12 Put/Call Options/Obligatory Redemption: [Investor Put]
[Issuer Call]
[Obligatory Redemption]
(further particulars specified below)
- 13 (i) Status of the Notes: [Unsubordinated][Subordinated]
(ii) Date of approval for issuance of Notes obtained: [●]
- 14 Method of distribution: [Syndicated][Non-Syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

FIXED RATE NOTE PROVISIONS

- 15 Fixed Rate Note Provisions: [Applicable][Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Rate(s) of Interest: [●]% per annum
[payable [annually][semi-annually][quarterly][**Other(specify)**] in arrears]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount(s): [●] per Specified Denomination
- (iv) Broken Amount(s): [Insert particulars of any short or long coupon]
- (v) Day Count Fraction: [Actual/Actual (ICMA)]
[30/360]
[30E/360 or Eurobond Basis]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[Other (specify)]

- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None][*Give details*]

FLOATING RATE NOTE PROVISIONS

- 16 Floating Rate Note Provisions: [Applicable][Not Applicable][*If not applicable, delete the remaining sub-paragraphs of this paragraph*]
- (i) Specified Interest Period(s) / Specified Interest Payment Date(s): [•]
- (ii) Business Day Convention (§3(3)): [FRN Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][*Other (specify)*]
- (iii) Relevant Financial Centre(s) (§5(3)): [•]
- (iv) Manner in which the Rate(s) of Interest and Interest Amount is to be determined: [Screen Rate Determination][ISDA Determination][*Other (specify)*]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [*Insert name*][Not Applicable]
- (vi) Screen Rate Determination (§3(2)):
- Reference Rate: [•]
 - Interest Determination Date(s): [*If LIBOR:*] [second London business day prior to the start of each Interest Period]
[*If EURIBOR or euro LIBOR:*] [second TARGET business day prior to the start of each Interest Period]
[*Other days*]
 - Relevant Screen Page: [•]
- (vii) ISDA Determination (§3(2)):
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (viii) Margin(s): [+/] [•]% per annum
- (ix) Minimum Rate of Interest: [•]% per annum
- (x) Maximum Rate of Interest: [•]% per annum
- (xi) Day Count Fraction: [Actual/Actual (ICMA)]
[30/360]
[30E/360 or Eurobond Basis]

[Actual/Actual (ISDA)]

[Actual/365 (Fixed)]

[Actual/360]

[**Other (specify)**]

(xii) Other terms or special conditions: [•]

ZERO COUPON NOTE PROVISIONS

17 Zero Coupon Note Provisions: [Applicable][Not Applicable] [if not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) [Amortisation/Accrual] Yield: [•]% per annum

(ii) Reference Price: [•]

(iii) Any other formula/basis of determining amount payable [•]

EQUITY LINKED INTEREST PROVISIONS

18 Equity Linked Interest Provisions: [Applicable][Not Applicable]

(i) Underlying Securities: [Give details for each class of Underlying Equity:

(a) Underlying Security:

(b) Issuer(s) of Underlying [•]

Securites: [•]

(c) The ISIN/Common Code of Underlying Securites: [•]

[See Schedule attached hereto]

(ii) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]

(iii) Provisions for determining the Rate of Interest where calculation by reference to the Underlying Security and/or formula is impossible or impracticable: [•]

(iv) Specified Period(s)/Specified Interest Payment Date(s): [•]

(v) Business Day Convention: [•]

(vi) Relevant Financial Centres [•]

(vii) Minimum Rate of Interest: [•] per cent. per annum]

(viii) Maximum Rate of Interest: [•] per cent. per annum]

(ix) Day Count Fraction: [Actual/Actual (ICMA)]

- [30/360]
- [30E/360 or Eurobond Basis]
- [Actual/Actual (ISDA)]
- [Actual/365 (Fixed)]
- [Actual/360]
- [Other (specify)]**
- (x) Valuation Date(s): [•]
- (xi) Valuation Time: [•]
- (xii) Exchange(s): [•]
- (xiii) Related Exchange(s): [•]
- (xiv) Exchange Rate: [•]
- (xv) Other terms or special conditions: [•]

INDEX LINKED INTEREST NOTE PROVISIONS

- | | | |
|----|--|-------------------------------|
| 19 | Index Linked Interest Note Provisions: | [Applicable][Not Applicable] |
| | (i) Index or Indices: | [Give details]/[See Schedule] |
| | (ii) Name of Index Sponsor(s): | [Give details]/[See Schedule] |
| | (iii) Description of formula to be used to determine the Rate of Interest: | [•] |
| | (iv) Provisions for determining the Rate of Interest where calculation by reference to the Index or Indices and/or formula is impossible or impracticable: | [•] |
| | (v) Specified Period(s)/Specified Interest Payment Date(s): | [•] |
| | (vi) Business Day Convention: | [•] |
| | (vii) Relevant Financial Centres: | [•] |
| | (viii) Minimum Rate of Interest: | [•] |
| | (ix) Maximum Rate of Interest: | [•] |
| | (x) Day Count Fraction: | [Actual/Actual (ICMA)] |
| | | [30/360] |
| | | [30E/360 or Eurobond Basis] |
| | | [Actual/Actual (ISDA)] |
| | | [Actual/365 (Fixed)] |

- [Actual/360]
- [*Other (specify)*]
- (xi) Valuation Date(s): [•]
- (xii) Valuation Time: [•]
- (xiii) Exchange(s): [•]
- (xiv) Related Exchanges: [•]
- (xv) Other terms or special conditions: [•]

DUAL CURRENCY INTEREST NOTE PROVISIONS

- 20 Dual Currency Interest Note Provisions: [Applicable][Not Applicable] [*If not applicable, delete the remaining sub-paragraphs of this paragraph*]
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*Other (specify)*]
- (ii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [•]
- (iii) Other terms or special conditions: [•]

PROVISIONS RELATING TO REDEMPTION

- 21 Call Option (§4(3)): [Applicable][Not Applicable] [*If not applicable, delete the remaining sub-paragraphs of this paragraph*]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Specified Denomination
- (iii) If redeemable in part: [•]
 - (a) Minimum Redemption Amount: [•]
 - (b) Higher (Maximum) Redemption Amount: [•]
- (iv) Notice period: [•] [*if different from §4(3)*]
- 22 Put Option (§4(4)): [Applicable][Not Applicable] [*if not applicable, delete the remaining sub-paragraphs of this paragraph*]
- (i) Put Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Specified Denomination
- (iii) Notice period: [•] [*if different from §4(4)*]

23	Obligatory Redemption	[Applicable][Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Specified Denomination
	(iii) Notice period:	[•]
24	Final Redemption Amount of each Note:	[Par] [[•] per Specified Denomination] [see item [[25] [26]] below] [<i>Other (specify)</i>] [See Schedule]
25	Index Linked Redemption Note:	[Applicable][Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Whether the Notes relate to a basket of indices or a single index:	[Single Index/Basket of Indices]
	(ii) Index or Indices:	[<i>Give details</i>][see Schedule]
	(iii) Name of Index Sponsor(s):	[•]
	(iv) Description of formula to be used to determine the Final Redemption Amount:	[•]
	(v) Valuation Date:	[•]
	(vi) Valuation Time:	[•]
	(vii) Provisions for determining index linked amounts where calculation by reference to Index and/or formula is impossible or impracticable:	[•]
	(viii) Disrupted Day:	[Applicable/Not Applicable]
	(ix) Multiplier for each Index comprising the Basket:	[Not Applicable/ <i>Insert details</i>]
	(x) Exchange(s):	[•]
	(xi) Related Exchanges:	All Exchange/[<i>Other (specify)</i>]
	(xii) Other terms or special conditions:	[None][<i>Other (specify)</i>]
26	Equity Linked Redemption Notes:	[Applicable][Not Applicable] <i>[if not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Whether Notes relate to a basket of underlying securities of a single underlying securities:	Single Underlying Security or Basket of Underlying Securities
	(ii) Underlying:	

- (specify for each Underlying Security)
- (a) Share Issuer: [•]
 - (b) ISIN/Common Code: [•]
 - (c) Exchange: [•]
 - (d) Related Exchange: [All Exchanges]/[•]
 - (iii) Formula to determine Equity Linked Redemption Amount: [•]
 - (iv) Provisions where calculation by reference to the Underlying Securities and/or formula is impossible or impracticable: [•]
 - (v) Provisions relating to the determination of the Reference Asset Amount: [*Specify provisions*][Not Applicable]
 - (vi) Delivery Agent: [*Specify name and address of delivery agent*]
 - (vii) Clearing System for the delivery of the Underlying Securities: [•]
 - (viii) Disruption Cash Settlement Price: [*Specify amount or formula*]
 - (ix) Equity Valuation Date(s): [•]
 - (x) Equity Valuation Time: [•]
 - (xi) Disrupted Day: [Applicable/Not Applicable]
 - (xii) Details of any other relevant terms, any stock exchange requirement/tax considerations: [•]
 - (xiii) Method of calculating the Early Redemption Amount (other than following an Event of Default or a Tax Call): [An amount equal to the market value of each Note on the date of redemption adjusted to account for an amount determined by the Calculation Agent in its sole and absolute discretion equal to the sum of (without duplication) all costs, expenses (including loss on funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading positions, such amount to be apportioned pro rata amongst each nominal amount of Notes in the Specified Denomination/[•]]
 - (xiv) Potential Adjustment Events: [Applicable/Not Applicable]
 - (xv) Extraordinary Event: [Cancellation and Payment][Calculation Agent Adjustment][*Other (specify)*]
 - (xvi) Other terms or special conditions: [•]

PROVISIONS RELATING TO EXCHANGEABLE NOTES

- 27 Exchangeable Note Provisions:
- (i) Share Basket Transaction: [Applicable][Not Applicable]
 - (ii) Index Basket Transaction: [Applicable][Not Applicable]
 - (iii) Conversion Right of the Noteholder: [Applicable][Not Applicable]
 - (iv) Reverse Conversion Right of the Issuer: [Applicable][Not Applicable]
 - (v) Underlying Securities: [*Specify number of Underlying Securities*] [*Description of Underlying Securities*]
 - (vi) Issuer of Exchangeable Notes: [*Name of issuer of underlying securities*]
 - (vii) Conversion Ratio: [*Specify ratio*]
 - (viii) Conversion Price: [*Specify price*]
 - (ix) Equity Valuation Date: [*Specify date*]
 - (x) Equity Valuation Time: [*Specify time*]
 - (xi) Maturity Date: [•]
 - (xii) Delivery Agent: [*Specify name and address of delivery agent*]
 - (xiii) Clearing System for the delivery of the Underlying Securities: [•]
 - (xiv) Disruption Cash Settlement Price: [*Specify amount or formula*]
 - (xv) Protection Amount: [Protection of [the] [[•] % of the] nominal amount/Not Applicable]
 - (xvi) Extraordinary Event: [Cancellation and Payment][Calculation Agent Adjustment][*Specify other consequence*]
 - (xvii) Other terms or special conditions: [•]

PROVISIONS RELATING DUAL CURRENCY NOTES

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

payable:

- (v) Other terms or special conditions [●]

:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29	Form of Notes:	[Bearer Notes][Exchangeable Bearer Notes] [Temporary Global Note exchangeable for Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note [and/or by the holder giving [60] days' notice to the Fiscal Agent of its election for exchange]
30	Relevant Financial Centre(s) or other special provisions relating to Payment Days (§5(3)):	[Not Applicable][<i>Give details</i>]
31	Details relating to Partly-Paid Notes:	[Not Applicable][<i>Specify</i>]
32	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable][<i>Insert provisions</i>]
33	Further Issues provisions:	[Not Applicable][<i>Insert provisions</i>]
34	Other final terms:	[Not Applicable][<i>Specify</i>]

DISTRIBUTION

35	(i) If syndicated, names (and addresses) of Managers:	[Not Applicable][<i>Give names</i>]
	(ii) Stabilising Manager (if any):	[Not Applicable][<i>Give names</i>]
	(iii) If non-syndicated, name of Dealer:	[Not Applicable][<i>Give names</i>]
	(iv) Total commission and concession:	[Not Applicable][<i>Give details</i>]
	(v) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D][TEFRA C][TEFRA not applicable]
36	Additional selling restrictions:	[Not Applicable][<i>Give details</i>]

RESPONSIBILITY

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

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

[Information on the underlying has been extracted from annual reports, Bloomberg, Reuters, official websites relating to the underlying and/or other publicly available information. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such published information, no facts have been omitted which would render the reproduced information inaccurate

or misleading.]

Signed on behalf of the Issuer:

By: _____

Duly authorised

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

Summary of the consolidated Terms and Conditions of the Notes:

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

Issuer:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)
Series Number:	[•]
Tranche Number:	[•]
Subscription Period	[Not Applicable] [<i>specify details</i>]
Specified Currency:	[•]
Aggregate Nominal Amount of the Notes:	[•]
Issue Price:	[•]
Specified Denomination:	[•]
Issue Date:	[•]
Maturity Date:	[•]
Status of the Notes:	Senior
Amounts payable in respect of the Notes:	[Interest] [Final Redemption Amount] [<i>specify other</i>]
Interest (Extracts from § 3 of the Terms and Conditions):	[•]
Final Redemption Amount (Extracts from § 4 of the Consolidated Terms):	[•]
Call Option/Put Option/Obligatory Redemption:	[•]
[insert further provisions if applicable]	[•]
Calculation Agent:	[•]
Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note][Permanent Global Note]
Notification process for allotted amount:	[Other than the transfer of purchased Notes to the deposit account of the relevant purchaser, there will be no separate publication/information. No allotment procedure shall apply.] [<i>specify other notification process for allotted amount</i>]
Governing law:	German law
DISTRIBUTION	
If syndicated, names (and addresses) of Managers:	[Not Applicable][<i>Give names</i>]
Stabilising Manager (if any):	[Not Applicable][<i>Give names</i>]
If non-syndicated, name of Dealer:	[Not Applicable][<i>Give names</i>]
Total commission and concession:	[Not Applicable][<i>Give details</i>]
Whether TEFRA D or TEFRA C rules applicable or	[TEFRA D][TEFRA C][TEFRA not applicable]

TEFRA rules not applicable:

Additional selling restrictions:

[Not Applicable][*Give details*]

RESPONSIBILITY

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

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

[Information on the underlying has been extracted from annual reports, Bloomberg, Reuters, official websites relating to the underlying and/or other publicly available information. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____

Duly authorised

The Terms and Conditions of the Notes set out in the Base Prospectus shall be amended by the consolidated Terms and Conditions as set out below, whereby the consolidated Terms and Conditions below shall replace the Terms and Conditions of the Notes contained in the Base Prospectus in their entirety.

[Consolidated Terms and Conditions to be inserted]

PART B - OTHER INFORMATION

1 LISTING

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

2 RATINGS

- Ratings: [Not Applicable]
- [The Notes to be issued have been rated, include:]*
- [S&P: [●]]
- [Moody's: [●]]
- [[Other]: [●]]
- [Delete if the minimum denomination is €50,000:] [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider. The disclosure should reflect the rating allocated to the Notes of the type being issued pursuant to the Programme generally or, where the issue has been specifically rated, that rating.]*

3 NOTIFICATION

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

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

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

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

[●]

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

- (ii) Estimated net proceeds:

[●]

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

- (iii) Estimated total expenses:

[●]. *[Include breakdown of expenses]*

[If the minimum denomination is €50,000 or more, delete section]

6 [YIELD [Fixed Rate Notes Only]]

Indication of yield:

[●]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]²

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

[If the minimum denomination is €50,000 or more, delete this section.]

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

Details of historic [LIBOR][EURIBOR][Other (Specify)] rates can be obtained from [Reuters][Other (Specify)].

[If the minimum denomination is €50,000 or more, delete this section.]

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

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

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

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

² [Delete if the minimum denomination is €50,000]

[See Appendix A]

[If the minimum denomination is €50,000 or more, delete this section.]

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

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

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

[If the minimum denomination is €50,000 or more, delete this section.]

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

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

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

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

[See Appendix B]

[If the minimum denomination is €50,000 or more, delete this section.]

11 OPERATIONAL INFORMATION

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

(h) Offer Period:

[[The offer of the Notes is expected to open at [●] hours (Central European Time) on [●] and close at [●] hours (Central European Time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in [●]].

[The Issuer reserves the right to withdraw the offer of the Notes until [●] at the latest. Such withdrawal will be announced in the aforementioned publication[s].]

[The aggregate nominal amount of the Notes to be issued and allotted will be announced by the Issuer at [●] hours (Central European Time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publication[s].]

[The Issuer reserves the right to decrease or increase the aggregate nominal amount of the Notes to be issued. Such decrease or increase will be announced in the aforementioned publication[s].]

If the Issuer decreases or increases the Aggregate Nominal Amount the number of Notes issued will be decreased or increased with a number equal to the division of the decreased or increased Aggregate Nominal Amount by the Specified Denomination.

[[No] [D/d]ealing in the Notes will be possible before the definitive aggregate nominal amount of the Notes is announced as set out above.]

[Not Applicable]

(i) Reduction of subscriptions:

[[Subscriptions in excess of the Issue Amount will be reduced systematically. Reduction will be announced by the Issuer at [●] hours (Amsterdam time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publications.]

[Not Applicable]

(j) Maximum and minimum subscription amount:

[●] and [●].

APPENDIX A TO THE FORM OF FINAL TERMS FOR INDEX LINKED NOTES

[if not applicable, delete this appendix]

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

RECENT PERFORMANCE OF INDEX

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

[AMEND TABLE APPROPRIATELY, INSERTING THE LATEST THREE CALENDAR YEARS AND THE MOST RECENT TWELVE MONTHS ELAPSED]*

Period	High	Low
[YEAR]	[•]	[•]
[YEAR]	[•]	[•]
[YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]
[MONTH AND YEAR]	[•]	[•]

(Source: ***[Bloomberg]***)

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

(Source: ***[Bloomberg]***)

[INSERT DESCRIPTION OF THE INDEX AND RELEVANT INDEX DISCLAIMER HERE]

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

and risks inherent in the Notes before it makes its investment decision in accordance with the objectives of its business.

APPENDIX B TO THE FORM OF FINAL TERMS FOR EQUITY LINKED NOTES

[If not applicable, delete this appendix]

[Form of disclosure to be annexed to the Final Terms for Notes relating to a single Share (for a Share Basket, repeat table above for each Share). [APPROPRIATE WORDING TO BE ADDED]

GENERAL DESCRIPTION OF THE ISSUER OF UNDERLYING SECURITIES [COMPANY NAME]

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

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

General Information

[COMPANY NAME] (the “Company” or the “Share Issuer”) was incorporated under [COUNTRY] law. The registered office and the principal administrative office of the Company is at [ADDRESS]. The Company’s primary business is [ONE SENTENCE BUSINESS DESCRIPTION].

The Shares

The shares to which the Certificates relate are the [ordinary][OTHER] shares of the Company which are listed on the [NAME] Stock Exchange (the “Shares”).

Share Price Information*

The table below shows the range of closing prices in [CURRENCY] for the Shares on the [NAME] Stock Exchange for each of the last three years and for the most recent six months:

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

*The Share Price Information shows the high and low prices of the Company’s shares from year to year. While the tables above provide some historical data regarding the risks of investing in the Company, past results are not necessarily indicative of future performance. Prospective purchasers of Notes are advised to

consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of the Notes for them as an investment. Each prospective purchaser of the Notes should be fully aware of and understand the complexity and risks inherent in the Notes before it makes its investment decision in accordance with the objectives of its business.

<i>[INSERT MOST RECENT TWELVE MONTHS ELAPSED]</i>	High	Low
[Month]	[•]	[•]

Source: *[Bloomberg]*

The closing price of the Shares on *[LATEST PRACTICABLE DATE]* was *[AMOUNT]*.

Dividends

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

Currency

- [•]
- [•]
- [•]

Source: *[Bloomberg]*

Holding of Shares

[INSERT A DESCRIPTION OF THE RIGHTS ATTACHING TO THE COMPANY'S SHARES IN THE CASE OF PHYSICAL DELIVERY OF SHARES]

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

Financial Statements relating to *[Company]*

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

Such publicly available financial statements shall be made available on request at the offices of [*LUXEMBOURG PAYING AGENT*].

Source: [*annual report/website address*]

The following are extracts of the Company’s [consolidated] financial statements for the three years ended [*DATE*] which have been extracted from [*SOURCE*] [and have been obtained from the Company’s website at [*WEBSITE ADDRESS*].

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

[*Insert financial statements*]

TERMS AND CONDITIONS OF THE NOTES

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

The provisions of these Terms and Conditions apply to the Notes as completed, modified, supplemented or replaced by the terms of the final terms which are attached hereto (the “**Final Terms**”). The blanks in the provisions of these Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions; any provisions of the Final Terms modifying, supplementing or replacing the provisions of these Terms and Conditions shall be deemed to so modify, supplement or replace the provisions of these Terms and Conditions; alternative or optional provisions of these Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions; and all provisions of these Terms and Conditions which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions, as required to give effect to the terms of the Final Terms. Copies of the Final Terms may be obtained free of charge by any holder of the Notes (the “**Noteholder**”) at the specified office of BNP Paribas Securities Services S.A. Frankfurt am Main Branch as fiscal and paying agent (the “**Fiscal Agent**”) and at the specified office of any paying agent so appointed by the Issuer (the “**Paying Agent**”).]

§ 1

(Currency. Denomination. Form. Clearing System)

- (1) *Currency.* *[[In the case of the Notes with a denomination insert:]] Denomination.* *Form.* This Series of Notes (the “**Notes**”) of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“**Rabobank Structured Products**” or the “**Issuer**”) is issued in *[insert currency]* (the “**Currency**”) *[In the case of Notes with an aggregate nominal amount and a specified denomination insert:]]* in an aggregate nominal amount of *[insert amount]* (in words: *[insert nominal amount in words]*) on *[insert issue date]* (the “**Issue Date**”) and is divided in denominations of *[insert denominations]* (the “**Specified Denomination**”). *[[In the case of Notes without an aggregate nominal amount and a specified denomination insert:]]* on *[insert issue date]* (the “**Issue Date**”) and represented by *[insert amount of Notes]* non-par value Notes]. The Notes are being issued in bearer form and will not be represented by definitive notes.

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

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

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

- (2) Temporary Global Note - Exchange.
 - (a) The Notes are initially represented by a temporary global note (the “**Temporary Global Note**”) without coupons which will be exchangeable for a permanent global note (the “**Permanent Global Note**”) and together with the Temporary Global Note, each a “**Global Note**”) without coupons. Each Global Note shall be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent.

- (b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the “**Exchange Date**”) not earlier than 40 days (and not later than 180 days) after the later of (i) the commencement of the offering and (ii) the Issue Date (the “**Exchange Date**”). Such exchange and any payment of interest on Notes represented by a Temporary Global Note shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person as defined by the U.S. Internal Revenue Code of 1986 and the regulations thereunder. Any such certification received by the Fiscal Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Note as described above. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in §5(3)).]
- (3) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. “**Clearing System**” means *[[if more than one Clearing System insert:] each of]* the following: [Clearstream Banking AG, Frankfurt am Main (“**CBF**”)] [,] [and] [Clearstream Banking *société anonyme*, Luxembourg (“**CBL**”)] [,] [and] [Euroclear Bank S.A./N.V. (“**Euroclear**”)] [,] [and] [*other Clearing System*] or any successor in this capacity.

§ 2
(Status)

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

§ 3
(Interest)

[In the case of Fixed Rate Notes insert:]

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

[In the case of Floating Rate Notes and index or equity linked interest Notes or dual currency Notes insert:]

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

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

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

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

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

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

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

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

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

[other to be specified]

[In the case of Floating Rate Notes and dual currency Notes insert:]

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

[In case of Floating Rate Notes insert:]

[Where ISDA Determination is specified insert:]

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

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

Where:

- (i) the “**Floating Rate Option**” is [*insert details*];
- (ii) the “**Designated Maturity**” is [*insert details*]; and

- (iii) the “Reset Date” is *[[if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro zone inter-bank offered rate (EURIBOR) for a currency:] the first day of the relevant Interest Period [in any other case: [Insert details].]*

[Where Screen Rate Determination is specified insert:]

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

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

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

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

[If Minimum Rate of Interest applies insert]

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

[If Maximum Rate of Interest applies insert:

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

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

[In the case of Zero Coupon Notes insert:]

[The Notes will be non-interest bearing.]

- ([•]) “**Day Count Fraction**”, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”) means:

[in case of “Actual/Actual (ICMA)”:]

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

divided by the product of (x) the actual number of days in such Interest Period and (y) the number of Interest Periods in any year; and (ii) the actual number of days in such Calculation Period falling in the next Interest Period divided by the product of (x) the actual number of days in such Interest Period and (y) the number of Interest Periods in any year.]

[in the case of “30/360”:]

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

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

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

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

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

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

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

[in the case of “Actual/360”:]

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

- ([●]) If the Issuer for any reason fails to render any payment in respect of the Notes when due, interest shall continue to accrue at the default rate established by statutory law on the outstanding amount from (including) the due date to (excluding) the day on which such payment is received by or on behalf of the Noteholders.

§ 4

(Final Redemption. Tax Call. [Issuer Call.] [Noteholder’s Put.]

- (1) *Final Redemption.* Unless previously redeemed pursuant to sub-section (2) at their Early Redemption Amount, the Notes shall be redeemed **[in case of Notes other than Index and Equity Linked Notes:]** [at their Final Redemption Amount on **[insert maturity date]** [the Interest Payment Date falling in **[insert redemption month]**] (the “Maturity Date”)] **[in case of Index- and Equity Linked Notes:]** [pursuant to §4c].
- (2) *Tax Call.* The Notes shall be redeemed at their Early Redemption Amount together with interest accrued to the date fixed for redemption at the option of the Issuer in whole, but not in part, [on any Interest Payment Date][, at any time,] on giving not less than 30 days’ notice to the Noteholders (which notice shall be irrevocable) by settlement in cash in accordance with §5 if; (i) on the occasion of the next payment or delivery due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in §6 as a result of any change in, or amendment to, the laws or

regulations of Germany or the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures (but no Substitution of the Issuer pursuant to §10) available to it. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by an executive director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

[(3)] [*Issuers' Call*. The Issuer may redeem all or some only of the Notes then outstanding on [insert optional redemption dates] (each an “**Optional Redemption Date**”) at their Optional Redemption Amount together, with any interest accrued to (excluding) the relevant Optional Redemption Date upon having given (i) not less than five Business Days’ notice to the Noteholders in accordance with §12 and (ii) not less than seven Business Days before the giving of the notice referred to in (i), notice to the Fiscal Agent (which notices shall be irrevocable and shall specify the Optional Redemption Date fixed for redemption). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed will be selected in accordance with the rules of the Clearing System.]

[(3)][(4)] [*Notesholders' Put*. The Issuer shall, upon the Noteholder giving not less than 15 nor more than 30 days’ notice to the Issuer, redeem such Note on [*specify optional redemption date(s)*] (each a “**Put Redemption Date**”) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption against delivery of such Notes to the Issuer or to its order. To exercise such option the Noteholder must submit a duly completed option exercise notice in the form obtainable from any Paying Agent, the Fiscal Agent or from the Issuer within the notice period. No option so exercised may be revoked or withdrawn.]

[•] *Redemption Amounts*. For the purposes of this §4 and §8 (Events of Default) the following applies:

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

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

- (a) [*insert Reference Price*] (the “**Reference Price**”); and
- (b) the product of [*insert Amortisation Yield in per cent.*] (the “**Amortisation Yield**”) and the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and payable, whereby the Amortisation Yield shall be compounded annually.]

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

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

[*In case of Index Linked, Equity Linked and Exchangeable Notes supplement the relevant Terms and Condition by Supplemental Terms and Conditions and specify any applicable Protection*

Amount as specified in the Final Terms or define herein; insert relevant provisions for dual currency Notes.]

§ 5

(Payments)

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

[in case of Notes other than Zero Coupon Notes insert:]

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

- (3) *Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day then the Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

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

- (4) “**United States**” means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

- (5) *Discharge.* The Issuer shall be discharged by payment or, as the case may be, delivery to, or to the order of, the Clearing System.

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

§ 6

(Taxation)

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

withholding or deduction been required, except that no Additional Amounts shall be payable with respect to any Note

- (i) as far as German *Kapitalertragssteuer* (including *Zinsabschlagsteuer*) and *Solidaritatzuschlag* or any other tax which may substitute the German *Kapitalertragssteuer* and/or *Solidaritatzuschlag* is concerned;
- (ii) to, or to a third party on behalf of, a Noteholder where such Noteholder is liable to such withholding or deduction by reason of having some connection with Germany or the Netherlands other than by reason only of the holding of such Note or the receipt of the relevant payment in respect thereof;
- (iii) to, or to a third party on behalf of, a Noteholder where no such withholding or deduction would have been required to be withheld or deducted if the Notes were credited at the time of payment to a securities deposit account with a bank outside the Federal Republic of Germany or the Netherlands;
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on taxation of savings income or any law implementing or complying with, or introduced in order to conform to such directive;
- (v) to the extent such withholding or deduction is required by or on behalf of a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the payment is effected;
- (vi) to the extent such withholding or deduction is required by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by effecting a payment via another Paying Agent in a Member State of the EU, not obliged to withhold or deduct tax; or
- (vii) to the extent such withholding or deduction tax is payable required more than 30 days after the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made.

§ 7

(Prescription)

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

§ 8

(Events of Default)

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

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

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

§ 9
(Agents)

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

Fiscal Agent and Principal Paying Agent:	BNP Paribas Securities Services S.A. Frankfurt Branch Grüneburgweg 14 60322 Frankfurt am Main
Paying Agent[s]:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities) Amstelplein 1 1096 HA Amsterdam The Netherlands <i>[insert name and specified office of other paying agent]</i>
[Calculation Agent:	<i>[insert name and specified office]]</i>
[Delivery Agent:	<i>[insert name and specified office]]</i>

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent provided that the Issuer shall at all times (i) maintain a Fiscal Agent, (ii) so long as the Notes are listed on a regulated market or a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock

exchange, (iii) in case the Currency is U.S. Dollar and payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York City, (iv) a Calculation Agent with a specified office located in such place as required by the rules of any stock exchange or other applicable rules (if any) and (v) if a Directive of the European Union regarding the taxation of interest income or any law implementing such Directive is introduced, ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law, to the extent this is possible in a member state of the European Union. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with §12.

- (3) *Agent of the Issuer.* Any Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Noteholder.
- (4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Terms and Conditions by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Noteholders and shall be made in accordance with §317 of the German Civil Code.
- (5) None of the Calculation Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correcting made in the calculation or publication of any amount in relation to the Notes, whether caused by negligence or otherwise (other than gross negligence or wilful misconduct).

§ 10

(Substitution of the Issuer)

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

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

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

§ 11

(Further Issues. Purchases. Cancellation)

- (1) *Further Issues.* The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (except for the Issue Price, the Issue Date, the Interest Commencement Date and the first Interest Payment Date) and so that the same shall be consolidated and form a single Series with such Notes, and references to “Notes” shall be construed accordingly.
- (2) *Purchases.* The Issuer and its subsidiaries may at any time purchase Notes at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or cancelled, all at the option of the Issuer.

- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12
(Notices)

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

§ 13
(Governing Law, Jurisdiction and Process Agent)

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

§ 14
(Language)

These Conditions are written in the [German] [English] language and provided with an [English] [German] language translation. The [German] [English] text shall be controlling and binding. The [English] [German] language translation is provided for convenience only.

**SUPPLEMENTAL TERMS AND CONDITIONS OF THE NOTES
FOR INDEX LINKED NOTES, EQUITY LINKED NOTES AND
EXCHANGEABLE NOTES**

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

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

§3 (2)

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

"**Rate of Interest**" means

[•]

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

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

[insert formula / conditions]

[see Schedule]

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

[If Minimum Rate of Interest applies insert]

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

[If Maximum Rate of Interest applies insert:

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

[In the case of Dual Currency Notes insert:]

§3 (2)

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

[For Equity Linked, Index Linked and Exchangeable Notes insert:]

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

[In all other cases insert: [§4a]]

(General Definitions)

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

“**Disrupted Day**” means in respect of [Insert in the case of Index Linked Notes:] [an Index] [Insert in the case of Equity Linked Notes:] [a Share] any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

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

“**Exchange**” means, in respect of [an Index][a Share] each exchange or quotation system specified as such hereon for [such Index][such Share], any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in [such Share][in the shares underlying such Index] has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to [such Share] [Insert in the case of Index Linked Notes:] [to the shares underlying such Index] on such temporary substitute exchange or quotation system as on the original Exchange).

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

“**Exchange Disruption**” means in respect of [an Index][a Share] any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions [Insert in the case of Equity Linked Notes:] [in, or obtain market values for the relevant Shares on the Exchange] [Insert in the case of Index Linked Notes:] [on any relevant Exchange relating to securities that comprise 20 per cent. or more of the level of that Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to that Index on any relevant Related Exchange.]

“**Extraordinary Event**” means a [Insert in the case of Equity Linked Notes:] [Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting] [Insert in the case of Index Linked Notes:] [Index Adjustment Event].

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

“**Market Disruption Event**” means, in respect of [an Index][a Share], the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. [Insert in the case of Index Linked Notes:] [For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a

security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security and (y) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event.]

[Insert in the case of Equity Linked Notes:] [**Potential Adjustment Event**] means any of the following:

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

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

[Insert in the case of Equity Linked Notes:] [**Share Basket Transaction**] means this issue of Notes.]

[Insert in the case of Equity Linked Notes:] [**Share Issuer**] means the issuer of the relevant Shares.]

[Insert in the case of Equity Linked Notes:] [**“Shares”**] *[Insert in the case of Exchangeable Notes:]* [or **“Underlying Securities”**] means [specify underlying securities].

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

“Scheduled Trading Day” means in respect of [an Index][a Share], any day on which each Exchange and each Related Exchange specified hereon are scheduled to be open for trading for their respective regular trading sessions.

“Trading Disruption” means in relation to [a Share][an Index], any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) *[Insert in the case of Equity Linked Notes:]* [relating to the relevant Share on the Exchange][*[Insert in the case of Index Linked Notes:]* [relating to securities that comprise 20 per cent. or more of the level of that Index on any relevant Exchange] or (ii) in futures or options contracts relating to *[Insert in the case of Equity Linked Notes:]* [the relevant Share] *[Insert in the case of Index Linked Notes:]* [the relevant Index on any relevant Related Exchange].

“Valuation Date” means each *[Insert in the case of Index Linked Notes:]* [Index Valuation Date] *[Insert in the case of Equity Linked Notes:]* [Equity Valuation Date] [, including [●] (the **“Final Valuation Date”**)].

“Valuation Time” means *[specify time and Relevant Financial Centre]* on the Valuation Date.

[In the case of Index Linked Notes insert:]

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

[In all other cases insert: [§4b]]

(Specific Definitions)

“Index” means [insert Index or Indices].

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

“Index Basket Level” means an amount calculated by the Calculation Agent by (i) multiplying the Index Level for each Index contained in the Basket with the proportion (expressed as a percentage rate) for each Index: *[insert relevant proportion for each Index]* and (ii) building the sum of the amounts so determined.

“Index Business Day” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange and each Related Exchange, other than a day on which trading on any such Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time.

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

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

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

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

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

“**Index Valuation Date(s)**” means [*insert Valuation Time and Relevant Financial Centre*] on [*insert date*] where [*insert date*] shall be the “Final Index Valuation Date”. In the case that any such date is not an Index Business Day, the relevant Index Valuation Date will be the next day which is an Index Business Day.

[The following § 4c is not to be inserted in the case of Index linked interest only]

§4c
(Redemption)

The Notes shall be redeemed on [*insert Maturity Date*] (the “**Maturity Date**”) at the Index Linked Redemption Amount as determined by the Calculation Agent in accordance with the provisions hereof and as notified to the Noteholders in accordance with §12 by the Calculation Agent immediately after being determined.

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

[In all other cases insert: [§4d]]

(Successor Index. Calculation Agent Adjustment. Correction of an Index. Disrupted Days)

- (1) *Successor Index.* If any Index is not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Calculation Agent or replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for, and method of, calculation as used in the calculation, of that Index (the “**Successor Index**”), then such Index shall be deemed to be the index so calculated and announced by the Successor Index Sponsor or that Successor Index, as the case may be.
- (2) *Calculation Agent Adjustment.* If, in the determination of the Calculation Agent on or before any Index Valuation Date the Index Sponsor or (if applicable) Successor Index Sponsor makes a material change in the formula for, or the method of calculating, an Index or in any other way materially modifies an Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent securities and capitalisation and other routine events) (an “**Index Modification**”); or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”) or on any Index Valuation Date the Index Sponsor fails to calculate and publish the Index Level (an “**Index Disruption**”), then the Calculation Agent shall calculate the all relevant amounts using, in lieu of a published level for such Index, the Index Level as at the relevant Index Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating such Index last in effect before that change or failure, but using only those Index Components that comprised such Index immediately before that change, failure or cancellation. The Calculation Agent shall notify the Fiscal Agent and the Noteholders thereof in accordance with §12.
- (3) *Correction of an Index.* In the event that any price or level published on the Exchange or Related Exchange or by the Index Sponsor and which is utilized for any calculation or determination made in relation to the Notes is subsequently corrected and the correction is published by the Exchange or the

Index Sponsor before the relevant date for any payments under the Notes, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of the Notes to account for such correction and will notify the Noteholders accordingly pursuant to §12.

- (4) *Disrupted Days.* If the Calculation Agent in its sole and absolute discretion determines that any Index Valuation Date is a Disrupted Day, then the Index Valuation Date shall be the first succeeding Index Business Day that the Calculation Agent determines is not a Disrupted Day, unless the Calculation Agent determines that each of the five Index Business Days immediately following the original date is a Disrupted Day. In that case:
- (a) that fifth Index Business Day shall be deemed to be the Index Valuation Date, notwithstanding the fact that such day is a Disrupted Day;
 - (b) the Calculation Agent shall determine the Index Level as of the relevant Index Valuation Date on that fifth Index Business Day in accordance with the formula, for and method of, calculating such Index last in effect prior to the commencement of the Market Disruption Event using the exchange traded price on the relevant Exchange (or, if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of the exchange traded price that would have prevailed but for the suspension or limitation as of the relevant Index Valuation Date) on that fifth Index Business Day of each security comprising such Index; and
 - (c) the Maturity Date or any other dates for payments under the Notes (as applicable) shall be postponed to the [insert number of day; make sure that the postponed maturity date does not fall prior to the Maturity Date] Business Day following such fifth Index Business Day.

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

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

[In all other cases insert: [§4b]]

(Specific Definitions)

“**Delisting**” means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re listed, re traded or re quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

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

“**Disruption Cash Settlement Price**” means *[specify amount]*.

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

“**Equity Linked Redemption Amount**” means an amount, *which shall never be less than the Protection Amount,* calculated by the Calculation Agent on the Equity Valuation Date at the Equity Valuation Time in accordance with the following formula: *[insert relevant formula].*

“**Equity Valuation Date**” means *[insert date]* or if such day is not an Exchange Business Day, the immediately following day which is an Exchange Business Day.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting a Share Issuer, (A) all the Shares of that

Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Issuer become legally prohibited from transferring them.

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

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

“**Nationalisation**” means that all the Shares or all or substantially all the assets of a Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

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

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

“**Settlement Date**” means in the event of redemption of the Notes of a Series by delivery of the Underlying Securities, such Business Day as agreed by the Calculation Agent, being on or as soon as practicable after the earlier of the Optional Redemption Date or the Maturity Date subject to amendment according to the Terms and Conditions.

“**Settlement Disruption Event**”, means, in respect of a Share, an event beyond the control of the parties as a result of which the relevant Clearance System cannot clear the transfer of such Share.]

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self regulatory agencies or such other information as the Calculation Agent deems relevant.

[The following § 4c is not to be inserted in the case of Equity linked interest only]

§4c

(Redemption[. Extraordinary Events])

[(1) *Redemption.*] The Notes shall be redeemed on *[insert maturity date]* (the “**Maturity Date**”) by [either] *[Insert in the case of cash settlement:]* [payment of the Equity Linked Redemption Amount] *[Insert in the case of physical settlement:]* [or] delivery of the Underlying Security in an amount equal to the Reference Asset Amount, as determined by the Issuer]. The [Equity Linked Redemption Amount] [or

the Reference Asset Amount] in respect of each Note shall be calculated by the Calculation Agent in accordance with the provisions hereof and shall be notified to the Noteholders in accordance with §12 by the Calculation Agent immediately after being determined.

[If “Cancellation and Payment” shall be is applicable, insert:]

- (1) *[Extraordinary Event.* In the event of an Extraordinary Event the Issuer may redeem all, or some only, of the Notes then outstanding at [the Early Redemption Amount] [or] [the Reference Asset Amount, as determined by the Issuer] *[specify any other amount]* together, if appropriate, with interest accrued to (but excluding) the date of redemption upon the Issuer having given not less than five Business Days’ notice to the Noteholders in accordance with §12; and not less than seven Business Days before the giving of such notice, notice to the Fiscal Agent [(unless the Fiscal Agents acts as Calculation Agent)].

[In case of physical settlement insert:] [The following § 4d is not to be inserted in the case of Equity linked interest only]

[[§4d]

(Delivery of Underlying Securities)

- (1) *Manner of Delivery.* Delivery of Underlying Securities will be effected to or to the order of the Noteholder by crediting a securities account which account forms part of the Clearing System and which shall be the account of the custodian bank (or any bank acting as intermediary custodian bank (*Zwischenverwahrer*) of the relevant Noteholder. No Noteholder will be entitled to receive dividends declared or paid in respect of the Underlying Securities to which such Note gives entitlement or to any other rights relating to or arising out of such Underlying Securities if the date on which the Underlying Securities are quoted ex dividend or ex the relevant right falls before the date on which the Underlying Securities are credited into the securities account of the Noteholder.
- (2) *Compensation Amount.* Notes to be redeemed in accordance with this condition to the same Noteholder will be aggregated for the purpose of determining the Underlying Securities to which such Notes give entitlement (and, for the avoidance of doubt, in the case of a Basket, per particular class of Underlying Securities comprised in that Basket). The Noteholders will not be entitled to any interest or other payment or compensation if and to the extent that the delivery of the Underlying Securities will take place after the earlier of the Optional Redemption Date or the Maturity Date. The number of Underlying Securities calculated on the basis of the provisions hereof will, to the extent they form a whole number, be transferred to the Noteholder. Entitlement to the remaining fractions of Underlying Securities will be settled by payment of those fractions in cash rounded off to two decimals, calculated by the Calculation Agent on the basis of the price of the Underlying Securities quoted on the relevant Exchange at the closing on the Final Valuation Date and, to the extent necessary, converted into Euro at the Calculation Agent’s spot rate of exchange prevailing on such day (the “**Compensation Amount**”).
- (3) *Delivery Expenses.* All expenses including but not limited to any depository charges, levies, scrip fees, registration, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or taxes or duties (together “**Delivery Expenses**”) arising from the delivery of Underlying Securities in respect of a Note shall be for the account of the relevant Noteholder and no delivery and/or transfer of Underlying Securities in respect of a Note shall be made until all Delivery Expenses have been discharged to the satisfaction of the Issuer by the relevant Noteholder.
- (4) *No Obligation.* None of the Issuer, the Delivery Agent and the Fiscal Agent shall be under any obligation to register or procure the registration of the relevant Noteholder prior or after any delivery

of underlying securities or any other person as the shareholder in any register of shareholders of any Company or otherwise.

- (5) *Settlement Disruption Event.* If, in the opinion of the Delivery Agent, delivery of Underlying Securities is not practicable by reason of a Settlement Disruption Event having occurred and continuing on the Settlement Date, then the Settlement Date shall be postponed to the first following Business Day in respect of which there is no Settlement Disruption Event, and notice thereof shall be given to the relevant Noteholder in accordance with §12. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note in the event of any delay in the delivery of the Underlying Securities pursuant to this paragraph, and no liability in respect thereof shall attach to the Issuer. For the avoidance of doubt any such postponement shall not constitute a default by the Issuer. For so long as delivery of the Underlying Securities in respect of any Note is not practicable by reason of a Settlement Disruption Event, then instead of physical settlement, and notwithstanding any other provision hereof or any postponement of the Settlement Date, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Noteholders in accordance with §12. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with §12.]

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

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

(Calculation Agent Adjustment. Corrections. Disrupted Days. Extraordinary Events)

- (1) *Potential Adjustment Event.* In the event of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will:
- (a) make the corresponding adjustment(s), if any, to all relevant amounts and/or any of the other relevant terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share); and
 - (b) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by any Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with §12, stating the adjustment to the relevant amounts and/or any of the other relevant terms and giving brief details of the Potential Adjustment Event.

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

- (2) *Corrections.* In the event that any price or level published on the Exchange and which is utilized for any calculation or determination made in relation to the Notes is subsequently corrected and the correction is published by the Exchange before the the relevenat date of payment, the Calculation Agent will, to the extent still possible from a settlement perspective, determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms

of such Notes to account for such correction and will notify the Noteholders accordingly pursuant to §12.

- (3) *Disrupted Days.* If the Calculation Agent in its sole and absolute discretion determines that any Equity Valuation Date is a Disrupted Day, then the Equity Valuation Date shall be the first succeeding Exchange Business Day that the Calculation Agent determines is not a Disrupted Day, unless the Calculation Agent determines that each of the five Exchange Business Days immediately following the original date is a Disrupted Day. In that case and for the purpose of determining the Equity Linked Redemption Amount or any other relevant amounts:
- (a) that fifth Exchange Business Day shall be deemed to be the Equity Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
 - (b) the Calculation Agent shall determine its good faith estimate of the value of the Shares as of the Equity Valuation Time on that fifth Exchange Business Day.

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

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

[In the case of Exchangeable Notes insert:]

§4b
(Special Definitions)

“**Conversion Price**” means [*specify price*] subject to adjustment in accordance with §4e.

“**Conversion Ratio**” means [*specify amount*] subject to adjustment in accordance with §4e.

[in the case of a conversion right by the Noteholder, insert:] [“**Conversion Right**” means the right of the Noteholders to have any Notes redeemed either by delivery of the Underlying Securities or by payment of the Equity Linked Redemption Amount.]

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

“**Disruption Cash Settlement Price**” means [*specify amount*].

“**Equity Valuation Date**” means [*insert date*] or if such day is not an Exchange Business Day, the immediately following day which is an Exchange Business Day.

“**Exchangeable Notes**” means [*insert details*] [these Notes].

“**Initial Conversion Price**” means [*specify price*].

[in the case of a conversion right by the Issuer, insert:] [“**Reverse Conversion Right**” means the right of the Issuer to redeem any Notes either by delivery of Underlying Securities or by payment of the Equity Linked Redemption Amount.]

[in the case of a conversion right by the Issuer, insert:] [“**Reverse Exchangeable Notes**” means those Equity Linked Notes in respect of which a Reverse Conversion Right is applicable.]

“**Settlement Date**” means in the event of redemption of the Notes of a Series by delivery of the Underlying Securities, such Business Day as agreed by the Calculation Agent, being on or as soon as practicable after the earlier of the Optional Redemption Date or the Maturity Date subject to amendments made in accordance with this conditions.

“**Settlement Disruption Event**”, means, in respect of a Share, an event beyond the control of the parties as a result of which the relevant Clearance System cannot clear the transfer of such Share.

§4c

(Conversion Right. [Cancellation and Payment.])

[In the case of a Reverse Conversion Right, insert:]

- (1) *[Reverse Conversion Right.* The Issuer has the right to redeem all and not just some only of the Notes either (i) by delivery of Underlying Securities or (ii) by payment of the Final Redemption Amount, in both cases together with accrued interest. In case of (i), delivery shall be made on the Settlement Date in accordance with the provisions of §4d below. In case of (ii), payment of the Final Redemption Amount shall be made on [specify Maturity Date] (the “**Maturity Date**”). The Issuer may chose in its sole discretion, which of (i) or (ii) shall be the applicable redemption method for the Notes on the Equity Valuation Date at the Equity Valuation Time. Immediately after having exercised its choice, the Issuer shall notify the Calculation Agent and the Noteholders of the applicable redemption method in accordance with §12.

[In the case of a Conversion Right, insert:]

- ([●]) *[Conversion Right.* Each Noteholder has the right to demand (i) the conversion of all [and not just some only] [or some only] of the Notes into Underlying Securities or (ii) payment of the Final Redemption Amount, in both cases together with any accrued interest. Such Conversion Right shall be exercisable on [*specify date or dates and any applicable exercise procedures*].

- ([●]) *Certification.*

- (i) In order to obtain delivery of the Underlying Securities in respect of any Note, the relevant Noteholder must deliver at its own expense during normal business hours to the Clearing System and the Fiscal Agent, not later than close of business in each place of receipt on the relevant Physical Delivery Cut-Off Date, a duly completed Reference Asset Transfer Notice including the details specified below (the "Reference Asset Transfer Notice").
- (ii) Forms of the Reference Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.
- (iii) A Reference Asset Transfer Notice may only be delivered in such manner as is acceptable to the Clearing System.
- (iv) The delivery of the Underlying Securities shall be made [specify manner] [in such commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Noteholders in accordance with § 12].
- (v) All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties (together "Delivery Expenses") arising from the delivery and/or transfer of any Underlying Securities shall be for the account of the relevant Noteholder and the Issuer will not make any delivery and/or transfer of any Underlying Securities until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

- (vi) A Reference Asset Transfer Notice must:
- (c) specify the name and address of the relevant Noteholder and any account details required for delivery, and the person from whom the Issuer may obtain details for the delivery of the Reference Asset Amount if such delivery is to be made otherwise than in the manner specified in these Terms and Conditions;
 - (d) contain certification, inter alia, that the beneficial holder is not a U.S. Person and that delivery of the Underlying Securities will not be made in the United States and any further certifications and undertakings set out in the form of the Reference Asset Transfer Notice relating to certain restrictions of the ownership of the Underlying Securities.

Failure to deliver such certifications and undertakings shall make the Reference Asset Transfer Notice to which it relates invalid and the Issuer shall not be obligated to deliver any Underlying Securities in receipt thereof;

- (e) specify the nominal amount of Notes which are the subject of such notice;
 - (f) include an undertaking to pay all Delivery Expenses and an authority to debit a specified account of the Noteholder in respect thereof and to pay such Delivery Expenses; and
 - (g) authorise the production of such notice in any applicable administrative or legal proceedings.
- (vii) In addition to the Reference Asset Transfer Notice, the Noteholder must simultaneously deliver the Notes which are subject to such Reference Asset Transfer Notice to the Fiscal Agent either (1) by transferring (book entry transfer) the Notes to the Clearing System account of the Fiscal Agent, or (2) by an irrevocable instruction to the Fiscal Agent to withdraw the Notes from a deposit account of the relevant Noteholder with the Fiscal Agent on the relevant payment date.
- (viii) No Reference Asset Transfer Notice may be withdrawn after receipt thereof by the Fiscal Agent as provided above. After delivery of a Reference Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.
- (ix) Failure to properly complete and deliver a Reference Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the Fiscal Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.
- (x) If no certification of non-U.S. Person beneficial ownership (in the form set out in the Reference Asset Transfer Notice) is provided by the relevant Physical Delivery Cut-Off Date, then the Issuer may, instead of delivering, or having delivered on its behalf, the Underlying Securities, satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of a cash amount, calculated by the Calculation Agent to represent the fair market value of the Underlying Securities on such day as shall be selected by the Calculation Agent in good faith and in a commercially reasonable manner, adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any relevant Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements).

- (xi) If any Noteholder fails to properly complete and deliver a Reference Asset Transfer Notice which results in such Reference Asset Transfer Notice being treated as null and void, the Issuer may determine, in its sole and absolute discretion, whether to waive the requirement to deliver a properly completed Reference Asset Transfer Notice on or prior to the relevant cut-off date for physical delivery, as set out below (the "Physical Delivery Cut-Off Date"), in order for such Noteholder to receive the relevant redemption amount and/or Interest Amount(s), as the case may be, by obtaining delivery of the Underlying Securities in respect of such Notes and shall give notice of such waiver to the Fiscal Agent.
- (xii) The delivery of the Underlying Securities shall be made (1) by the Fiscal Agent to the Clearing System or the Alternative Clearing System for the credit of the accounts of the relevant Noteholders, or (2) in such commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery.
- (xiii) The Issuer (or any agent acting on its behalf) will not be obligated to deliver and/or transfer any Underlying Securities to an address, or an account at a bank located, in the United States of America or its possessions.
- (xiv) Subject to this § 4c, in relation to each Note which is to be redeemed or satisfied by delivery of Underlying Securities, the Underlying Securities will be delivered at the risk of the relevant Noteholder in the manner provided above on the relevant Interest Payment Date and/or the Maturity Date, as the case may be (each such date, subject to adjustment in accordance with this § 5(●), a "Delivery Date"), provided that the Reference Asset Transfer Notice is duly delivered to the Fiscal Agent, as provided above, not later than the close of business in each place of receipt on the relevant Physical Delivery Cut-Off Date.

If a Reference Asset Transfer Notice is delivered to the Fiscal Agent, no later than the close of business in each place of receipt on the relevant Physical Delivery Cut-Off Date, then the Underlying Securities may, at the option of the Issuer, be delivered as soon as practicable after the relevant Interest Payment Date and/ or the Maturity Date, as the case may be (in which case, such date of delivery shall be the relevant Delivery Date), at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, in the event of such relevant Delivery Date falling after the originally designated relevant Delivery Date and no liability in respect thereof shall attach to the Issuer or to the Fiscal Agent.]

[If "Cancellation and Payment" shall be applicable, insert:]

- ([●]) *[Cancellation and Payment.* In the event of an Extraordinary Event the Issuer may redeem all, or some only, of the Notes then outstanding at the Early Redemption Amount [*specify any other amount*] together, if appropriate, with interest accrued to (but excluding) the date of redemption upon the Issuer having given not less than five Business Days' notice to the Noteholders in accordance with §12 and not less than seven Business Days before the giving of such notice, notice to the Fiscal Agent [(unless the Fiscal Agents acts as Calculation Agent)].

§4d

(Delivery of Underlying Securities)

- (1) *Delivery of Underlying Securities.* For each Note in a nominal amount of [*specify nominal amount*] the Issuer will transfer, or procure the delivery by the Delivery Agent, on or before the Settlement Date of [*insert number*] Underlying Securities, subject to adjustment in accordance with §4e.

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

to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Noteholders in accordance with §12. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with §12.

§4e
(Calculation Agent Adjustment)

[(1)] *Potential Adjustment Event.* In the event of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will:

- (a) make the corresponding adjustment(s) to the Conversion Price or the Conversion Ratio or any of the other relevant terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share); and
- (b) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by any Options Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with §12, stating the adjustment made to any relevant terms and giving brief details of the Potential Adjustment Event. For the avoidance of doubt, in addition to or instead of varying any terms in accordance with the above provisions, the Calculation Agent may distribute to the holders of the outstanding relevant Notes additional Notes and/or a cash amount. Such distribution of additional Notes may be made on a “free” or “delivery versus payment” basis.

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

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

USE OF PROCEEDS

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

DESCRIPTION OF COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.

Description of Business of the Rabobank Group

General

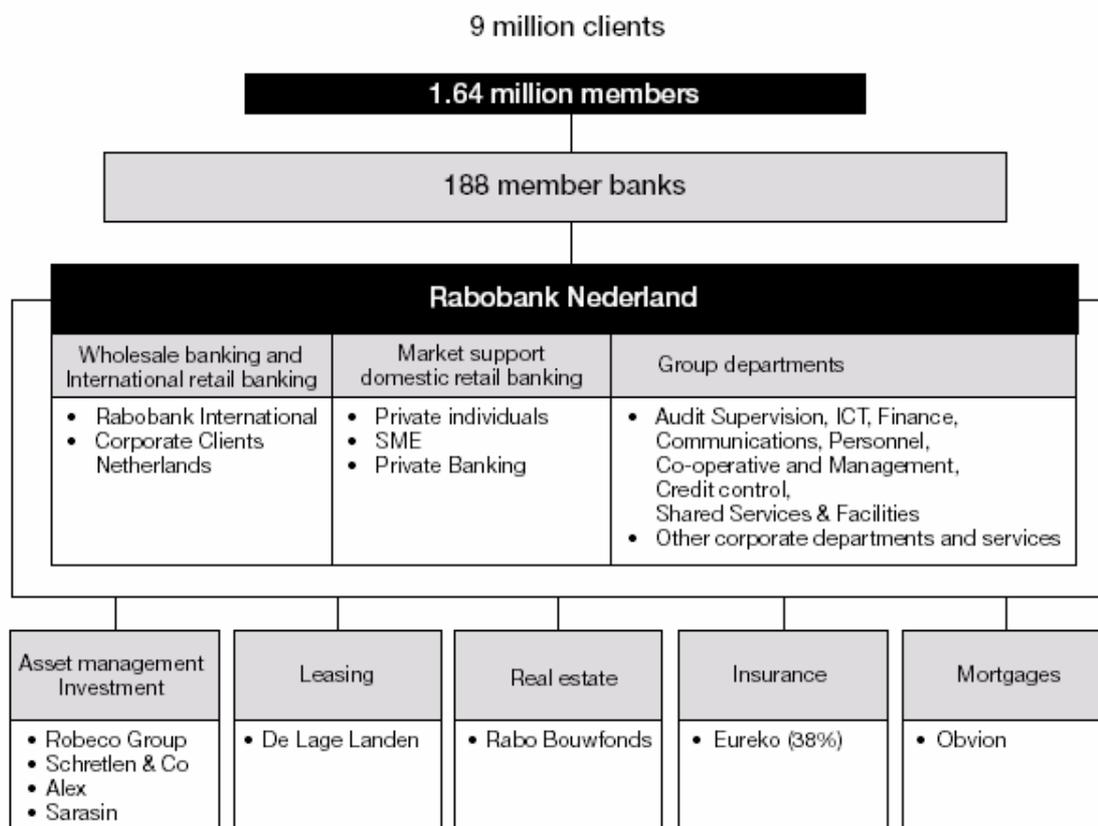
The Rabobank Group is one of the largest banking organisations in the Netherlands and the largest mortgage lending and savings organisation in the Netherlands by market share. We are one of the 25 largest banking institutions in the world in terms of assets and Tier I capital (according to The Banker, July 2006, www.thebanker.com). 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 €556 billion at 31 December 2006. At 31 December 2006, we had 50,573 full-time equivalent employees.

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 188 local Rabobanks and 1,214 branches located throughout the Netherlands at 31 December 2006. 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 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 "Allfinanz" 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 Allfinanz strategy, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

Through Rabobank Nederland, the local Rabobanks and our subsidiaries, the Rabobank Group provides services in the following five core business areas: Domestic Retail Banking, Wholesale and International Retail Banking, Asset Management and Investment, Leasing and Real Estate. The diagram below sets forth the organisational structure of Rabobank Nederland, the local Rabobanks and the subsidiaries that engage in our core business areas.



Domestic Retail Banking

We provide a variety of lending and savings services in the Netherlands through our network of local Rabobanks and their domestic offices and agencies. From 1 January 2006 through 31 December 2006, we had a market share of 25.5 per cent. of new home mortgages in the Dutch mortgage market (20.3 per cent. by local Rabobanks and 5.2 per cent. by Obvion N.V. (“**Obvion**”); source: Dutch Land Registry Office (*Kadaster*)). In 2006, 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 2006, 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 2006 we had a 39 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 2006, our Domestic Retail Banking operations accounted for 57 per cent., or €1,535 million, of our operating profit before taxation³.

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 2006, our Wholesale and International Retail Banking operations accounted for 30 per cent., or €802 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). The internet-brokerage activities are conducted under the trade name Alex. Alex provides investment services to its clients via the internet. For the year ended 31 December 2006, our Asset Management and Investment operations accounted for 11 per cent., or €285 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. At 31 December 2006, De Lage Landen had a loan portfolio of approximately €18.9 billion. Operating profit before taxation from our Leasing operations, at €271 million, accounted for 10 per cent. of our operating profit before taxation for the year ended 31 December 2006.

Real Estate

We provide a variety of real estate services to institutional and corporate clients through Rabo Bouwfonds. Rabo Bouwfonds consists of the real estate development and investment management activities which, as discussed below, were taken over from ABN AMRO Bouwfonds, Rabo Vastgoed (real estate project development) and FGH Bank (commercial real estate financing). For the first half of 2006, our Real Estate operations accounted for 4%, or €43 million, of our net profit. In December 2006, Rabobank Nederland completed the acquisition of the real estate development and asset management parts of ABN AMRO Bouwfonds N.V.

Recent Developments

Acquisition of Athlon Car Lease by De Lage Landen completed

Following its public offer for all outstanding shares in Athlon Holding N.V. (presently named: Athlon Car Lease International B.V.) for cash consideration of € 30.25 per ordinary share, which offer price includes the rights to dividends for the financial year 2005, De Lage Landen held at July 21, 2006 (after the expiration of the post-acceptance period) 99.6% of Athlon's total issued and outstanding share capital. Presently De Lage

³ As the Rabobank Group conducts more activities than the five core business areas, the gross operating profits of the five core business areas do not add up to 100 per cent. of consolidated operating profit before taxation.

Landen has 100% of the shares in Athlon Car Lease International B.V. The total investment (100%) has been € 551 million. The combination of car leasing companies Athlon Car Lease and De Lage Landen Translease (the car leasing subsidiary of the De Lage Landen) has resulted in a position as one of the market leaders in the Netherlands.

Rabobank acquires two banks in Indonesia

In January 2007 Rabobank Group acquired two small Indonesian banks, Bank Haga and Bank Hagakita, from individual shareholders. Both Indonesian banks focus primarily on serving owners of small and medium-sized businesses. The banks had total assets of Rp 3.97 trillion as of 31 December 2005 and have a network of 78 branches, sub-branches and cash offices. The acquisition will decrease the Tier 1 ratio of Rabobank Group by approximately 0.03 per cent.

Bank Sarasin & Cie AG

At the end of 2006, Rabobank exercised its call option to purchase all the shares in Eichbaum Holding AG, a holding company owning a majority in Bank Sarasin & Cie AG. On 11 April 2007, the share purchase was finalised. Rabobank now holds (through Eichbaum Holding AG) 46.06 per cent. of the share capital and 68.63 per cent. of the voting rights, resulting in Rabobank having a controlling stake, in Bank Sarasin & Cie AG. Bank Sarasin & Cie AG retains its public listing on SWX Swiss Exchange.

Acquisition of part of Bouwfonds completed

In December 2006 Rabobank completed the acquisition of the real estate development-and asset management business of ABN AMRO Bouwfonds N.V. Rabobank also acquired Rijnlandse Bank as part of that transaction, but did not acquire the real estate financing activities (BPF). The total investment amounts to EUR 855 million. Subsequent to the takeover the group operates under the name Rabo Bouwfonds.

Acquisition of Mid-State Bank & Trust

On 30 April 2007 Mid-State Bank & Trust became part of the Rabobank Group. Mid-State Bank & Trust has merged into Rabobank N.A., Rabobank's community banking subsidiary in California. Under the terms of the acquisition agreement, Rabobank acquired all the shares of Mid-State Bank & Trust for a purchase price of U.S.\$37 per share in cash, or a total purchase price of U.S.\$857 million. At the end of September 2006, Mid-State Bank & Trust's total loans amounted to U.S.\$1.57 billion and total assets to U.S.\$2.37 billion.

Rabo Mobiel

In November 2006 Rabobank entered into a joint venture with multimedia company Talpa and Orange to provide mobile banking services to its customers. Rabobank is the first bank in Europe to introduce mobile banking and low-cost calling as one service.

Robeco

On 22 February 2007, Rabobank through Robeco acquired a 64 per cent. stake in the Swiss based Sustainability Asset Management (SAM) Group, which has CHF 3.6 billion assets under management.

Zanaco

On 3 April 2007, Rabo Financial Institutions Development B.V., a 100 per cent. subsidiary of Rabobank, completed the acquisition of 49 per cent. in Zambia National Commercial Bank PLC (Zanaco), as part of the Rabobank Development Program. At the end of 2005, Zanaco had total assets of U.S.\$384 million.

HNS Banco

In April 2007, Rabobank and GE Commercial Finance and Ergas Group, owners of HNS Banco in Chile, announced an acquisition agreement through which HNS Banco will become part of the Rabobank Group. The transaction closed on 30 April 2007. Most of Rabobank's existing operations in Chile will be integrated with HNS Banco, which will be renamed Rabobank Chile, and will become the principal Rabobank business entity in Chile.

Alex

Rabobank announced that it is currently considering the strategic options for Alex Beleggersbank, the online brokerage business of Rabobank, providing online trading capabilities in stock, options and other financial instruments. A sale of these activities is possible.

Certain information on important 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 amounts to €4,537,803 (4,537,803 shares with a nominal value €1 each) as of 31 December 2006. Rabobank Nederland's share in its issued capital is 100 per cent. Robeco's net result in 2006 was €202.9 million, corresponding to €44.71 per share. As at 31 December 2006, Rabobank Nederland's liabilities to Robeco amounted to €313 million (bonds), €675 million (current account), nil (professional securities transactions) and €11 million (loans/deposits). Rabobank Nederland's claims on Robeco as at 31 December 2006 amounted to €252 million (loans) and €270 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. Rabobank Nederland's share in its issued share capital is 100 per cent. De Lage Landen's net profit in 2006 was €206 million (before minority interest). As at 31 December 2006, Rabobank Nederland's liabilities to De Lage Landen amounted to €756 million. As at 31 December 2006 Rabobank Nederland's claims on De Lage Landen amounted to €16,840 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.

Group Strategy

In the Central Delegates Assembly (CKV) held on 22 March 2006 - the "parliament" of the local Rabobanks - the exchange of ideas on the strategic direction, which had been initiated in 2005, was concluded with the finalisation of the Strategic Framework for 2005-2010. Besides autonomous growth, this framework is founded on the following indisputable principles:

- Rabobank is and remains Dutch, with its dominant market position in agri, among private individuals and in small and medium-sized enterprises.
- Rabobank is and remains a cooperative; exceptions may be made for Group subsidiaries.
- Rabobank remains AAA worthy.
- Rabobank remains independent.

Three growth areas

The new strategic framework profiles Rabobank as “the global food and agri bank with its roots in the Netherlands” and in doing so distinguishes three growth areas:

- Growth in the Dutch Allfinanz market, in particular through further collaboration with Eureko/Achmea⁴ and through further strengthening of Rabobank’s position in the top end of the private and corporate markets.
- Continued expansion abroad as a leading international food and agri bank.
- Further growth of and synergy between the Group subsidiaries.

Strategy in the Netherlands - Market leader in Allfinanz

Market leadership in Allfinanz in the Netherlands remains the main objective. In addition to the mass market for banking services to private individuals, small and medium-sized enterprises and the agricultural sector, there are attractive opportunities for growth in the top end of the private and corporate markets. Other focuses are the “segments of the future” - young people and entrepreneurs from ethnic minorities as well as the urban areas and a number of product markets. Here, insurance, consumer credits, investment and real estate financing are the spearheads.

Leverage distribution strength as a “near-you bank”

Rabobank intends to leverage its distribution strength as the “near-you bank” of the Netherlands, not just physically but also, and increasingly, through “virtual” channels. Using differentiated market strategies, it will respond to differences in client segments, geographical differences and distinct labels and distribution channels. The Bank’s answer to the growing competition in the “near-you” aspect lies in expansion of the number of client interface points. By further expansion of the virtual bank, it is expected that clients’ experience of Rabobank as “near-you” and personal will be maintained.

International strategy

International growth is necessary to support Small and Medium-sized Enterprises (“SME”) and corporate clients, since they are increasing their operations on the global stage. This would have the added advantages of easier access to the international capital markets and enhancing Rabobank’s continued attractiveness as an employer. The corporate bank Rabobank International aims to be the world’s leading food and agri bank. This ambition dovetails with Rabobank’s cooperative origins as the pre-eminent financier of the Dutch agricultural sector and the substantial amount of expertise it has developed.

Rabobank’s international operations can be divided into five categories:

International retail banking

Rabobank focuses on three growth markets. The main priorities are traditionally agricultural countries with a stable climate and a structurally attractive agricultural sector, such as the United States, Australia and Canada. The next objectives are countries in Central, Eastern and South-eastern Europe with a growing agricultural

⁴ Eureko B.V. (“Eureko”) is a privately owned financial group providing insurance services. Its registered office is at Handelsweg 2, 3707 NH Zeist, the Netherlands. As at 30 April 2007, the Rabobank Group held 37.82 per cent. of the ordinary shares in Eureko (35.14 per cent. including preference shares). As at 31 December 2006, Eureko had total equity of €9,629.5 million, of which no amount remained to be paid up. As at 31 December 2006 Eureko held 285.2 million of its shares as treasury stock. In the year ended 31 December 2006, the Rabobank Group received dividends totalling €167,033,000 from Eureko. As at 31 December 2006 the Rabobank Group’s interest in Eureko was €2,625 million. Eureko’s audited financial statements for the year ended 31 December 2006, stated it had total income of €18,696.3 million, profit before tax and discontinued operations of €1,215.1 million and a net profit of €984.8 million.

sector, such as Poland and Turkey. Then follow the rapidly emerging countries with a large agricultural sector, such as Brazil, China, India and Indonesia. Projects in these countries are small-scale, in which the financial interest is relatively limited.

Support of Dutch clients abroad

In order to maintain its market leadership among clients with international operations, Rabobank will in the coming years work towards strengthening the expertise and selling power of local advisers and account managers, improving its product management and intensifying the relationship management with partner banks abroad.

International wholesale operations

In future years, and more than in the past, the international office network will focus its wholesale operations on Dutch wholesale clients, other than the international food and agri clients. The primary geographical focus is on Europe and the countries where Rabobank International is developing retail operations.

Professional market activities

Rabobank values its AAA rating and will continue to use it for a selected number of profitable product/market combinations in the professional financial markets. In view of the greater volatility of professional markets, we aim to realise approximately 50 per cent. of international profits from international retail operations in the future.

Rabobank Development Programme

Complementary to the successful activities of the Rabobank Foundation, which started 30 years ago, the Rabobank Development Programme (RDP) was established in 2004. The RDP's aim is to help a number of banks in developing countries grow into successful "Rabobanks". During the next few years, its activities will be focused on five countries, including China and a number of countries in East Africa.

Strategy of the subsidiaries

Rabobank Group's Dutch subsidiaries play an important part in achieving the Group's market leadership ambitions. The objective is to double their net profit and to achieve/maintain leading market positions by the end of 2012.

Organisational and financial implications

Rabobank Group's strategic ambitions have been embedded in a cooperative, high-quality and sustainability-driven organisation.

Strengthening the cooperative identity

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

High-quality policy for Human Resource Management (HRM)

The quality of our people is of paramount importance to our strategy. The priority in HRM policy is to secure the required calibre of talented, highly educated staff and managers.

Sustainability

Rabobank aims to build on its strong position in sustainability and corporate social responsibility (CSR). It is working towards more CSR criteria in all banking operations, more sustainable financial products such as green financing and green investments, and more deeply embedding sustainable development in its operations.

Ambitious financial targets

Rabobank Group maintains the following financial targets:

- Annual net profit growth of at least 12 per cent.;
- A Tier 1 capital adequacy ratio of at least 10.0 %;
- Return on equity of at least 10.0 per cent. per annum.

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 Allfinanz 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 mortgages finances and operates through independent agents. Obvion is a joint venture between Rabobank Group and Algemeen Burgelijk Pensioenfond.

At 31 December 2006 we had a 39 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 2006, our Domestic Retail Banking operations accounted for 55 per cent., or €5,551 million, of our total income and 57 per cent., or €1,535 million, of our operating profit before taxation. At 31 December 2006, our Domestic Retail Banking operations employed 29,375 full-time equivalent employees.

The Dutch mortgage loan market is a highly competitive market. 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 long term (greater than 5 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 1,214 branches (the most branches of any financial institution in the Netherlands), 810 cash dispensing machines in public locations, service shops, agencies and other points of contacts as of 31 December 2006, the local Rabobanks have 3,091 points of contact. Through the local Rabobanks and Obvion, we are the

largest mortgage lending institution in the Netherlands, with a market share of 25.5 per cent., based on the amount of new Dutch residential mortgages in 2006. We are the leader in loans to the Dutch agricultural sector and in the small and medium-sized business sector. At 31 December 2006 €220.9 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 €74.7 billion or 23 per cent. of our total lending to the private sector.

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

	31 December 2006	31 December 2005
	<i>(in billions of euro)</i>	
Mortgage loans.....	221.0	200.7
Food and agri sector	52.5	48.2
Small and medium sized business sector	105.5	83.3
Savings.....	89.5	86.2

With 39 per cent. of the Dutch savings market as of 31 December 2006, 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, 37 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 an average of 2.4 million unique visitors a month. We also offer internet banking services to our customers in Belgium, Ireland and since early 2006, New Zealand. 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 2006 stood at 5.2 per cent. (source: Dutch Land Registry Office (*Kadaster*)).

Rabohypotheekbank N.V.

Rabohypotheekbank, with 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 2006, Rabohypotheekbank had assets of €11.0 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 2006, our Wholesale and International Retail Banking operations accounted for 26 per cent., or €2,622 million, of our total income and 30 per cent., or €802 million, of our operating profit before taxation. At 31 December 2006, our Wholesale and International Retail Banking operations employed 6,684 full-time equivalent employees.

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 261 offices in 31 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 2006, following earlier acquisitions in Australia and New Zealand in the 1990s and the former state-owned Irish ACC Bank and Valley Independent Bank in the United States in 2002, we are continuing to expand our country banking model on a global scale. In 2003, we strengthened our position as a leading lender to rural clients in Australia and New Zealand through the purchase of the rural lending portfolio of the New Zealand bank AMP Bank Limited. In order to sustain the platform for further growth in the Australian market, we decided to continue the activities of Primary Industry Bank of Australia under the Rabobank brand and its official name has become Rabobank Australia Limited.

Also in 2003, we acquired two banks in the United States: Lend Lease Agri-Business and Ag Services of America, Inc. Lend Lease Agri-Business now operates under the name Rabo Agrifinance and offers long-term financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. In December 2004, we acquired a 35 per cent. interest in the Polish bank BGZ in part through a new share issuance by BGZ, and in part from selling shareholders. 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). In November 2006 Rabobank International made a bid for the shares of Mid State Bancshares, which transaction is expected to close in the second quarter of 2007. Furthermore Rabobank expanded its activities in Brazil by opening new offices focused on servicing the larger agricultural corporations. Rabobank International's retail activities accounted for approximately 20 per cent. of Rabobank International's total income in 2006.

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), Alex (internet broker) and Sarasin (private banking). For the year ended 31 December 2006, our Asset Management and Investment operations accounted for 8 per cent., or €836 million, of our total income and 11 per cent., or €285 million, of our operating profit before taxation. At 31 December 2006, our Asset Management and Investment operations employed 3,126 full-time equivalent employees.

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 €141.7 billion in assets under management at 31 December 2006. At December 2006 institutional clients accounted for approximately half of the assets managed by Robeco. Approximately one third of the assets managed comes from the American 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 €7.5 billion in assets under management at 31 December 2006.

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 approximately 69 per cent. of its voting rights. Sarasin offers investment consultancy and portfolio management services to private persons in Switzerland. At 31 December 2006, Sarasin had CHF 73.3 billion in assets under management.

Alex

In 2003, we acquired Alex, an internet broker, which focuses on active clients who prefer to place their own orders at more competitive rates, and the order telephone line VEB Bottomline. Alex and VEB Bottomline have been combined into a separate business unit of Rabobank Nederland under the name of Alex. Alex had €3.7 billion in assets under management at 31 December 2006.

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 and trade finance products. 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 20 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 2006, De Lage Landen had a lease portfolio of approximately €18.9 billion. Of this amount, €11.0 billion was attributable to Europe, €7.6 billion was attributable to America and €0.3 billion was attributable to the rest of the world. Operating profit before taxation from our Leasing operations at €271 million accounted for 10 per cent. of our operating profit before taxation for the year ended 31 December 2006.

At 31 December 2006, our Leasing operations employed 4,128 full-time equivalent employees.

Real Estate

We provide a variety of real estate services to institutional and corporate clients through Rabo Bouwfonds. Rabo Bouwfonds consists of the real estate development- and investment management activities which were taken over from ABN AMRO Bouwfonds, Rabo Vastgoed (real estate project development) and FGH Bank (commercial real estate financing). Project development is carried out in close cooperation with the local Rabobanks. In 2006 Rabo Bouwfonds sold over 14,000 houses.

FGH Bank is a Dutch bank specialising in commercial real estate financing and conducting 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 2006, FGH Bank had a financing portfolio of approximately €10.3 billion in the Netherlands.

Operating profit before taxation from our Real Estate operations at €144 million accounted for 5 per cent. of our operating profit before taxation for the year ended 31 December 2006.

At 31 December 2006, our Real Estate operations employed 16,541 full-time equivalent employees.

Competition

We compete in the Netherlands with several other large commercial banks and financial institutions, such as ABN AMRO, ING and Fortis. As a result of the overall improving liquidity of Dutch corporations, increased emphasis by banks on the credit quality of borrowers and the deregulation of capital markets, competition among banks in the Netherlands has increased significantly during the past several years. 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 (25.5 per cent. in 2006; source: Dutch Land Registry Office (*Kadaster*)), private savings (39 per cent. as of 31 December 2006; source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)), small and medium-sized enterprises (38 per cent. in 2005, based on our own surveys) and the agricultural sector (84 per cent. in 2006, 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 August 2007, we reached agreement with our unions on a new two year Collective Labour Agreement.

In 2006, the number of employees at the combined local Rabobanks increased by 466. This increase was mainly due to the need for compliance with more laws and regulations and the mergers of the local Rabobanks, which resulted in a temporary deployment of extra staff. At 31 December 2006 the Rabobank Group had 56,209 employees (being 50,573 full-time equivalent employees), an increase of 5,221 compared to 31 December 2005 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 2006, the local Rabobanks owned 1,214 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.

The local Rabobanks, in keeping with their cooperative tradition and common values, also seek to find a proper balance between the various interests. The local Rabobanks reflect this balance in the range and specifications of financial products offered to their clients, their lending policies as well as their engagement in local initiatives. Sustainability also plays an important part in their advising on business plans and realignments. The choice in favour of environmentally and socially friendly products and technology is often a source of innovation and helps to encourage suppliers of the Rabobank Group to operate in a responsible way.

In 2006, we carried out a stakeholder consultation among various organisations, including trade unions, consumer organisations, environmental development aid and human rights lobby groups. They gave their opinions on the Annual Corporate Social Responsibility Report and our corporate social responsibility policy and strategy stated therein. This feedback had an impact on our corporate social responsibility priorities for 2007: further incorporate corporate social responsibility in all our main commercial and operational processes. Special attention is given to assure that corporate social responsibility initiatives are in line with the business strategy and objectives. According to an appraisal in September 2005 from the Swiss-based environmental rating agency Sustainable Asset Management Group, the Rabobank Group ranked among the international banking leaders in the area of sustainability. The Rabobank Group achieved the highest score in the European banking sector and achieved second place worldwide.

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 on 22 December 1970, and is incorporated with unlimited duration. 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 and 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. 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. Since 1995, no new shares have been issued. At 31 December 2006, 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 the 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 248 at 31 December 2005 to 188 at 31 December 2006. At 31 December 2006, the local Rabobanks had approximately 1.64 million members, an increase of approximately 90,000 members from 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.

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.

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

403 Declaration

Rabobank Nederland has assumed liability for the debts arising from legal transactions of a number of other Rabobank Group companies under Section 2:403 of the Dutch Civil Code.

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 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 Article 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 license, applying both to itself and to all local Rabobanks. As a consequence of this collective license, 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 Offering Circular. The financial statements have been prepared in accordance with International Financial Reporting Standards. No reconciliation of the financial statements of the Rabobank Group included in this Offering Circular to U.S. GAAP has been prepared. You should refer to "Summary of Significant Differences between IFRS and U.S. GAAP" for a description of the significant differences between IFRS and U.S. GAAP. 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 €556 billion at 31 December 2006. At that date, we had 50,573 full-time equivalent employees (or FTEs).

The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative local Rabobanks which are members of Rabobank Nederland and are also licensed credit institutions, and Rabobank Nederland's specialised subsidiaries. We had 188 local Rabobanks and 1,214 branches located throughout the Netherlands at 31 December 2006. 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 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 “Allfinanz” 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 Allfinanz 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, 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. Since the second half of 2001, the growth in European banking markets has slowed, linked to the overall slowdown of the continental European major economies. However, the more difficult economic environment has not led to materially higher corporate or retail loan provisioning by the Rabobank Group.

In 2006, approximately 74 per cent. of our total income and 60 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 and 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 rapid 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 re-price 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

Since the decline of the stock markets in 2002, the stock markets generally have shown a strong recovery. The growth in the Netherlands was significant since 2002, although the increase was lower than in many other countries. The recovery of the stock markets had a positive influence on our results. A protracted or steep decline in the stock or bond markets could adversely affect our results and our other financial assets.

Critical Accounting Policies

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

Value adjustments

Management regularly assesses the adequacy of the provision for loan losses, by performing ongoing evaluations of the loan portfolio. Rabobank Group’s policies and procedures to measure impairment are IFRS compliant. Rabobank considers a loan to be impaired when based on current information and events it is probable that it 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 large 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 which experience, based on historic indicators, are present in the portfolio. The purpose of the collective assessment of unimpaired loans is to determine the amount of impairment on those loans for which default has occurred but has not been identified in the risk management systems of the bank.

The impairment amount thus determined is recorded in the profit and loss account as a bad debt expense with the corresponding credit posted as an 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 International Financial Reporting Standards (“**IFRS**”), as adopted by the European Commission. However, our financial statements for the year 2004 discussed in this section have been restated accordingly. Reporting to the supervisory authorities is based on IFRS as well.

Results of operations

	Year ended 31 December			
	2006	2005 ⁽¹⁾	2005	2004
	<i>(in millions of euro)</i>			
Interest	6,472	6,261	6,407	6,195
Fees and commission	2,296	2,060	2,217	1,872
Other income	1,281	1,042	739	1,155
Total income	10,049	9,363	9,363	9,222
Staff costs	4,117	3,880	3,880	3,683
Other administrative expenses	2,429	2,031	1,953	2,173
Depreciation	341	331	331	321
Operating expenses	6,887	6,242	6,164	6,177
Gross profit	3,162	3,121	3,199	3,045
Value adjustments	450	517	517	479
Operating profit before taxation	2,712	2,604	2,682	2,566
Taxation	367	521	599	733
Net Profit	2,345	2,083	2,083	1,793

Note:

- (1) In the discussion of the results of operations, the figures of the year 2005 are included twice. Up to 2006, interest income and interest expense on interest rate derivative financial instruments were presented under interest earnings to the extent that these derivative financial instruments were included in a hedge accounting position. Due in part to a more enhanced understanding of results on derivative financial instruments and the financial reporting of those results, interest income and expense on derivative financial instruments applied by Rabobank to control interest rate risks in the non-trading books are recognised under interest. Interest for 2005 is €117 million lower as a consequence of this adjustment. Total income remains unchanged as the result on these derivative financial instruments was recognised as trading result or other income in the previous financial year. A portion of the commission is more similar in nature to interest and was therefore reclassified for 2005. Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated. These reclassifications did not affect profit or equity. Please refer also to note 2.1.1 of the notes to the Consolidated Financial Statements at page F10.

Year ended 31 December 2006 compared to year ended 31 December 2005 based on the restated figures.

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 settle 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 margin.

Fees and commission

Fees and commission 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

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 risk-related costs were 20 basis points of the average risk-weighted assets compared to 25 in 2005, which is well below the long-term average 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 14 per cent., compared to 20 per cent. in 2005. The reduction in the Dutch corporate income 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.

Year ended 31 December 2005 compared to year ended 31 December 2004 based on the non-restated figures.

Total Income

Total income increased by 2 per cent. to €9,363 million compared to €9,222 million in 2004. Fees and commission income in particular increased sharply in 2005, while other increase in income was less. Interest accounted for 68 per cent. of total income in 2005 compared to 67 per cent. of total income in 2004.

Interest

Interest income in 2005 amounted to €6,407 million compared to €6,195 million in 2004, an increase of 3 per cent. This was lower than the growth in lending and savings, reflecting the significant narrowing of the interest margin under pressure from increased competition and flattening of the yield curve.

Fees and commission

Total fees and commission increased by 18 per cent. or €345 million to €2,217 million compared to €1,872 million in 2004. This increase was due mainly to higher commission income from asset management and other commission income, which includes fees and commission income from Global Financial Markets.

Other income

Other income was down 36 per cent. at €739 million compared to €1,155 million in 2004. This item includes the insurance and trading results, Rabobank's share in the results of associates and the results on available-for-sale financial assets. The results of insurance and associates were both strong. Income was down as a result of fewer divestments by Gilde (after the successful year 2004) but also due to a decrease in the consolidation of funds compared to 2004. The trading results, the results on available for-sale financial assets and a large proportion of the other income are relatively volatile, because these items are heavily influenced by exchange-rate and interest-rate movements. Losses of other income were largely attributable to "swaptions" arranged by Rabobank with its pension fund.

Operating expenses

Operating expenses decreased fractionally in 2005, by €13 million to €6,164 million compared to €6,177 million in 2004, due to lower other administrative expenses. Staff costs and depreciation were slightly higher.

Staff costs

Staff costs increased by 5 per cent. to €3,880 million compared to €3,683 million in 2004, mainly reflecting higher pension expenses. Wages and salaries were 3 per cent. higher. The number of FTEs decreased in 2005 by 4,636 to 45,580, largely as a consequence of the sale of Interpolis to Eureko. Adjusted for this effect, there was an increase of just over 1 per cent., reflecting the growth in the bank's international operations.

Other administrative expenses

Other administrative expenses, which include IT costs and rents, were 10 per cent. lower, down €220 million at €1,953 million compared to €2,173 million in 2004. This decrease reflects in part the sale of equity investments by Gilde funds, which are therefore no longer included in the consolidation. Operation Service also yielded the first cost savings. An additional provision of €85 million was formed for Operation Service in 2005 on top of the provision of €120 million formed in 2004.

Depreciation

Depreciation increased by 3 per cent. to €331 million compared to €321 million in 2004.

Value adjustments

Value adjustments, which comprise loan losses and losses on financial assets, increased by 8 per cent. to €517 million compared to €479 million in 2004, equivalent to 25 basis points, compared to 25 basis points in 2004, of the average risk-weighted items. Risk-related costs in 2005 were incurred largely as a result of the growth of the international activities of the wholesale and international retail business unit, where value adjustments were higher last year as a result of the formation of several new provisions for activities in other countries. Value adjustments for the Dutch retail banking business were lower, reflecting the low risk profile of the loan portfolio, which consists predominantly of personal lending.

Taxation

Taxation in 2005 amounted to €599 million compared to €773 million to 2004, equivalent to an effective tax rate of 22.3 per cent. compared to 30.1 per cent. in 2004. The lower tax burden was due mainly to the lower rate of Dutch corporation tax and incidental tax income.

Net profit

Net profit in 2005 was 16 per cent. higher at €2,083 million compared to €1,793 million in 2004. After the deduction of minority interests and payment to holders of Rabobank Member Capital and Trust Preferred Securities, in so far as these are counted as equity, the remaining sum of €1,577 million compared to €1,392 million in 2004 has been appropriated to equity.

Segment Discussion

Domestic Retail Banking

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

Year ended 31 December

	2006	2005⁽¹⁾	2005	2004
	<i>(in millions of euro)</i>			
Interest	4,226	4,202	4,176	3,949
Fees and commission	1,259	1,205	1,205	1,156
Other income	66	24	50	68
Total income	5,551	5,431	5,431	5,173
Staff costs	2,118	1,990	1,990	1,836
Other administrative expenses	1,607	1,581	1,581	1,746
Depreciation	152	164	164	172
Operating expenses	3,877	3,735	3,735	3,754
Gross profit	1,674	1,696	1,696	1,419
Value adjustments	139	175	175	247
Operating profit before taxation	1,535	1,521	1,521	1,172
Taxation	444	497	497	415
Net Profit	1,091	1,024	1,024	757

Note:

- (1) In the discussion of the results of operations, the figures of the year 2005 are included twice. Up to 2006, interest income and interest expense on interest rate derivative financial instruments were presented under interest earnings to the extent that these derivative financial instruments were included in a hedge accounting position. Due in part to a more enhanced understanding of results on derivative financial instruments and the financial reporting of those results, interest income and expense on derivative financial instruments applied by Rabobank to control interest rate risks in the non-trading books are recognised under interest. Interest for 2005 is €117 million lower as a consequence of this adjustment. Total income remains unchanged as the result on these derivative financial instruments was recognised as trading result or other income in the previous financial year. A portion of the commission is more similar in nature to interest and was therefore reclassified for 2005. Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated. These reclassifications did not affect profit or equity. Please refer also to note 2.1.1 of the notes to the Consolidated Financial Statements at page F10.

Year ended 31 December 2006 compared to year ended 31 December 2005 based on the restated figures.

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

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 2 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 and were thus below the long-term average of 17 basis points.

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.

Year ended 31 December 2005 compared to year ended 31 December 2004 based on the non-restated figures.

Total income

Although the tentative economic recovery which started in the Netherlands in 2004 did not resume until the second half of 2005, total income was 5 per cent. higher at €5,431 million compared to €5,173 million in 2004.

Interest

Net interest, which accounts for most of the income, increased by 6 per cent. to €4,176 million compared to €3,949 million in 2004. Largely due to the narrow margins resulting from the levelling-out of the yield curve and increased competition on the mortgage market, the growth in net interest income was unable to keep pace with the growth in lending and savings. With many private and business borrowers taking advantage of the low mortgage interest rates last year to refinance on more favourable terms, interest income benefited from one-off payments of penalty interest. In order to neutralise part of this effect, derivative contracts linked to the mortgage loans were likewise repaid prematurely, which resulted in losses. As a result of these two effects interest income showed a net increase. On total interest income showed a net increase. Interest income for 2004 includes a non-recurring charge on the investment portfolio.

Fees and commission

Fees and commission increased by 4 per cent. to €1,205 million compared to €1,156 million in 2004, reflecting the improved stock market climate which generated higher commission income from securities. Fees and commission income from funds transfer and insurance was also higher.

Other income

Other income was €18 million lower at €50 million compared to €68 million in 2004.

Operating expenses

Operating expenses decreased by 1 per cent. to €3,735 million compared to €3,754 million in 2004, reflecting a decrease in other operating expenses.

Staff costs

Staff costs increased by 8 per cent. to €1,990 million compared to €1,836 million in 2004, due to higher pension expenses, regular salary adjustments and increased expenditure on temporary staff. The number of internal FTEs decreased marginally to 28,909 in 2005 compared to 28,970 in 2004.

Other administrative expenses

Other administrative expenses were €165 million lower at €1,581 million compared to €1,746 million in 2004, due to a decrease in expenses charged by Rabobank Nederland to the affiliated banks.

Depreciation

Depreciation was 5 per cent. lower at €164 million compared to €172 million in 2004.

Value adjustments

Value adjustments were €72 million lower at €175 million compared to €247 million in 2004. Risk-related costs amounted to 14 basis points of the average risk-weighted assets. This is 7 basis points lower than in 2004, in line with the improvement in the loan portfolio, which consists predominantly of personal lending.

Taxation

Taxation in 2005 amounted to €497 million compared to €415 million to 2004.

Net profit.

Net profit was 35 per cent. higher at €1,024 million compared to €757 million in 2004.

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			
	2006	2005⁽¹⁾	2005	2004
		<i>(in millions of euro)</i>		
Interest	1,649	1,477	1,415	1,374
Fees and commission	372	354	511	342
Other income	601	395	301	545
Total income	2,622	2,226	2,226	2,261
Staff costs	867	760	760	749
Other administrative expenses	668	477	477	566
Depreciation	51	40	40	42
Operating expenses	1,586	1,277	1,277	1,357
Gross profit	1036	949	949	904
Value adjustments	234	259	259	119
Operating profit before taxation	802	690	690	785
Taxation	115	117	117	230
Net Profit	<u>687</u>	<u>573</u>	<u>573</u>	<u>555</u>

Note:

- (1) In the discussion of the results of operations, the figures of the year 2005 are included twice. Up to 2006, interest income and interest expense on interest rate derivative financial instruments were presented under interest earnings to the extent that these derivative financial instruments were included in a hedge accounting position. Due in part to a more enhanced understanding of results on derivative financial instruments and the financial reporting of those results, interest income and expense on derivative financial instruments applied by Rabobank to control interest rate risks in the non-trading books are recognised under interest. Interest for 2005 is €117 million lower as a consequence of this adjustment. Total income remains unchanged as the result on these derivative financial instruments was recognised as trading result or other income in the previous financial year. A portion of the commission is more similar in nature to interest and was therefore reclassified for 2005. Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated. These reclassifications did not affect profit or equity. Please refer also to note 2.1.1 of the notes to the Consolidated Financial Statements at page F10.

Year ended 31 December 2006 compared to year ended 31 December 2005 based on the restated figures.

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. ACC Bank'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. 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 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

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. Also, 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 means that expenses were below the long-term average of 60 basis points.

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 went up by €114 million to €687 million compared to €573 million in 2005.

Year ended 31 December 2005 compared to year ended 31 December 2004 based on the non-restated figures.

Total income

Total income was down 2 per cent. at €2,226 million compared to €2,261 million in 2004, mainly due to fewer major divestments of participating interests by Gilde funds compared to 2004. Income was higher at our Global Financial Markets unit, due to the issue of structured products such as the Rabo Performance Clicker and the Asset Backed RentePlus Obligatie. Our Corporate Finance unit reported lower income in 2005, but in international retail operations, the growth in lending more than outweighed the effects of narrower margins, and income in 2005 was higher. Over 20 per cent. of total income is now generated by retail banking. The food and agri sector accounted for 26 per cent. of total income and 55 per cent. of total income was generated in Europe, 29 per cent. in North and South America and the remainder in Asia, Australia and New Zealand.

Interest

Interest increased by 3 per cent. to €1,415 million compared to €1,374 million in 2004.

Fees and commission

Fees and commission increased by 49 per cent. or €169 million to €511 million compared to €342 million in 2004. The increase was mainly attributable to higher fees and commission income from Global Financial Markets.

Other income

Other income declined by €244 million to €301 million compared to €545 million in 2004. Income was down as a result of fewer divestments of participating interests at Gilde funds (after the successful year 2004) but also because fewer funds were consolidated than in 2004.

Operating expenses

Operating expenses decreased 6 per cent. to €1,277 million compared to €1,357 million in 2004.

Staff costs

Staff costs increased by 1 per cent. to €760 million compared to €749 million in 2004. Because it occurred mainly in the closing months of 2005, the increase in the number of FTEs from 5,499 to 5,960 had only a limited effect on staff costs.

Other administrative expenses

Other administrative expenses decreased 16 per cent. to €477 million compared to €566 million in 2004. Other administrative expenses were lower due to the deconsolidation of a number of equity investments by Gilde funds.

Depreciation

Depreciation was 5 per cent. lower at €40 million compared to €42 million in 2004.

Value adjustments

Value adjustments increased to €259 million compared to €119 million in 2004. Risk-related costs amounted to 56 basis points of the risk-weighted assets compared to 30 basis points in 2004. Risk-related costs were low in 2004 from a historical perspective, but were slightly above the long-term average in 2005, due to the formation of several new provisions for non-domestic operations.

Taxation

Taxation in 2005 amounted to €117 million compared to €230 million to 2004. Taxes were lower as result of the lower Dutch corporate tax rate and due to fewer tax driven deals from Corporate Finance.

Net profit

In a challenging market, Rabobank achieved a 3 per cent. growth of net profit to €573 million compared to €555 million in 2004.

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

	2006	2005⁽¹⁾	2005	2004
	<i>(in millions of euro)</i>			
Interest	86	61	61	72
Fees and commission	648	600	600	512
Other income	102	57	57	69
Total income	836	718	718	653
Staff costs	330	278	278	276
Other administrative expenses	210	177	177	173
Depreciation	11	13	13	17
Operating expenses	551	468	468	466
Gross profit	285	250	250	187
Value adjustments	0	0	0	1
Operating profit before taxation	285	250	250	186
Taxation	62	76	76	48
Net Profit	223	174	174	138

Note:

- (1) In the discussion of the results of operations, the figures of the year 2005 are included twice. Up to 2006, interest income and interest expense on interest rate derivative financial instruments were presented under interest earnings to the extent that these derivative financial instruments were included in a hedge accounting position. Due in part to a more enhanced understanding of results on derivative financial instruments and the financial reporting of those results, interest income and expense on derivative financial instruments applied by Rabobank to control interest rate risks in the non-trading books are recognised under interest. Interest for 2005 is €117 million lower as a consequence of this adjustment. Total income remains unchanged as the result on these derivative financial instruments was recognised as trading result or other income in the previous financial year. A portion of the commission is more similar in nature to interest and was therefore reclassified for 2005. Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated. These reclassifications did not affect profit or equity. Please refer also to note 2.1.1 of the notes to the Consolidated Financial Statements at page F10.

Year ended 31 December 2006 compared to year ended 31 December 2005 based on the restated figures.

Total income

Total income increased by 16 per cent. to €836 million compared to €718 million in 2005 due to the growth in asset 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 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 asset 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

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 income 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.

Year ended 31 December 2005 compared to year ended 31 December 2004 based on the non-restated figures.

Total income

Total income increased by 10 per cent. to €718 million in 2005 compared to €653 million in 2004. Higher fees and commission accounted for the income growth.

Interest

Interest decreased by 15 per cent. to €61 million compared to €72 million in 2004. The decrease was mainly due to higher interest expenses on derivatives.

Fees and commission

Fees and commission revenues increased by 17 per cent. to €600 million compared to €512 million in 2004. The improved investment climate in the Netherlands, especially in the second half of the year, generated higher management and custody fees. Placing fees were also higher, thanks to the successful placing of several new products.

Other income

Other income decreased by €12 million to €57 million in 2005 compared to €69 million in 2004. Other income decreased mainly as result of a reallocation of a part of the activities to another Group entity within Rabobank.

Operating expenses

Operating expenses amounted to €468 million compared to €466 million in 2004.

Staff costs

Staff costs were €2 million higher at €278 million compared to €276 million in 2004. Higher pension expenses and regular salary increases were largely offset by the sale of Effectenbank Stroeve in mid-year, which reduced the number of FTEs by 5 per cent. to 1,798. Discounting this disposal, the number of FTEs showed little change in 2005.

Other administrative expenses

Other administrative expenses were 2 per cent. higher at €177 million compared to €173 million in 2004.

Depreciation

Depreciation declined to €13 million compared to €17 million in 2004.

Taxation

Taxation in 2005 amounted to €76 million compared to €48 million to 2004. This increase was due to stronger operating profit before taxation and incidental tax income in 2004.

Net profit

Net profit grew by 26 per cent. to €174 million compared to €138 million in 2004. The improved result was the product of 10 per cent. growth in income and stable total expenses.

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

	2006	2005⁽¹⁾	2005	2004
	<i>(in millions of euro)</i>			
Interest	507	514	514	458
Fees and commission	49	47	47	36
Other income	286	158	158	147
Total income	842	719	719	641
Staff costs	305	244	244	218
Other administrative expenses	168	133	133	134
Depreciation	21	15	15	11
Operating expenses	494	392	392	363
Gross profit	348	327	327	278
Value adjustments	77	92	92	86
Operating profit before taxation	271	235	235	192
Taxation	65	57	57	38
Net Profit	206	178	178	154

Note:

- (1) In the discussion of the results of operations, the figures of the year 2005 are included twice. Up to 2006, interest income and interest expense on interest rate derivative financial instruments were presented under interest earnings to the extent that these derivative financial instruments were included in a hedge accounting position. Due in part to a more enhanced understanding of results on derivative financial instruments and the financial reporting of those results, interest income and expense on derivative financial instruments applied by Rabobank to control interest rate risks in the non-trading books are recognised under interest. Interest for 2005 is €117 million lower as a consequence of this adjustment. Total income remains unchanged as the result on these derivative financial instruments was recognised as trading result or other income in the previous financial year. A portion of the commission is more similar in nature to interest and was therefore reclassified for 2005. Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated. These reclassifications did not affect profit or equity. Please refer also to note 2.1.1 of the notes to the Consolidated Financial Statements at page F10.

Year ended 31 December 2006 compared to year ended 31 December 2005 based on the restated figures.

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 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

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 long-term average of approximately 70 basis points.

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 of acquisition of Athlon contributed to the existing activities from the second half of 2006.

Year ended 31 December 2005 compared to year ended 31 December 2004 based on the non-restated figures.

Total income

Total income increased by 12 per cent. to €719 million compared to €641 million in 2004, mainly due to higher interest income.

Interest

Despite a slight narrowing of the interest margin in 2005, net interest income recorded healthy growth of 12 per cent., rising to €514 million compared to €458 million in 2004.

Fees and commission

Fees and commission increased by 31 per cent. or €11 million to €47 million compared to €36 million in 2004. This was for most part a result of a sharp decline in fees and commission expenses.

Other income

Other income increased by €11 million to €158 million compared to €147 million in 2004. Other income grew in line with the growth of the business. This income includes income from early termination of lease contracts and income from sale of depreciated assets.

Operating expenses

Operating expenses were €29 million higher at €392 million compared to €363 million in 2004, largely as a consequence of higher staff costs.

Staff costs

The staff costs were up 12 per cent. at €244 million compared to €218 million in 2004. The combined effect of 11 per cent. growth in the number of FTEs and regular salary increases were the main reasons for the increase.

Other administrative expenses

The other administrative expenses decreased by €1 million to €133 million compared to €134 million in 2004.

Depreciation

Depreciation was €4 million higher at €15 million compared to €11 million in 2004.

Value adjustments

Value adjustments, which are a measure of the risk-related costs, increased by €6 million to €92 million compared to €86 million in 2004, which equates to 65 basis points of the average lease portfolio compared to 68 in 2004.

Taxation

Taxation in 2005 amounted to €57 million compared to €38 million to 2004. This increase was due to stronger operating profit before taxation and incidental tax income in 2004.

Net profit

The net profit for 2005 was €178 million, an increase of 16 per cent. compared to €154 million in 2004.

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			
	2006	2005 ⁽¹⁾	2005	2004
		<i>(in millions of euro)</i>		
Interest.....	98	96	96	76
Fees and commission.....	1	1	1	3
Other income.....	145	53	53	47
Total income.....	244	150	150	126
Staff costs.....	55	25	25	20
Other administrative expenses.....	43	15	15	11
Depreciation.....	3	1	1	1
Operating expenses.....	101	41	41	32
Gross profit.....	143	109	109	94
Value adjustments.....	(1)	1	1	0
Operating profit before taxation.....	144	108	108	94
Taxation.....	40	30	30	30
Net Profit.....	104	78	78	64

Note:

- (1) In the discussion of the results of operations, the figures of the year 2005 are included twice. Up to 2006, interest income and interest expense on interest rate derivative financial instruments were presented under interest earnings to the extent that these derivative financial instruments were included in a hedge accounting position. Due in part to a more enhanced understanding of results on derivative financial instruments and the financial reporting of those results, interest income and expense on derivative financial instruments applied by Rabobank to control interest rate risks in the non-trading books are recognised under interest. Interest for 2005 is €117 million lower as a consequence of this adjustment. Total income remains unchanged as the result on these derivative financial instruments was recognised as trading result or other income in the previous financial year. A portion of the commission is more similar in nature to interest and was therefore reclassified for 2005. Insofar as other enhanced insights prompted reclassifications, the comparative figures have been restated. These reclassifications did not affect profit or equity. Please refer also to note 2.1.1 of the notes to the Consolidated Financial Statements at page F10.

Year ended 31 December 2006 compared to year ended 31 December 2005 based on the restated figures.

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 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

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 number 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.

Year ended 31 December 2005 compared to year ended 31 December 2004 based on the non-restated figures.

Total income

Total income increased by 19 per cent. to €150 million compared to €126 million in 2004.

Interest

Net interest income was €20 million higher at €96 million compared to €76 million in 2004, reflecting the vigorous growth in the loan portfolio. The interest margin showed little change, due partly to the higher level of redemptions and related penalty interest payments by clients.

Other income

Other income, which includes lease and rental income and project results, was 13 per cent. higher at €53 million compared to €47 million in 2004.

Operating expenses

Operating expenses increased by 28 per cent. to €41 million compared to €32 million in 2004 reflecting the strong growth of the real estate activities.

Staff costs

Due to the growth in the number of FTEs and higher pension expenses, staff costs increased by €5 million to €25 million compared to €20 million in 2004.

Other administrative expenses

Other operating expenses were €4 million higher at €15 million compared to €11 million in 2004, reflecting the significant organic growth achieved by the Real Estate division last year, and in particular the increased investment in the back office.

Taxation

Taxation in 2005 amounted to €30 million compared to €30 million to 2004.

Net profit

The real estate activities realised a net profit of €78 million, an increase of 22 per cent. compared to €64 million in 2004.

Liquidity and Capital Resources

The Rabobank Group's total assets were €556 billion at 31 December 2006, a 10 per cent. increase from €506 billion at 31 December 2005. 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 17 per cent. or €50.4 billion to €354.9 billion at 31 December 2006 from €304.5 billion at 31 December 2005. Private sector lending increased by €46.0 billion to €324.1 billion at 31 December 2006, an increase of 17 per cent. from €278.1 billion at 31 December 2005. The increase in private sector lending for private individuals, primarily for mortgage finance, was €19.6 billion to €166.1 billion at 31 December 2006 from €146.5 billion at 31 December 2005. The demand for mortgage finance was consistent with prior years and was driven by low interest rates. 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 thirty years. Lending to companies in the trade, industry and services sector increased by €22.2 billion to €105.5 billion at 31 December 2006, a 27 per cent. increase compared to 31 December 2005. Lending to the food and agri sector increased by €4.3 billion to €52.5 billion at 31 December 2006, a 9 per cent. increase.

The following table shows a breakdown of the Rabobank Group's total lending outstanding to the private sector at 31 December 2006 and 2005, by category of borrower:

At 31 December

	2006		2005	
	<i>(in billions of euro)</i>	<i>(% of total private sector lending)</i>	<i>(in billions of euro)</i>	<i>(% of total private sector lending)</i>
Food and agri sector.....	52.5	16%	48.2	17%
Trade and industry and the services sector ..	105.5	33%	83.3	30%
Private individuals	166.1	51%	146.5	53%
Total.....	<u>324.1</u>	<u>100%</u>	<u>278.1</u>	<u>100%</u>

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 2006 of the remaining maturity of the Rabobank Group's total outstanding lending (public and private sector) and professional securities transactions:

	At 31 December 2006	
	<i>(in billions of euro)</i>	<i>(% of total loans)</i>
Three months or less	41.3	12%
From three months to one year.....	23.0	6%
From one to five years.....	62.5	18%
More than five years.....	191.7	54%
Undated/withdrawable on demand.....	36.4	10%
Total	<u>354.9</u>	<u>100%</u>

Funding

At 31 December 2006, amounts due to customers of the Rabobank Group were €215.9 billion, an increase of 16 per cent. compared to 31 December 2005. The balance held in savings accounts increased by €3.3 billion to €89.5 billion, an increase of 4 per cent., with Internet savings 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 €26.2 billion to €126.4 billion at 31 December 2006, largely due to growth in deposits. Repurchase contracts increased by €2.7 billion from €5.4 billion to €8.1 billion over the same time period. At 31 December 2006, non-subordinated bonds and other debt securities, including certificates of deposit, totalled €128.1 billion compared to €116.0 billion at 31 December 2005. 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 2006, the Rabobank Group had a market share of 39.3 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 2006 and 2005:

	At 31 December	
	2006	2005
	<i>(in millions of euro)</i>	
Savings accounts	89,500	86,181
Debt securities	128,066	115,992
Other due to customers and repurchase contracts	126,399	100,246
Other financial liabilities at fair value through profit and loss	26,270	23,844
Total	<u>370,235</u>	<u>326,623</u>

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 €113.6 billion at 31 December 2006, a 4 per cent. increase from €109.7 billion at 31 December 2005.

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 2006					
	Trading	Other financial assets	Available for-sale	Held to maturity	Total
	<i>(in millions of euro)</i>				
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	<u>24,786</u>	<u>13,753</u>	<u>45,138</u>	<u>1,489</u>	<u>85,166</u>
Venture Capital	—	285	—	—	285
Equity instruments	5,742	5,806	1,663	—	13,211
Total shares	<u>5,742</u>	<u>6,091</u>	<u>1,663</u>	<u>—</u>	<u>13,496</u>
Other	3,472	1,582	1,088	—	6,142
Total	<u>36,789</u>	<u>21,468</u>	<u>48,961</u>	<u>1,489</u>	<u>108,707</u>
Listed	31,915	18,631	26,697	1,489	78,732
Unlisted	4,874	2,837	22,264	—	29,975

Other financial assets at 31 December 2005

	Trading	Other financial assets	Available for-sale	Held to maturity	Total
	<i>(in millions of euro)</i>				
Purchased loans	2,255	—	2,240	—	4,495
Short term government paper.....	275	41	768	—	1,084
Government bonds.....	10,698	1,093	24,657	1,580	38,028
Other bonds	16,621	11,194	15,799	—	43,614
Total bonds.....	27,319	12,287	40,456	1,580	81,642
Venture Capital.....	—	225	—	—	225
Equity instruments.....	4,691	4,814	4,616	—	14,121
Total shares.....	4,691	5,039	4,616	—	14,346
Other.....	4,471	82	564	328	5,445
Total	39,011	17,449	48,644	1,908	107,012
Listed.....	33,099	14,130	30,177	1,908	79,314
Unlisted	5,912	3,319	18,467	—	27,698

Contractual Obligations and Contingent Liabilities

The table below provides certain information concerning the payments coming due under our existing contractual obligations at 31 December 2006.

	Payments Due by Period				Total
	On demand/ undated	< 1 year	≥ 1 year < 5 years	≥ 5 years	
	<i>(in millions of euro)</i>				
Debt securities	2,036	65,293	42,156	18,581	<u>135,325</u>
Subordinated debt.....	7	0	63	2,380	<u>2,450</u>
Due to customers	148,063	44,340	10,291	13,205	<u>215,899</u>
Other financial liabilities at fair value through profit and loss	4	2,026	7,252	16,988	<u>26,270</u>

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 2006.

Contingent liabilities relate primarily to transactions in which the Rabobank Group stands surety for commitments of third parties.

	At 31 December	
	2006	2005
Contingent liabilities consist of:		
Guarantees, etc.	7,694	7,021
Irrevocable letters of credit	1,378	1,223
Other contingent liabilities	7	18
Total contingent liabilities.....	<u>9,079</u>	<u>8,262</u>

Contingent liabilities secured by assets was €31 million at 31 December 2006 compared to €243 million at 31 December 2005.

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 customers 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	
	2006	2005
	<i>(in millions of euro)</i>	
Unused credit facilities.....	37,417	31,661
Other	873	621
Total irrevocable facilities.....	38,290	32,282
Revocable credit facilities	30,170	28,354
Total credit related and contingent liabilities	<u>68,460</u>	<u>60,636</u>

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**”), that became effective 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 2006, Rabobank Group’s Tier I ratio stood at 10.7 (11.6 at 31 December 2005). 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 €33.6 billion to €247.5 billion at 31 December 2006. This increase was largely due to the increase in lending and acquisitions. Tier I capital increased by €1.5 billion to €26.4 billion at 31 December 2006.

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 2006, the BIS ratio came to 11.0 (11.8 at 31 December 2005). 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 2006 and 2005, in each case calculated under the Netherlands' implementation of the relevant EU directives.

	Development in capital and solvency ratios at 31 December	
	2006	2005
	<i>(in millions of euro, except ratios)</i>	
Tier I capital	26,391	24,860
Tier I ratio	10.7	11.6
Qualifying capital.....	27,114	25,272
BIS ratio	11.0	11.8

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.

	2006	2005	2004
Return on Assets ⁽¹⁾	0.43%	0.40%	0.39%
Return on Equity ⁽²⁾	8.57%	8.44%	8.19%
Equity to Assets Ratio ⁽³⁾	5.09	4.73	4.75

Note:

- (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.

	2006	2005	2004
	<i>(in millions of euro, except percentages)</i>		
Outstanding Member Certificates ⁽¹⁾	5,812	4,311	3,854
Payments	277	211	217
Average dividend yield.....	4.77%	4.89%	5.23%

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 2006, 2005 and 2004.

	At 31 December		
	2006	2005	2004
	<i>(in millions of euro)</i>		
Public sector	3,093	1,053	1,616
Private sector (corporate lending)	160,019	133,758	117,681
Private sector (personal lending).....	166,340	146,694	133,293
Total loans (gross) excluding securities transactions	329,452	281,505	252,590
Securities transactions	28,396	23,484	21,134
Hedge accounting.....	(675)	1,819	2,238
Total loans (gross) including securities transactions	357,173	306,808	275,962
Total loans (net) ⁽¹⁾	354,924	304,451	273,946

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 2006, 2005 and 2004.

	At 31 December		
	2006	2005	2004
	<i>(in millions of euro)</i>		
Public Sector:			
The Netherlands	480	505	787
Other countries in the Euro zone ⁽¹⁾	270	266	279
North America	131	120	439
Latin America	48	43	20
Asia	2,134	98	70
Australia and New Zealand	5	-	-
Other countries	25	21	21
Total Public Sector	3,093	1,053	1,616
Private Sector:			
The Netherlands	243,833	218,363	200,278
Other countries in the Euro zone ⁽¹⁾	31,784	24,681	21,358
North America	28,707	18,391	13,892
Latin America	4,159	3,620	2,836
Asia	3,863	2,764	2,196
Australia and New Zealand	10,938	10,219	8,329
Other countries	826	57	69
Total Private Sector⁽²⁾	324,110	278,095	248,958

Note:

- (1) Excluding the Netherlands.
- (2) After provisions for loan losses.

Maturities and Interest Rate Sensitivity of Loan Portfolio

Domestic Retail - Interest Rate Risk position, as at 31 December 2006

	On demand	1 — 3 months	4 — 6 months	7 — 9 months	10 — 12 months	2 — 5 years	5 — 10 years	> 10 years	Non-rate sensitive	Total
<i>(in millions of euro)</i>										
On balance sheet										
Assets	15.145	43.726	7.604	5.548	5.679	84.037	45.418	17.377	2.896	227.430
Liabilities	11.257	110.991	13.893	4.228	4.267	42.901	2.846	2.184	34.742	227.308

Domestic Retail - Interest Rate Risk position, as at 31 December 2006

	On demand	1 — 3 months	4 — 6 months	7 — 9 months	10 — 12 months	2 — 5 years	5 — 10 years	> 10 Non-rate years sensitive	Total	
	<i>(in millions of euro)</i>									
Gap.....	3.888	(67.265)	(6.289)	1.319	1.412	41.136	42.572	15.193	(31.846)	<u>122</u>
Off balance sheet										
Assets.....	—	57.780	18.804	203	267	3.141	5.454	673	—	<u>86.322</u>
Liabilities.....	—	8.080	2.129	780	3.395	30.719	35.894	5.447	—	<u>86.444</u>
Gap after OBS	3.888	(17.564)	10.386	742	(1.717)	13.558	12.132	10.419	(31.846)	<u>—</u>

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 2006 the BPV did not exceed €20 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 2006, the equity at risk never exceeded 7.0 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 2006, the maximum income at risk did not exceed €200 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 2006, 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.

Banks	Public Authorities	Private Sector	Total Amount
<i>(in millions of euro)</i>			

At 31 December 2006

	Banks	Public Authorities	Private Sector	Total Amount
	<i>(in millions of euro)</i>			
France	3,964	1,208	6,486	11,658
Germany	6,868	4,319	6,271	17,458
Ireland.....	2,410	359	9,965	12,734
United Kingdom	24,617	64	20,365	45,046
United States.....	11,351	9,156	83,538	104,044
Spain.....	3,066	1,474	2,024	6,564
Japan.....	4,708	9,290	830	14,828
Australia	1,306	881	9,014	11,201
At 31 December 2005				
France	6,781	1,281	5,902	13,964
Germany	8,249	4,720	3,994	16,963
Italy.....	1,496	3,509	1,327	6,332
Ireland.....	3,903	394	10,743	15,040
United Kingdom	23,797	1,539	16,358	41,694
United States.....	13,429	7,368	65,655	86,452
Spain.....	2,331	1,898	1,670	5,899
Japan.....	5,037	10,309	151	15,497
Australia	824	1,076	7,931	9,831
At 31 December 2004				
France	5,457	2,832	4,800	13,089
Germany	10,519	5,984	1,450	17,953
Italy.....	1,000	6,813	603	8,416
Ireland.....	2,164	388	8,118	10,670
United Kingdom	13,295	2,415	13,435	29,145
United States.....	4,667	4,304	33,861	42,832
Spain.....	1,569	2,977	1,281	5,827
Japan.....	9,114	8,845	2,573	20,532
Australia	1,019	64	6,616	7,699

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. The NAICS system distinguishes a large number of sectors, subsectors and industries.

The following table is based on data according to the NAICS system and represents the loan portfolio of Rabobank Group loans by main sector at 31 December 2006.

At 31 December 2006			
	On Balance	Off Balance	Total exposure
	<i>(in millions of euro)</i>		
Food and Agri:			
Oilseed & grain	5,436	538	5,974
Fruit & vegetables	5,520	81	5,601
Sugar	954	92	1,046
Animal protein	9,077	163	9,240
Dairy	9,937	110	10,047
Farm inputs	3,044	150	3,195
Beverages	1,302	57	1,360
Food retail & food services	3,838	148	3,986
Other food & agri	13,388	275	13,663
Total Food & Agri	52,497	1,614	54,112
Trade, Manufacturing & Services:			
Utilities	667	593	1,260
Construction	5,273	445	5,719
Manufacturing: textile, apparel & leather	177	7	184
Manufacturing: wood products	478	6	484
Manufacturing: paper & printing activities	682	30	712
Manufacturing: chemical products	1,538	64	1,601
Manufacturing: metal & machinery	2,503	161	2,664
Manufacturing: miscellaneous	1,653	303	1,956
Wholesale	11,295	889	12,184
Retail (except food & beverages)	4,109	104	4,213
Transportation & warehousing	4,129	795	4,924
Information & communication	8,107	520	8,627
Finance & insurance	14,243	1,291	15,534
Real estate, rental & leasing	18,036	498	18,534
Professional, scientific & technical services	1,880	116	1,996
Healthcare & social assistance	2,552	31	2,582
Arts, entertainment & recreation	1,280	34	1,313
Other services	26,899	836	27,735

At 31 December 2006

	On Balance	Off Balance	Total exposure
	<i>(in millions of euro)</i>		
Total trade, manufacturing & services	105,499	6,723	112,222
Private individuals.....	166,114	235	166,349
Total private sector loans.....	324,110	8,571	332,681

In addition to advances to other banks (€49 billion at 31 December 2006 which is 9 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 51 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 of 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. In these cases the loan will be written down to the discounted realisable value of the available collateral and an adequate allowance will be made.

The table below provides an analysis of the Rabobank Group's impaired loans by business at 31 December 2006, 2005 and 2004.

	At 31 December		
	2006	2005	2004⁽¹⁾
	<i>(in millions of euro)</i>		
Domestic Retail Banking:			
Local Rabobanks.....	2,534	2,595	2,408
Rabohypotheekbank.....	34	89	99
Other	48	22	20
Total Domestic Retail Banking	2,617	2,706	2,527
Wholesale and International Retail Banking:			
The Netherlands	394	640	628
Abroad.....	1,061	1,203	791
Total Wholesale and International Retail Banking.....	1,455	1,843	1,419
Asset Management.....	1	5	6
Leasing.....	281	242	364

	At 31 December		
	2006	2005	2004⁽¹⁾
	<i>(in millions of euro)</i>		
Other	1	18	10
Total Rabobank Group impaired loans.....	4,355	4,814	4,326

Note:

(1) The figures of the impaired loans of 2004 based on IFRS are an accounting estimate.

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.

	2006	2005	2004
	<i>(in millions of euro)</i>		
Balance at 1 January:			
Domestic Retail Banking	1,204	1,122	974
Wholesale and International Retail Banking.....	978	782	853
Asset Management and Investment.....	3	3	4
Leasing.....	193	146	139
Real Estate.....	30	32	25
Other	30	18	6
Total balance at 1 January	2,438	2,103	2,001
Addition:			
Domestic Retail Banking	151	188	261
Wholesale and International Retail Banking.....	248	284	143
Asset Management and Investment.....	0	0	1
Leasing.....	81	103	95
Real Estate.....	(1)	1	—
Other	2	(13)	14
Total additions.....	480	563	514
Amount charged to the provisions:			
Domestic Retail Banking	(157)	(146)	(163)
Wholesale and International Retail Banking.....	(330)	(139)	(149)
Asset Management and Investment.....	(3)	—	(2)

	2006	2005	2004
	<i>(in millions of euro)</i>		
Leasing.....	(76)	(78)	(86)
Real Estate.....	(3)	(1)	—
Other	—	—	(2)
Total amount charged to the provisions.....	(568)	(364)	(402)
Other:			
Domestic Retail Banking	31	40	50
Wholesale and International Retail Banking.....	(50)	51	(65)
Asset Management and Investment Leasing.....	36	22	(2)
Real Estate.....	(2)	(2)	7
Other	(32)	25	—
Total other	(17)	136	(10)
Balance at 31 December:			
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	—	30	18
Total balance at 31 December	2,333	2,438	2,103
Total additions.....	480	563	514
Recoveries.....	(30)	(40)	(64)
Bad debt expenses.....	450	523	450

Deposits

The following table presents the year-end amounts, of each deposit category at 31 December 2006, 2005 and 2004. Interest rates paid on customer deposits by banks and individuals reflect market conditions. Current accounts do not earn interest.

	At 31 December		
	2006	2005	2004
	<i>(in millions of euro)</i>		
Deposits by businesses:			
Time deposits (non-banks).....	46,346	36,162	35,377
Current accounts	41,390	37,343	32,867

	At 31 December		
	2006	2005	2004
	<i>(in millions of euro)</i>		
Professional securities transactions (repo's securities).....	8,107	5,392	3,907
Other	18,781	9,833	13,317
Total deposits by businesses.....	<u>114,624</u>	<u>88,730</u>	<u>85,468</u>
Deposits by individuals:			
Savings accounts	89,500	86,181	78,325
Current accounts	11,056	10,897	10,509
Other	788	651	3,180
Total deposits by individuals.....	<u>101,344</u>	<u>97,729</u>	<u>92,014</u>
Total deposits by businesses and individuals	<u><u>215,968</u></u>	<u><u>186,459</u></u>	<u><u>177,482</u></u>

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 the items "Debt securities". An analysis of the balance of short-term borrowings at 31 December 2006, 2005 and 2004 is provided below.

	At 31 December		
	2006	2005	2004
	<i>(in millions of euro)</i>		
Year-end balance	58,766	60,073	54,223
Average balance	60,211	61,633	54,404
Maximum month-end balance.....	63,524	68,709	57,554

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of the Rabobank Group, which have been audited by Ernst & Young Accountants, independent auditors. The data should be read in conjunction with the consolidated financial statements, related notes and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Offering Circular. The Rabobank audited consolidated financial statements for the year ended 31 December 2006 and 2005 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). IFRS differs in certain significant respects from U.S. GAAP. See “Summary of Significant Differences between IFRS and U.S. GAAP” for a description of certain significant differences between IFRS and U.S. GAAP as they relate to Rabobank.

Rabobank Group Consolidated Balance Sheet

	As at 31 December	
	2006	2005
	<i>(in EUR million)</i>	
Assets		
Cash and cash equivalents.....	1,630	2,923
Due from other banks.....	49,086	53,065
Trading financial assets.....	36,789	39,011
Other financial assets at fair value through profit and loss	21,468	17,449
Derivative financial instruments	18,992	24,135
Loans to customers.....	354,924	304,451
Available-for-sale financial assets.....	48,961	48,644
Held-to-maturity financial assets	1,489	1,908
Investments in associates	3,250	2,971
Goodwill and other intangible assets	1,844	252
Property and equipment	5,022	3,115
Investment properties.....	1,338	768
Current tax credits.....	176	210
Deferred tax assets	1,477	1,575
Other assets	10,009	6,096
Total assets	556,455	506,573
Liabilities		
Due to other banks	113,644	109,749
Due to customers.....	215,899	186,427
Debt securities in issue.....	128,066	115,992
Derivative financial instruments and other trading liabilities	26,694	31,182

	As at 31 December	
	2006	2005
	<i>(in EUR million)</i>	
Other debts	10,649	7,066
Other financial liabilities at fair value through profit and loss	26,270	23,844
Provisions	1,175	931
Current tax liabilities	172	283
Deferred tax liabilities	836	668
Employee benefits	1,223	1,437
Subordinated debt	2,450	2,645
Total liabilities	527,078	480,224
Equity		
Equity of Rabobank Nederland and local Rabobanks	17,426	15,450
Rabobank Membership Certificates issued by group companies	5,808	5,811
	23,234	21,261
Trust Preferred Securities III-VI issued by group companies	1,959	2,092
Minority interests	4,184	2,996
Total equity	29,377	26,349
Total equity and liabilities	556,455	506,573

Rabobank Group Consolidated Profit and Loss Account based on IFRS

	Year ended 31 December	
	2006	2005
	<i>(in EUR million)</i>	
Interest income	25,059	19,716
Interest expense	18,587	13,455
Interest	6,472	6,261
Fee and commission income	2,741	2,482
Fee and commission expense	445	422
Fees and commission	2,296	2,060
Income from associates	556	579
Net income from non-trading financial assets and liabilities at fair value through profit and loss	246	(146)
Gains on available-for-sale financial assets	7	38

	Year ended 31 December	
	2006	2005
	<i>(in EUR million)</i>	
Other	472	571
Income.....	10,049	9,363
Staff costs.....	4,117	3,880
Other administrative expenses	2,429	2,031
Depreciation and amortisation	341	331
Operating expenses	6,887	6,242
Value adjustments	450	517
Operating profit before taxation.....	2,712	2,604
Taxation.....	367	521
Net profit for the year.....	2,345	2,083
Of which attributable to Rabobank Nederland and local Rabobanks.....	1,757	1,577
Of which attributable to holders of Rabobank Member Certificates.....	277	211
Of which attributable to Trust Preferred Securities III to VI.....	110	111
Of which attributable to minority interests.....	201	184
Net profit for the year.....	2,345	2,083

Additional Financial Data and Selected Ratios:

The first three columns corresponding to the years 2006, 2005 and 2004 are based on IFRS. The other columns corresponding to the years 2004 and previous years are based on Dutch GAAP. Hence the figures of 2006 and 2005 are not comparable with the figures of 2003 and 2002.

	2006	2005	2004	2004	2003	2002
BIS ratio ⁽²⁾	11.0	11.8	10.8	11.4	10.9	10.5
Tier I ratio ⁽²⁾	10.7	11.6	10.9	11.4	10.8	10.3
Ratio of value adjustments to receivables to loans and advances to banks and customers (in basispoints).....				21	24	23
Ratio of bad debt expenses/average private sector lending (in basispoints)....	15	20	18			

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.
- (2) The BIS Ratio and the Tier I ratio for 2001 have been calculated taking into account the effect on equity of the changed accounting policy for pensions with effect from 1 January 2002.

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 2006, our daily trading value-at-risk fluctuated between €19 (2005: €14 million) and €30 million (2005: €25 million), with an average of €24 million (2005: €19 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 2006, the maximum income-at-risk for the Rabobank Group did not exceed €200 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 2006, the maximum equity-at-risk for the Rabobank Group did not exceed 7.0 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, 51 per cent. in 2006 consisted of loans to private individuals which tend to have a very low risk profile in relative terms. The remaining 49 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

	2006	2005	2004 ⁽¹⁾
Domestic Retail.....	1.18%	1.35%	1.37%
Wholesale and Int. Retail.....	1.95%	3.40%	3.03%
Leasing.....	1.92%	1.75%	2.98%
Total.....	1.34%	1.73%	1.71%

Note:

(1) The figures for impaired loans of 2004 based on IFRS are an accounting estimate.

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 bad debt costs for the three years ended 31 December 2006, per business unit as a percentage of our private sector lending.

	Bad debt costs in a percentage of average private sector lending per business unit		
	2006	2005	2004
Domestic Retail.....	0.07	0.09	0.14
Wholesale and Int. Retail.....	0.39	0.52	0.21
Leasing.....	0.53	0.72	0.73
Total.....	0.15	0.20	0.18

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

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of 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 Group will not be able to meet its financial liabilities when due. The Rabobank Group closely monitors its liquidity risk to maintain an adequate liquidity buffer such that Group entities are able to meet their financial liabilities when due. In past years, the Rabobank Group has worked on a substantial diversification of its funding base. By concentrating on central banks, money market funds, pension funds and asset managers, it is less dependent on funds from other commercial banks. On the asset side of the balance sheet, priority has been given to assets that can be converted readily into cash. 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 Groupwide 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. The total remuneration of the members of the Supervisory Board amounted to €1.3 million in 2006.

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 €9.8 million in 2006.

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. Members of the Supervisory Board and the Executive Board of Rabobank Nederland maintain their business address at Croeselaan 18, 3521 CB Utrecht, the Netherlands.

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

Name	Born Year	Appointed⁽¹⁾	Term Expires	Nationality
Bernard (B.) Bijvoet	1940	2002	2008	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2008	Dutch
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2007	Dutch
Paul (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	1948	2007	2011 ²	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	2007	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2007	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.
- (2) Subject to formal confirmation by the Supervisory Board on 23 August 2007.

Lense (L.) Koopmans: Professor of Economics at the University of Groningen. Chairman of the Board Stichting TBI, which wholly owns TBI Holdings (building and engineering). Chairman of the Supervisory Board of Cordares (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 B.V. (electricity). Member of the Supervisory Board of Huntsman Holland B.V. (chemical industry). Member of the Supervisory Board of N.O.M. N.V. (Northern Development Company). Member of the Supervisory Board of Stichting TNO (Research). Member of the Board Stichting Administratiekantoor Unilever N.V. Member of the Supervisory Board of Eureko B.V.

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

Teun (T.) de Boon: Vice-Chairman of development institute ZOD Neere, Burkina Fasso. Senior Adviser of the Netherlands Management Corporation Programme (NMCP). Member of the Board of Directors of the Institute for Latin America.

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

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. Member of the Supervisory Board of HAL Holding N.V. (investment company). Member of the Supervisory Board of SDU N.V. Government Printing office. Member 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 Vereniging voor Effectenrecht. Professor of the University of Amsterdam.

Louise (L.O.) Fresco: Vice Director-General, Agriculture Department, Food and Agriculture Organisation of the United Nations (FAO), head of the Agriculture Department. Distinguished professor University of Wageningen. Member Committee of Recommendation University Asylumfund. Member of the Spanish Academy of Engineer Sciences. Member of the Swedish Academy of Agricultural and Forestry Sciences.

Marinus (M.) Minderhoud: Chairman of the Board of Directors of Vodafone International Holdings B.V. (telecom). Chairman of Vodafone Europe B.V. Chairman of the Supervisory Board of Getronics (ICT). Chairman of the Supervisory Board of Leydse Oranje Nassau Groep B.V. Member of the Supervisory Board of Heembouw Groep B.V. Vice Chairman of the Supervisory Board of Eureko-Achmea.

Paul (F.M.) Overmars: Member of the Supervisory Board of Eureko B.V. Member of Executive Committee of Vereniging Achmea.

Herman (H.C.) Scheffer: Senior Counsel Boer & Croon (strategy and management). Member of the Supervisory Board of the Coöperatieve Cehave Landbouwbelaang (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 N.V. (yellow pages).

Martin (M.J.M.) Tielen: Advisor of the Netherlands Feed Industry Association. President of the European Federation for Feed Manufacturers (FEFAC). Member of the Board of Directors of International Feed Industry Federation (IFIF).

Aad (A.W.) Veenman: Chairman of the Executive Board of N.V. Nederlandse Spoorwegen (Dutch railways). Chairman of the Supervisory Board of Koninklijke Ten Cate N.V. (textile). Member of the Supervisory Board of TENNET B.V.

Cees (C.P.) Veerman: Part-time professor sustainable rural development from a European perspective at the University of Tilburg and Wageningen University. Chairman of the Association of Natural monuments, Chairman of Vereniging Natuurmonumenten (nature conservation)..

Antoon (A.J.A.M.) Vermeer: Chairman of the Board of Directors of the Southern Agriculture and Horticulture Organisation. Member of the Board of Directors of the Netherlands' Agriculture and Horticulture Organisation. Chairman of the Supervisory Board of Sovion N.V.

Arnold (A.H.C.M.) Walravens: Vice Chairman of the Supervisory Board of Eureko B.V. Vice Chairman of the Board of Directors of Achmea Association. Member of the Supervisory Board of OWM Molest-risico W.A. Vice Chairman of Executive Committee of Vereniging Achmea. Chairman of the Supervisory Board of Sneep Industries B.V. 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).

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	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

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., member of the Board of Supervisory Directors of VADO Beheer B.V. and member of the Supervisory Board of Bank Sarasin & Cie AG.

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: chairman of the Dutch interbank policy committee on accounting, member of the Dutch interbank policy committee on supervision, member of the Dutch interbank policy committee on monetary policy, member of the Dutch interbank policy committee on risk management, member of the Dutch interbank policy committee of CFO's and member of policy committee on accounting of international bank associations. He also works as a part time professor at the Twente University of Technology (Financial Institutions and Markets). He is a member of the Advisory Council of Isala Klinieken and member of the Board of Supervisory Directors ROVA.

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 Vastgoed, 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 and member of the Supervisory Board of Rabohypotheekbank. 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 Chairman of the Supervisory Board of Rabo Bouwfonds.

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 is a member of the Board of Directors of Rabobank Foundation, Chairman of the Advisory Board of Rabo (Financial Institutions) Development and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten. 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) and member of the Executive Committee European Association of Co-operative Banks (*Groupement*).

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, member of the Supervisory Board of Bouwfonds N.V., member of the Supervisory Board of Bank Sarasin & Cie AG. and member of the Board of VNO/NCW.

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".

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 well 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 are available from January 2007 and the most advanced approaches from 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 license from the Dutch Central Bank before engaging in any banking activities. The requirements to obtain a license, 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 license 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 license 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 once available from 1 January 2008. For operational risk Rabobank uses the then most refined approach, the Advanced Measurement Approach.

Liquidity Supervision

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

Structure Supervision

The Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Minister of Finance (or in certain cases from the Dutch Central Bank) before, among other things, (i) reducing its own funds (*eigen vermogen*) by way of repayment of capital or distribution of reserves or making disbursements from the item comprising the cover for general banking risks as referred to in article 2:424 of the Dutch Civil Code, (ii) acquiring or increasing a qualified holding in a regulated institution such as a bank or other regulated financial institution, if the balance sheet total of that institution at the time of the acquisition or increase amounts to more than 1 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 1 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.

TAXATION

1 General

The following summary describes the principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Notes and certain tax principles under German and Luxembourg tax law. This summary does not purport to be a comprehensive description of all Dutch, German or Luxembourg tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Dutch, German and Luxembourg taxes set forth below is included for general information purposes only.

This summary is based on the Dutch, German and Luxembourg tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of the Base Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

2 European Union Savings Directive

On June 7, 2005, the Council of Economic and Finance Ministers of the European Union (“EU”) granted the last necessary approval for the EU Directive on taxation of savings income (“Directive”). The Directive has come into effect on July 1, 2005. Under the Directive, each EU Member State requires paying agents (within the meaning of the Directive) established within its territory to disclose to the competent authority of such state details of the payment of interest and other similar income within the meaning of the Directive made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident. For a transitional period, certain countries or territories are allowed instead to impose a withholding tax on payments of interest and other similar income within the meaning of the Directive at a rate of 15% starting July 1, 2005, of 20% as of July 1, 2008 and 35% as of July 1, 2011. Austria, Belgium and Luxembourg and certain other countries and territories will impose such withholding tax during the transitional period.

3 Netherlands Taxation

The following summary of the Netherlands tax consequences is based on the current tax law and jurisprudence of the Netherlands.

- (A) All payments in respect of the Notes can be made without withholding or deduction for or on account of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Netherlands Tax Authorities or any political subdivision thereof or therein.
- (B) A corporate noteholder, that derives income from a Note or that realizes a gain on a disposal, deemed disposal, exchange or redemption of the Note, will not be subject to any Netherlands taxes on such income or capital gains, unless:
 - (i) the noteholder is, or is deemed to be a resident of the Netherlands; or
 - (ii) the noteholder has (an interest in) an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, to which enterprise or part of an enterprise the Note is attributable.

An individual noteholder, who derives or is deemed to derive income from a Note or who realizes a gain on the disposal, deemed disposal, exchange or redemption of the Note, will not be subject to any Netherlands taxes on such income or capital gains, unless the conditions as mentioned under (i) or (ii) above are met, or unless:

- (i) the individual noteholder has elected to be taxed as a resident of the Netherlands; or
 - (ii) the individual noteholder is entitled to a share in the profits of an enterprise that has its place of management in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Note is attributable; or
 - (iii) such income or gain “results from other activities performed in the Netherlands” (“*resultaat uit overige werkzaamheden*”) as defined in the Personal Income Tax Act 2001 (*Wet Inkomstenbelasting 2001*).
- (C) No gift, estate or inheritance taxes will arise in the Netherlands in respect of the transfer or deemed transfer or a Note by way of a gift by, or on the death of, a noteholder who is not a resident or deemed resident of the Netherlands, provided that:
- (i) such Note is not attributable to an enterprise, owned by the donor or the deceased or in which the donor or the deceased has, at the time of the gift, or had, at the time of his death an interest and that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands; and
 - (ii) such Note is not attributable to an enterprise that has its place of management in the Netherlands in which the donor or deceased is or was entitled to share in the profits, other than by way of securities or through an employment contract; and
 - (iii) in the case of a gift of such Note by an individual holder who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual holder does not die within 180 days after the date of the gift while being resident or deemed to be resident in the Netherlands.
- (D) There will be no registration tax, capital tax, transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer and/or delivery of the Notes or the execution, delivery and/or enforcement by legal proceedings of the relevant documents or the performance of the Branch’s obligations thereunder and under the Notes.
- (E) No value added tax will be due in the Netherlands in respect of payments in consideration of the issue of the Notes, and/or in respect of payments of interest and principal on a Note, and/or in respect of the transfer of a Note, and/or in connection with the documents or in connection with the arrangements contemplated thereby, other than value added tax on the fees attributable to services which are not expressly exempt from value added tax, such as management, administrative, notarial and similar activities, safekeeping of the Notes and the handling and verifying of documents.

4 Germany

The following discussion of certain German tax consequences of buying, holding or disposing of the Notes is based on tax laws (including tax treaties), regulations, decisions, judgments and administrative decrees currently in effect, which may be amended or construed differently, potentially with retroactive or retrospective effect. However, this section does not cover all possible tax consequences which are relevant to the decision of any potential purchaser with respect to buying, holding or disposing of the Notes; in particular,

it does not refer to specific circumstances which may be relevant to certain purchasers. This means that the following comments exclusively refer to Notes as an investment as such (unless expressly indicated otherwise) and does not address any persons in their specific tax situation. The information contained in the following section is not intended to be and does not purport to be legal or tax advice.

POTENTIAL INVESTORS IN THE NOTES ARE THEREFORE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE GERMAN AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

4.1 German Tax Residents

A person is general tax resident in the Federal Republic of Germany if such person has its residence, habitual abode, place of management or statutory seat in the Federal Republic of Germany (“**German Holder**”).

Under German tax law, currently in effect, payments of principal on the Notes are not subject to German taxation.

4.1.1 Taxation of interest income

Payments of interest on the Notes, including payments of interest accrued until disposal of a Note which is credited separately (“**Accrued Interest**”, *Stückzinsen*) to German Holders are subject to German income or corporate income tax. If the Notes are held as business assets in a German permanent establishment, interest income derived from the Notes will also be subject to German trade tax. German trade tax is a municipal tax levied at an effective tax rate of currently 12 per cent. to 20 per cent. depending on the trade tax factor applied by the relevant municipality.

4.1.2 Withholding tax on interest income

If the Notes are held by the German Holder in a custodial account with a German branch of a German or non-German bank or financial services institution (“**German Disbursing Agent**”), which pays or credits the interest, 30 per cent. withholding tax (*Zinsabschlag*) on interest payments, including Accrued Interest received, plus 5.5 per cent. solidarity surcharge thereon, will be levied, resulting in a total withholding tax charge of 31.65 per cent. on the gross amount of the interest paid. (The *Zinsabschlag* is not a form of withholding taxation (*Quellenbesteuerung*) within the narrow meaning of such term, as it is not withheld at source but by the German Disbursing Agent.) Accrued Interest paid by a German Holder upon the purchase of the Notes may be set-off against the amount of interest income received under the Notes and, under certain circumstances, may reduce the amount subject to withholding tax. If the Notes are presented for payment or credit at the office of the German Disbursing Agent (over-the-counter-transaction; *Tafelgeschäft*) the withholding tax will be imposed at a rate of 35 per cent. plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total tax charge of 36.925 per cent.

If the German Holder is an individual to whom income from the Notes qualify as investment income and such German Holder has filed a certificate of exemption (*Freistellungsauftrag*) with the German Disbursing Agent, no tax will be withheld by the German Disbursing Agent. However, withholding tax will only not be withheld to the extent that the interest income derived from the Notes together with other investment income administered by the German Disbursing Agent, does not exceed the maximum exemption amount shown on this certificate. Similarly, no tax will be withheld if the German Holder submits to the German Disbursing

Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax authority.

Withholding tax and solidarity surcharge thereon might be credited against the German Holder's final tax liability for German personal or corporate income tax purposes (including the respective solidarity surcharge), or, if in excess of such final tax liability, may be refunded upon application.

German tax resident individuals are entitled to a standard deduction (*Werbungskostenpauschbetrag*) of EUR 51.00 (EUR 102.00 for married couples filing their tax return jointly) in computing their overall investment income (including income earned from the Notes) as well as a personal annual exemption (*Sparer-Freibetrag*) of currently EUR 750.00 (EUR 1,500.00 for married couples filing their tax return jointly) with respect to such investment income.

4.1.3 Disposal or Redemption of the Notes

Capital gains resulting from the disposal or redemption of the Notes (or, as the case may be, from the payment at maturity of the Notes) realised by individual German Holders holding the Notes as private assets ("**Private German Investors**") are generally taxable if the capital gain is realised within one year after the acquisition of the Notes. Capital losses realised by Private German Investors in respect of the Notes may only be set-off against taxable capital gains resulting from a disposal of Notes or from other private transactions within the same fiscal year and, subject to certain limitations, in the preceding year or in subsequent years.

Capital gains realised by Private German Investors are only taxable if the aggregate amount derived from taxable private transactions exceeds an exempt threshold (*Freigrenze*) of EUR 512.00 in one calendar year, provided that the Notes do not qualify as financial innovations, as described under the following caption "Special Rules for Financial Innovations".

Capital gains derived from the disposal or redemption of the Notes are not subject to German income tax if the Notes are sold or redeemed more than one year after their acquisition, provided that the Notes do not qualify as financial innovations, as described under the following caption "Special Rules for Financial Innovations".

Irrespective of a holding period, any capital gain resulting from the disposal or redemption of the Notes (or, as the case may be, from the payment at maturity of the Notes) are subject to personal income or corporate income tax, including trade tax, if such Notes are held as business assets of a German Holder.

4.1.4 Special Rules for Financial Innovations

To the extent that the Notes are qualified as financial innovations ("**Financial Innovations**"; *Finanzinnovationen*), special provisions apply to the taxation in case of a disposal or redemption or upon maturity of such Notes. In particular, debt instruments may be qualified as Financial Innovations if they provide for or grant (i) the payment of a consideration (especially interest) or (ii) the repayment of the capital.

If the Notes qualify as Financial Innovations and regardless of the one-year holding period described above under the caption "Disposal or Redemption of the Notes", capital gains in the amount of the proportionate yield to maturity (*besitzanteilige Emissionsrendite*) arising upon the disposal or redemption or upon maturity of the Notes realised by a Private German Investor

are subject to income tax. The same holds true for capital gains so derived by a secondary or subsequent purchaser who is a Private German Investor.

If the yield to maturity (*Emissionsrendite*) cannot be established, the interest income is deemed to be equal to the amount of the difference between the proceeds from the disposal or redemption and the purchase price of the Notes (market yield; *Marktrendite*). If the Notes are denominated in a currency other than Euro, the market yield is calculated in the respective currency. Currency gains are only taxable if the disposal or redemption occurs within one year after the acquisition of the Notes. If a yield to maturity (*Emissionsrendite*) can be established, only the part of the capital gain is subject to income tax that is attributable to the yield to maturity (*Emissionsrendite*) during the period the respective German Private Investor held the Notes.

Upon disposal or redemption or upon maturity of the Notes that qualify as Financial Innovations, the market yield (*Marktrendite*) is subject to 30 per cent. withholding tax (plus a solidarity surcharge of 5.50 per cent. thereon) if the Notes are held in a custodial account with the same German Disbursing Agent since the acquisition of the Notes. If the Notes have not been held with the same German Disbursing Agent, withholding tax will be imposed on a lump-sum of 30 per cent. of the proceeds received upon disposal or redemption or upon the maturity of the Notes. In case of a *Tafelgeschäft*, the withholding tax will be imposed at a rate of 35 per cent. plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total tax charge of 36.925 per cent.

As described above, the withholding tax and the solidarity surcharge might be credited or refunded upon application during the tax assessment of the German Holder.

4.2 German Tax Non-Residents

Income derived from the Notes by persons who are not tax resident in the Federal Republic of Germany (“**Non-German Holders**”) is in general exempt from German income or corporate income taxation. Withholding tax and solidarity surcharge are not withheld (even if the Notes are held with a German Disbursing Agent). The forgoing assumes that (i) the Notes are not held as business assets in a German permanent establishment of the Non-German Holder (including a permanent representative or fixed base of the Non-German -holder); (ii) the income derived from the Notes does not otherwise constitute German source income (such as income from the letting and leasing of certain property located in Germany); (iii) the Notes are not presented for payment at the counter of a German Disbursing Agent in an over-the-counter-transaction (*Tafelgeschäft*); and (iv) in the event that the Notes are held in a custodial account maintained with a German Disbursing Agent, the Non-German Holder complies with the applicable procedural rules under German law and provides evidence of the fact that the Notes are not subject to taxation in Germany.

If the interest income is subject to German taxation (for example, if the Notes are held as business assets in a German permanent establishment of a Non-German Holder), such holder is subject to a tax treatment similar to that described above under the caption “German Tax Residents”.

4.3 Gift and Inheritance Taxation

According to German tax law, no estate, inheritance or gift taxes with respect to any Notes will arise, if, in the case of estate and inheritance taxes, both the decedent and the heir, and, in the case of gift taxes, both the donor and the donee, are not tax-resident and are not deemed to be tax-resident in Germany at the time of the transfer and such Notes are not attributable to a permanent establishment in

Germany. In the case of a decedent, donor or heir who is a German national, this only applies if such person has not been resident in Germany for more than five consecutive years.

4.4 Stamp Duty

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

4.5 Changes by reform of business taxation

The Federal Diet (*Bundestag*) resolved upon the Business Tax Reform Act 2008 (*Unternehmensteuerreformgesetz 2008*) on 25 May 2007. It is expected that the Federal Council (*Bundesrat*) will agree and, thus, the bill will come into force without any further changes. However, this is not applicable law yet.

Please find below some selected changes in the taxation of Noteholders. This statement is not exhaustive.

In the course of the reform of business taxation, a final flat-rate tax (*Abgeltungssteuer*) on investment income will be established.

From 1 January 2009, the taxation of the Notes will change as follows:

4.5.1 Tax residents

Income from the Notes will qualify as income from capital investment and, thus, be subject to German personal or corporate income tax (in both cases plus solidarity surcharge) and additionally subject to trade tax if the Notes are held as business assets. This treatment will be independent from a one-year holding period.

Withholding tax arises as follows:

Interest income:

If the Notes or Coupons are kept or administered in a securities deposit account by a German credit or financial services institution (or by a German branch of a foreign institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) which pays or credits the interest, a 25 per cent. *Abgeltungssteuer*, plus a 5.5 per cent. solidarity surcharge, resulting in a total withholding tax charge of 26.375 per cent., will be levied on interest payments or credits. The same will apply, if Notes or Coupons are presented for payment or credit at the office of a German credit or financial services institution (or at a German branch of a foreign institution), or a German *Wertpapierhandelsunternehmen* or a German *Wertpapierhandelsbank*.

Capital gains:

If the Notes are kept or administered in a domestic securities deposit account by a German credit institution or financial services institution (or by a German branch of a foreign institution) or by a German *Wertpapierhandelsunternehmen* or a German *Wertpapierhandelsbank*, a 25 per cent. *Abgeltungssteuer*, plus. solidarity surcharge, will be levied on the positive difference between the purchase price paid by the Noteholder and the selling price or redemption amount, as the case may be, resulting in a total withholding tax charge of 26.375 per cent. If such criteria are not fulfilled, if e.g. the Notes are sold or redeemed after a transfer from another securities deposit account, the Noteholder may, under certain

circumstances, provide evidence for the purchase price. If such evidence is not provided, the price difference as the taxable base for the *Abgeltungssteuer* and the solidarity surcharge will be substituted by a flat amount of 30 per cent. of the selling price or the redemption price. If the Notes are denominated in a currency other than Euro, the capital gains will be calculated in Euro.

For Private German Investors, this *Abgeltungssteuer* shall generally be final and only be included in the relevant tax assessment upon application, especially if the personal income tax rate lies below 25 per cent. The *Sparer-Freibetrag* and the *Werbungskostenpauschale* unitary flat sum (*Sparer-Pauschbetrag*) in the amount of 801 Euro (1,602 Euro for married couples filing their tax return jointly) to be deducted in computing the overall investment income. The deduction of actually accrued expenses will not be possible any more.

Transition rules:

Interest payments received on or after 1 January 2009 will be taxable and subject to the 25 per cent. *Abgeltungssteuer*.

If the Notes qualify as Financial Innovations, capital gains will also be subject to the 25 per cent. *Abgeltungssteuer*.

If the Notes qualify as speculative instruments within the meaning of the current version of Sec. 23 para. 1 no. 2 of the German Income Tax Act (*Einkommensteuergesetz*), capital gains from disposals or redemptions that take place until and including 30 June 2009 will be taxed according to the current rules set out above (i.e. no taxation after a one-year holding period).

Otherwise, capital gains will be subject to the 25 per cent. *Abgeltungssteuer*, if the Notes have been purchased by the respective German Holder after 31 December 2008, and will be taxed according to the current rules set out above (i.e. no taxation of capital gains after a one-year holding period), if the Notes have been purchased by the respective German Holder before 1 January 2009.

4.5.2 Non-Tax residents:

Persons, who are not tax resident in Germany, are in general exempt from the German *Abgeltungssteuer* plus solidarity surcharge. In the case of a *Tafelgeschäft*, with the exception of transactions entered into by foreign credit or financial services institutions, the 25 per cent. *Abgeltungssteuer* plus solidarity surcharge, in total 26.375 per cent. applies. Under certain circumstances a refund might be available.

If according to German tax law the interest income received from the Notes kept or administered by a German credit or financial services institution (or by a German branch of a foreign institution) or by a German securities trading firm or a German securities trading bank is effectively connected with a German trade or business of a non-resident, the taxation corresponds to the taxation set out in the paragraph “**3.5.2 Tax residents**” above.

SUBSCRIPTION AND SALE

Dealer Agreement

The Issuer and the Dealer have agreed in a dealer agreement dated 9 August 2007 (the “**Dealer Agreement**”) relating to the Programme basis upon which they may from time to time issue Notes. The Dealer Agreement makes provisions for the resignation or replacement of existing Dealers and the appointment of additional or other dealers (each a “**Dealer**”). The Notes will be offered on a continuous basis by the Issuer to the Dealer and may be resold by the relevant Dealer at market prices prevailing at the time of such sale. It also contemplates that Notes may be sold on a syndicated basis pursuant to subscription agreements or corresponding documents. Any such agreement to issue and sell will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase.

Selling Restrictions

Offers and sales of the Notes issued under this Programme are subject to the selling restrictions applicable in the jurisdictions where the Notes are offered or sold. The selling restrictions in respect of the European Economic Area (EEA), Austria, the United States and the UK are set out below. Additional selling restrictions, if any, may be set out in the Final Terms.

(i) **EEA States**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (1) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), in the period beginning on the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, and ending on the date specified in such prospectus or final terms, as applicable;
- (2) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (3) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR

43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last (or, in Sweden, its last two) annual or consolidated accounts;

- (4) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (5) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes referred to in (2) to (5) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of the Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

(ii) Austria

The following selling restriction shall apply to offers of the Notes in Austria in place of those for the European Economic Area set out above.

No offer of the Notes may be made to the public in Austria, except that an offer of the Notes may be made to the public in Austria (a) in the period beginning one bank working day following (i) the date of publication of this Prospectus including any supplements but excluding any Final Terms in relation to the Notes which has been approved by Finanzmarktaufsichtsbehörde in Austria (the “**FMA**”) or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive and (ii) or being the date of publication of the relevant Final Terms for the Notes and (iii) the date of filing of a notification with Oesterreichische Kontrollbank, all as prescribed by the Capital Market Act 1991 (“**CMA**”; Kapitalmarktgesetz 1991), or (b) otherwise in compliance with the CMA.

For the purposes of this provision, the expression “an offer of the securities to the public” means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities.

(iii) United States

A purchase of the Notes by an employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974 (“**ERISA**”) or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or by any entity whose assets are treated as assets of any such plan, could result in severe penalties or other liabilities for (among others) the purchaser and the Issuer. The Notes may not be acquired by such a plan or entity.

By its purchase and holding of a Note or any interest therein, each purchaser and each transferee will be deemed to have represented and warranted that (A) it is not, and is not acting on behalf of, an employee benefit plan as described in Section 3(3) of ERISA that is subject to Title I of ERISA, or a plan subject to Section 4975 of the Code, or a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or

Section 4975 of the Code, or an entity whose assets are treated as assets of any such plan and (B) it will not sell or otherwise transfer any such Note, or any interest therein, to any person without first obtaining from such person these same foregoing written representations and warranties.

Each Note will bear a legend to the following effect, in addition to such other legends as may be necessary or appropriate:

“EACH BENEFICIAL OWNER HEREOF REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT AND WILL NOT BE (A) AN EMPLOYEE BENEFIT PLAN AS DESCRIBED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (B) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF AN INVESTMENT IN THE ENTITY BY A PERSON DESCRIBED IN (A) OR (B) ABOVE OR OTHERWISE, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTE OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATIONS, WARRANTIES AND COVENANTS FROM THAT PERSON”

For Notes to which neither TEFRA C nor TEFRA D is applicable, the following shall apply:

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”). Each Dealer has agreed that it will not offer, sell or deliver any Notes within the United States.

Each Dealer has agreed and each further bank appointed as Dealer will agree that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. Persons. Each Dealer has agreed and each further bank appointed as Dealer will agree that it will have sent to each Dealer to which it sells Notes during the distribution compliance period for distribution a confirmation or other notice setting out the restrictions on offers and sales set out above. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of such Notes, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements under the Security Act.

For Notes which are subject to TEFRA C or TEFRA D, the following shall apply:

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an

exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, the Notes are subject to certain requirements of U.S. tax laws and may not be offered, sold or delivered in the United States or its territories or possessions or to U.S. Persons except in certain transactions permitted by the U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed and each further bank appointed as Dealer will agree that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. Persons. Each Dealer has agreed and each further bank appointed as Dealer will agree that it will have sent to each Dealer to which it sells Notes during the distribution compliance period for distribution a confirmation or other notice setting out the restrictions on offers and sales set out above. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days of the commencement of the offer, an offer or sale of Notes within the United States by any Dealer not participating in the issuance of the Notes may violate the registration requirements of the Securities Act.

(iv) United Kingdom

Each Dealer has represented, warranted and agreed and each further Dealer appointed will be required to represent, warrant and agree that:

- (1) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or would not, if it was not an authorised person, apply to the Issuer; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

(v) ***The Netherlands***

Zero coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the “SCA”) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such securities if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer has agreed, and each further Dealer appointed pursuant to the Programme will be required to agree, that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approvals or permission required by it for the purchase, offer, sales or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer or any of the other Dealers shall have any responsibility therefor.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The update of the Programme was authorised pursuant to a resolution of the Issuer passed on 1 August 2007.
2. Except as disclosed under “Recent developments” on page 80 of this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of the Group, since 31 December 2006.
3. Neither the Issuer nor Rabobank Group, nor any of its members or subsidiaries are involved in any litigation or arbitration or other proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor, so far as the Issuer is aware, is any such litigation or arbitration or other proceedings involving the Issuer or Rabobank Group pending or threatened.
4. Each TEFRA D Note will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
5. The Notes have been accepted for clearance through Clearstream Banking and the Euroclear and Clearstream systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of Clearstream Banking is Clearstream Banking AG, Neue Börsestraße 1, D-60487 Frankfurt am Main, Germany.
6. For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Paying Agents at BNP Paribas Securities Services S.A. - Frankfurt Branch at Grüneburgweg 14, 60322 Frankfurt am Main, Germany and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities) at Amstelplein 1, 1096 HA Amsterdam, The Netherlands.:
 - (a) the Agency Agreement (as amended and supplemented from time to time) (which includes the form of the Global Notes);
 - (b) the Articles of Association of the Issuer;
 - (c) the audited consolidated and unconsolidated financial statements of Rabobank Nederland for the years ended 31 December 2004, 2005 and 2006;
 - (d) the annual reports of Rabobank Group for the years ended 31 December 2004, 2005 and 2006;
 - (e) a copy of the latest Base Prospectus (together with any supplement including the Final Terms thereto); and
 - (f) any copies of the documents incorporated by reference into this Base Prospectus.
7. For the period of 12 months following the date of this Base Prospectus, copies of the latest annual consolidated accounts of Rabobank Group and the latest unaudited consolidated half yearly interim accounts of Rabobank Group may be obtained free of charge at the specified offices of each of the

Paying Agents during normal business hours, so long as any of the Notes are outstanding. Copies of the latest annual non-consolidated accounts of Rabobank Nederland may be obtained free of charge at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. Rabobank Nederland does not publish non-consolidated interim accounts.

8. Ernst & Young Accountants, of which the 'Registeraccountants' are members of the Netherlands Institute for Registeraccountants, has audited, and issued unqualified audit reports, on the financial statements of Rabobank Nederland for the years ended 31 December 2006, 2005 and 2004. Ernst & Young has given its consent to the incorporation by reference of the financial statements of Rabobank Nederland. Ernst & Young has no interest in Rabobank Nederland.
9. A copy of this Base Prospectus has been, and a copy of each Final Terms will be filed with the Netherlands Authority for the Financial Markets.
10. The Issuer is subject to corporate income tax.
11. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of the issue in accordance with prevailing market conditions.
12. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes constituting Derivative Securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

ISSUER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Structured Products)

Croeselaan 18
3521 CB Utrecht, The Netherlands

DEALER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)

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London EC4V 3RL, United Kingdom

FISCAL AND PAYING AGENT

BNP Paribas Securities Services S.A. - Frankfurt Branch

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60322 Frankfurt am Main

PAYING AGENT

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities)

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LEGAL ADVISER TO THE DEALER

Linklaters LLP

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Germany

INDEPENDENT AUDITOR TO THE ISSUER

Ernst & Young Accountants

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3584 BL Utrecht, The Netherlands